

**ARAP TÜRK BANKASI ANONİM ŞİRKETİ**

**UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2023**

**WITH AUDITOR'S REPORT  
(CONVENIENCE TRANSLATION OF UNCONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND  
FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH  
(See Note I of Section Three)  
INDEPENDENT AUDITOR'S REPORT**

**To the General Assembly of Arap Türk Bankası A.Ş.**

**A. Audit of the Unconsolidated Financial Statements**

**1. Opinion**

We have audited the accompanying unconsolidated financial statements of Arap Türk Bankası A.Ş. (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2023, unconsolidated statements of profit and loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended 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 Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

**2. Basis for Opinion**

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the unconsolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



### 3. Key Audit Matters

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

<b>Key Audit Matters</b>	<b>How the key audit matter was addressed in the audit</b>
<p><b>Expected credit losses for loans</b></p> <p>The Bank has total expected credit losses for loans amounting to TL 14.716 thousand in respect to total loans amounting to TL 3.290.502 thousand which represent a significant portion of the Bank’s total assets in its unconsolidated financial statements as at 31 December 2023.</p> <p>Explanations and notes related to expected credit losses for loans and receivables are presented in Section Three Part VII, Section Four Part II and X, Section Five Part 1.6 in the accompanying unconsolidated financial statements as at 31 December 2023.</p> <p>The Bank recognizes provision for impairment in accordance with “IFRS 9 Financial Instruments” (“IFRS 9”) requirements and the “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided” as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.</p>	<p>With respect to stage classification of loans and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Bank within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>We checked appropriateness of matters considered in methodology applied by the Bank with IFRS 9 for calculation of the provision amount through stage classification of loans. For forward looking assumptions made by the Bank’s management in its expected credit losses calculations, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested model segmentation, lifetime probability of default model, exposure at default model, loss given default model and the approaches to reflecting reasonable and supportable forward looking expectations (including macroeconomic factors) with our financial risk experts. Our procedures also included the following:</p> <ul style="list-style-type: none"> <li>• Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used and results of validation studies.</li> </ul>



<b>Key Audit Matters</b>	<b>How the key audit matter was addressed in the audit</b>
<p><b>Expected credit losses for loans (Continued)</b></p> <p>To determine expected credit losses as of 31 December 2023 the Bank determines stage classification of loans by identifying significant increase in credit risk with quantitative and qualitative assessments disclosed in Section Three Part 8 in the accompanying unconsolidated financial statements and identification of default events disclosed in Section Four Part 2 in the accompanying unconsolidated financial statements. The Bank uses complex models that requires data to be derived from multiple systems, for determining significant increase in credit risk and calculation of TFRS 9 expected credit losses. These models contain judgement and estimations in regard to forward looking estimations, scenarios of macro-economic conditions and weighing of scenarios based on expert opinion.</p> <p>Information used in the individually or collectively assessment of expected credit loss such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences, development and weighting of macro-economic scenarios; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<ul style="list-style-type: none"> <li>• We have checked Probability of Default (PD) models used in determination of provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis.</li> <li>• For a sample of exposures, we checked the accuracy of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the resultant arithmetical calculations. We checked the calculation of the Loss Given Default (LGD) used by the Bank in the expected credit losses calculation methodology, and tested collaterals.</li> <li>• We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</li> <li>• We checked accuracy of resultant expected credit losses calculations.</li> <li>• To assess appropriateness of the Bank’s determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</li> <li>• We evaluated the adequacy of the disclosures made in the unconsolidated financial statements regarding the provision for impairment of loans.</li> </ul>



#### **4. Other Matter**

The unconsolidated financial statements of the Bank as at 31 December 2022 were audited by another auditor whose report dated 23 February 2023 expressed an unqualified opinion.

#### **5. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements**

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

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

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

#### **6. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.



As part of an independent audit conducted in accordance with “Regulation on Independent Audit of Banks” published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

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



## **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

### **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 December 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  
Independent Auditor

Istanbul, 21 February 2024

**ARAP TÜRK BANKASI A.Ş. UNCONSOLIDATED FINANCIAL REPORT  
AS OF 31 DECEMBER 2023**

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

The unconsolidated financial report as of and for the year ended 31 December 2023 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

Yasin Öztürk  
*Chairman of the Board of  
Directors*

Mohamed Milad Ebrayik Hassadi  
*Deputy Chairman of The Board  
of Directors and Chairman of  
The Audit Committee*

Aflah Omar Magsi  
*Member of The Board of  
Directors and The Audit  
Committee*

Selen Giyim  
*Member of The Board of  
Directors and The Audit  
Committee*

Wail J. A. Belgasem  
*General Manager*

Salih Hatipoğlu  
*Assistant General Manager  
Responsible For Financial Reporting*

Feyzullah Küpeli  
*Manager*

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

Name / Title: F.Betül Yörelİ / D.Manager

Phone No : 0 212 225 05 00

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# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 Turkey and the Libyan Arab Republic. The duration of the Bank is 50 years from the commencement of the Agreement. This period shall be renewable automatically unless agreed otherwise by an Extraordinary General Meeting held at least one year prior to expiration.

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

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

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

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

As of 31 December 2023, the Bank’s share capital at the balance sheet date as follows:

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

(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 in the paid capital by TL 6.20 (full digit in TL)).

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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

##### Chairmen of the Board of Directors and Board Members

Name	Job Title – Description
Yasin Öztürk	Chairman of the Board of Directors
Mohamed Milad Ebrayik Hassadi <sup>(1)</sup>	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 Member of Audit Committee
Selen Giyim <sup>(3)</sup>	Member of the Board of Directors and Member of Audit Committee
İmge Hilal Soyluoğlu Canlı <sup>(2)</sup>	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

(1) Mohamed Milad Ebrayik Hassadi was appointed as Vice Chairman of the Board of Directors as of 21 March 2023.

(2) Serkan Günay resigned from the Board of Directors on 20 March 2023. İmge Hilal Soyluoğlu Canlı was appointed in his place with the decision taken at the Board of Directors Meeting on 21 March 2023. İmge Hilal Soyluoğlu Canlı started her duty on 30 March 2023.

(3) Dr. Sinan Şahin resigned from the Board of Directors and Gülbin Çakır was appointed in his place with the decision taken at the Board of Directors Meeting on 21 March 2023. Gülbin Çakır took office on 30 March 2023. Gülbin Çakır resigned from the Board of Directors and Selen Giyim was appointed in her place with the decision taken at the Board of Directors Meeting dated 19 December 2023. Selen Giyim took office on 15 January 2024.

##### 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 - Information Technologies and 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	-

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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### GENERAL INFORMATION ABOUT THE BANK (Continued)

#### 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**

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- III. OFF-BALANCE SHEET COMMITMENTS
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# ARAP TÜRK BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		CURRENT PERIOD			PRIOR PERIOD		
		31.12.2023			31.12.2022		
ASSETS	Note	TL	FC	TOTAL	TL	FC	TOTAL
<b>I. FINANCIAL ASSETS (Net)</b>		<b>569,102</b>	<b>5,811,476</b>	<b>6,380,578</b>	<b>110,507</b>	<b>4,070,184</b>	<b>4,180,691</b>
<b>1.1 Cash and Cash Equivalents</b>	(1)	<b>205,147</b>	<b>4,067,931</b>	<b>4,273,078</b>	<b>33,620</b>	<b>2,692,291</b>	<b>2,725,911</b>
1.1.1 Cash and Balances with Central Bank		204,963	2,952,865	3,157,828	9,575	1,916,611	1,926,186
1.1.2 Banks	(4)	1,833	1,115,066	1,116,899	24,548	775,680	800,228
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Credit Loss (-)		1,649	-	1,649	503	-	503
<b>1.2 Financial Assets Measured at Fair Value Through Profit or Loss</b>	(2)	-	-	-	-	-	-
1.2.1 Government Securities		-	-	-	-	-	-
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	(5)	<b>363,955</b>	<b>1,743,545</b>	<b>2,107,500</b>	<b>76,887</b>	<b>1,377,893</b>	<b>1,454,780</b>
1.3.1 Government Securities		363,731	1,584,952	1,948,683	76,663	988,796	1,065,459
1.3.2 Equity Securities		224	11,789	12,013	224	7,472	7,696
1.3.3 Other Financial Assets		-	146,804	146,804	-	381,625	381,625
<b>1.4 Derivative Financial Assets</b>	(3)	-	-	-	-	-	-
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		-	-	-	-	-	-
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>723,210</b>	<b>5,935,098</b>	<b>6,658,308</b>	<b>1,412,224</b>	<b>5,092,835</b>	<b>6,505,059</b>
<b>2.1 Loans</b>	(6)	<b>700,988</b>	<b>2,589,514</b>	<b>3,290,502</b>	<b>1,282,166</b>	<b>2,122,686</b>	<b>3,404,852</b>
<b>2.2 Lease Receivables</b>	(11)	-	-	-	-	-	-
<b>2.3 Factoring Receivables</b>		-	-	-	-	-	-
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	(7)	<b>41,191</b>	<b>3,345,584</b>	<b>3,386,775</b>	<b>140,247</b>	<b>2,970,149</b>	<b>3,110,396</b>
2.4.1 Government Securities		41,191	2,952,892	2,994,083	81,253	2,519,804	2,601,057
2.4.2 Other Financial Assets		-	392,692	392,692	58,994	450,345	509,339
<b>2.5 Expected Credit Loss (-)</b>		<b>18,969</b>	-	<b>18,969</b>	<b>10,189</b>	-	<b>10,189</b>
<b>III. ASSETS HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(17)	-	-	-	<b>1,000</b>	-	<b>1,000</b>
3.1 Held for Sale Purpose		-	-	-	1,000	-	1,000
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		<b>153,696</b>	-	<b>153,696</b>	<b>140,199</b>	-	<b>140,199</b>
<b>4.1 Associations (Net)</b>	(8)	-	-	-	-	-	-
4.1.1 Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	(9)	<b>153,696</b>	-	<b>153,696</b>	<b>140,199</b>	-	<b>140,199</b>
4.2.1 Unconsolidated Financial Subsidiaries		153,696	-	153,696	140,199	-	140,199
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	(10)	-	-	-	-	-	-
4.3.1 Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(13)	<b>946,397</b>	-	<b>946,397</b>	<b>553,068</b>	-	<b>553,068</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(14)	<b>10,931</b>	-	<b>10,931</b>	<b>2,751</b>	-	<b>2,751</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		10,931	-	10,931	2,751	-	2,751
<b>VII. INVESTMENT PROPERTY (Net)</b>	(15)	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSET</b>	(16)	<b>13,737</b>	-	<b>13,737</b>	-	-	-
<b>IX. DEFERRED TAX ASSET</b>		-	-	-	-	-	-
<b>X. OTHER ASSETS (Net)</b>	(18)	<b>41,363</b>	<b>73,234</b>	<b>114,597</b>	<b>43,108</b>	<b>16,138</b>	<b>59,246</b>
<b>TOTAL ASSETS</b>		<b>2,458,436</b>	<b>11,819,808</b>	<b>14,278,244</b>	<b>2,262,857</b>	<b>9,179,157</b>	<b>11,442,014</b>

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

# ARAP TÜRK BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

II- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		Note	CURRENT PERIOD 31.12.2023			PRIOR PERIOD 31.12.2022		
			TL	FC	TOTAL	TL	FC	TOTAL
<b>I.</b>	<b>DEPOSITS</b>	(1)	88,450	6,826,496	6,914,946	154,721	5,364,283	5,519,004
<b>II.</b>	<b>FUNDS BORROWED</b>	(3)	-	4,808,759	4,808,759	6,478	3,754,560	3,761,038
<b>III.</b>	<b>MONEY MARKETS</b>		-	-	-	37,162	-	37,162
<b>IV.</b>	<b>SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
<b>V.</b>	<b>FUNDS</b>		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
<b>VI.</b>	<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII.</b>	<b>DERIVATIVE FINANCIAL LIABILITIES</b>	(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		-	-	-	-	-	-
<b>VIII.</b>	<b>FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX.</b>	<b>LEASE LIABILITIES (Net)</b>	(5)	8,637	1,305	9,942	7,329	-	7,329
<b>X.</b>	<b>PROVISIONS</b>	(7)	174,817	19,498	194,315	127,280	10,871	138,151
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		92,499	-	92,499	88,478	-	88,478
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		82,318	19,498	101,816	38,802	10,871	49,673
<b>XI.</b>	<b>CURRENT TAX LIABILITY</b>	(8)	19,138	-	19,138	21,210	-	21,210
<b>XII.</b>	<b>DEFERRED TAX LIABILITY</b>		77,840	-	77,840	34,971	-	34,971
<b>XIII.</b>	<b>LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV.</b>	<b>SUBORDINATED DEBT INSTRUMENTS</b>		-	-	-	-	-	-
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	-	-	-	-	-
<b>XV.</b>	<b>OTHER LIABILITIES</b>	(4)	25,483	87,581	113,064	32,581	58,015	90,596
<b>XVI.</b>	<b>SHAREHOLDERS' EQUITY</b>	(9)	2,105,180	35,060	2,140,240	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		652,706	-	652,706	417,028	-	417,028
16.4	Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		(128,054)	35,060	(92,994)	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)		1,078,128	-	1,078,128	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)		156,657	-	156,657	213,492	-	213,492
	<b>TOTAL LIABILITIES</b>		<b>2,499,545</b>	<b>11,778,699</b>	<b>14,278,244</b>	<b>2,268,969</b>	<b>9,173,045</b>	<b>11,442,014</b>

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

# ARAP TÜRK BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

	Note	CURRENT PERIOD 31.12.2023			PRIOR PERIOD 31.12.2022		
		TL	FC	TOTAL	TL	FC	TOTAL
<b>III-OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>							
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>886,135</b>	<b>12,427,120</b>	<b>13,313,255</b>	<b>184,360</b>	<b>7,644,929</b>	<b>7,829,289</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(1) (2) (3) (4)	<b>885,541</b>	<b>12,427,120</b>	<b>13,312,661</b>	<b>183,971</b>	<b>7,644,929</b>	<b>7,828,900</b>
1.1. Letters of Guarantee		885,541	9,196,649	10,082,190	181,283	5,746,647	5,927,930
1.1.1. Guarantees Subject to State Tender Law		9,714	-	9,714	7,179	-	7,179
1.1.2. Guarantees Given for Foreign Trade Operations		327,034	9,135,507	9,462,541	130,482	5,737,686	5,868,168
1.1.3. Other Letters of Guarantee		548,793	61,142	609,935	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		-	3,001,706	3,001,706	-	1,327,841	1,327,841
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	3,001,706	3,001,706	-	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		-	228,765	228,765	2,688	570,441	573,129
1.9. Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(1)	<b>594</b>	-	<b>594</b>	<b>389</b>	-	<b>389</b>
2.1. Irrevocable Commitments		594	-	594	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		594	-	594	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		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5)	-	-	-	-	-	-
3.1. Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Transactions		-	-	-	-	-	-
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-	-	-	-
3.2.2.1. Foreign Currency Swap-Buy		-	-	-	-	-	-
3.2.2.2. Foreign Currency Swap-Sell		-	-	-	-	-	-
3.2.2.3. Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3. Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1. Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2. Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>570,047</b>	<b>1,376,762</b>	<b>1,946,809</b>	<b>483,669</b>	<b>871,117</b>	<b>1,354,786</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>21,407</b>	-	<b>21,407</b>	<b>4,164</b>	-	<b>4,164</b>
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Checks Received for Collection		21,407	-	21,407	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		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>548,640</b>	<b>1,376,762</b>	<b>1,925,402</b>	<b>479,505</b>	<b>871,117</b>	<b>1,350,622</b>
5.1. Marketable Securities		-	-	-	-	-	-
5.2. Guarantee Notes		18,820	662,799	681,619	19,120	411,418	430,538
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		81,394	712,404	793,798	14,394	452,499	466,893
5.6. Other Pledged Items		448,426	1,559	449,985	445,991	7,200	453,191
5.7. Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>1,456,182</b>	<b>13,803,882</b>	<b>15,260,064</b>	<b>668,029</b>	<b>8,516,046</b>	<b>9,184,075</b>

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



# ARAP TÜRK BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

	Note	Current Period		Prior Period
		01.01.2023-	31.12.2023	01.01.2022-
<b>IV. -STATEMENT OF PROFIT OR LOSS</b>				
<b>I. INTEREST INCOME</b>	(1)		<b>852,339</b>	<b>641,340</b>
1.1 Interest on Loans			447,625	393,293
1.2 Interest on Reserve Requirements			3,267	131
1.3 Interest on Banks			43,721	18,190
1.4 Interest on Money Market Transactions			-	6,614
1.5 Interest on Marketable Securities Portfolio			356,075	223,101
1.5.1 Fair Value Through Profit or Loss			-	-
1.5.2 Fair Value Through Other Comprehensive Income			157,495	73,411
1.5.3 Measured at Amortised Cost			198,580	149,690
1.6 Financial Lease Income			-	-
1.7 Other Interest Income			1,651	11
<b>II. INTEREST EXPENSE (-)</b>	(2)		<b>284,835</b>	<b>159,382</b>
2.1 Interest on Deposits			71,163	30,159
2.2 Interest on Funds Borrowed			148,391	92,611
2.3 Interest Expense on Money Market Transactions			11,972	3,075
2.4 Interest on Securities Issued			-	-
2.5 Lease Interest Expenses			1,567	1,011
2.6 Other Interest Expenses			51,742	32,526
<b>III. NET INTEREST INCOME (I - II)</b>			<b>567,504</b>	<b>481,958</b>
<b>IV. NET FEES AND COMMISSIONS INCOME</b>			<b>139,362</b>	<b>106,366</b>
4.1 Fees and Commissions Received			154,303	113,619
4.1.1 Non-cash Loans			34,382	26,404
4.1.2 Other			119,921	87,215
4.2 Fees and Commissions Paid			14,941	7,253
4.2.1 Non-cash Loans			45	22
4.2.2 Other			14,896	7,231
<b>V. DIVIDEND INCOME</b>	(3)		<b>13,594</b>	<b>14,060</b>
<b>VI. TRADING INCOME /(LOSS) (Net)</b>	(4)		<b>7,426</b>	<b>21,932</b>
6.1 Trading Gains / (Losses) on Securities			(13,218)	-
6.2 Gains / (Losses) on Derivative Financial Transactions			(10,925)	-
6.3 Foreign Exchange Gains / (Losses)			31,569	21,932
<b>VII. OTHER OPERATING INCOME</b>	(5)		<b>22,872</b>	<b>14,365</b>
<b>VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>			<b>750,758</b>	<b>638,681</b>
<b>IX. EXPECTED CREDIT LOSS (-)</b>	(6)		<b>61,859</b>	<b>4,534</b>
<b>X. OTHER PROVISION EXPENSE (-)</b>	(7)		<b>28,882</b>	<b>18,570</b>
<b>XI. PERSONNEL EXPENSE (-)</b>			<b>364,448</b>	<b>222,514</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	(8)		<b>191,647</b>	<b>117,871</b>
<b>XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>			<b>103,922</b>	<b>275,192</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>			-	-
<b>XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>			-	-
<b>XVI. INCOME/(LOSS) ON NET MONETARY POSITION</b>			-	-
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>	(9)		<b>103,922</b>	<b>275,192</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	(10)		<b>52,735</b>	<b>(61,700)</b>
18.1 Current Tax Provision			-	(70,148)
18.2 Deferred Tax Income Effect (+)			155,725	16,414
18.3 Deferred Tax Expense Effect (-)			208,460	24,862
<b>XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>	(11)		<b>156,657</b>	<b>213,492</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>			-	-
20.1 Income from Non-current Assets Held for Sale			-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures			-	-
20.3 Income from Other Discontinued Operations			-	-
<b>XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>			-	-
21.1 Expenses for Non-current Assets Held for Sale			-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures			-	-
21.3 Expenses for Other Discontinued Operations			-	-
<b>XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>			-	-
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>			-	-
23.1 Current Tax Provision			-	-
23.2 Deferred Tax Expense Effect (+)			-	-
23.3 Deferred Tax Income Effect (-)			-	-
<b>I. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>			-	-
<b>XXV. NET PROFIT/(LOSS) (XVIII+XXIII)</b>	(12)		<b>156,657</b>	<b>213,492</b>
Earning/(Loss) per share (in TL full)			0.0036	0.0049

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

**ARAP TÜRK BANKASI A.Ş.****UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

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

	Current Period	Prior Period
	1 January- 31 December 2023	1 January- 30 December 2022
<b>V.-STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>156,657</b>	<b>213,492</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>151,030</b>	<b>284,265</b>
2.1 Other Comprehensive Income That will Not Be Reclassified To Profit or Loss	<b>235,678</b>	<b>269,135</b>
2.1.1 Tangible Assets Revaluation Increase/Decrease	<b>376,012</b>	<b>342,633</b>
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Pension Plan Remeasurement Gain/Loss	(6,013)	(25,583)
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	(134,321)	(47,915)
2.2 Reclassified to Profit or Loss	<b>(84,648)</b>	<b>15,130</b>
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other	(123,365)	19,307
2.2.3 Comprehensive Income	-	-
2.2.4 Cash Flow Hedge Income/Loss	-	-
2.2.5 Foreign Net Investment Hedge Income/Loss	-	-
Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	38,717	(4,177)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>(307,687)</b>	<b>497,757</b>

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

**ARAP TÜRK BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

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

VI. - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in capital	Share premium	Share certificate cancel profits	Other capital reser	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			Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total Equity
					1	2	3	4	5	6				
<b>CURRENT PERIOD</b>														
<b>31 December 2023</b>														
<b>I. Balance at the beginning of the period</b>	<b>440,000</b>	-	-	-	<b>443,333</b>	<b>(26,305)</b>	-	-	<b>(8,346)</b>	-	<b>51,725</b>	<b>718,654</b>	<b>213,492</b>	<b>1,832,553</b>
<b>II. Adjustment in accordance with TMS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New balance (I+II)</b>	<b>440,000</b>	-	-	-	<b>443,333</b>	<b>(26,305)</b>	-	-	<b>(8,346)</b>	-	<b>51,725</b>	<b>718,654</b>	<b>213,492</b>	<b>1,832,553</b>
<b>IV. Total comprehensive income (loss)</b>	-	-	-	-	<b>239,360</b>	<b>(3,682)</b>	-	-	<b>(84,648)</b>	-	-	-	<b>156,657</b>	<b>307,687</b>
<b>V. Capital increase in cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital increase through internal reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Issued capital inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase (decrease) through other changes, equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit distribution</b>	-	-	-	-	-	-	-	-	-	-	10,675	202,817	(213,492)	-
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	10,675	202,817	(213,492)	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances (III+IV+..... +X+XI)</b>	<b>440,000</b>	-	-	-	<b>682,693</b>	<b>(29,987)</b>	-	-	<b>(92,994)</b>	-	<b>62,400</b>	<b>921,471</b>	<b>156,657</b>	<b>2,140,240</b>

1. *Increases and decreases in Tangible and Intangible Assets Revaluation Reserve,*
2. *Accumulated Gains/ Losses on Remeasurements of Defined Plans,*
3. *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),*
4. *Exchange Differences on Translation,*
5. *Accumulated gains(losses) due for revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income*
6. *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)*

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

**ARAP TÜRK BANKASI A.Ş.**

**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

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

	Paid-in capital	Share premium	certificate	cancel profits	hare her capital reser	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			Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total Equity
						1	2	3	4	5	6				
<b>PRIOR PERIOD</b>															
<b>31 December 2022</b>															
<b>I</b>	<b>Balance at the beginning of the period</b>	<b>440,000</b>	-	-	-	<b>155,486</b>	<b>(7,593)</b>	-	-	<b>(23,476)</b>	-	<b>43,709</b>	<b>566,334</b>	<b>160,336</b>	<b>1,334,796</b>
<b>II.</b>	<b>Adjustment in accordance with TMS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>I.</b>	<b>New balance (I+II)</b>	<b>440,000</b>	-	-	-	<b>155,486</b>	<b>(7,593)</b>	-	-	<b>(23,476)</b>	-	<b>43,709</b>	<b>566,334</b>	<b>160,336</b>	<b>1,334,796</b>
<b>IV.</b>	<b>Total comprehensive income (loss)</b>	-	-	-	-	<b>287,847</b>	<b>(18,712)</b>	-	-	<b>15,130</b>	-	-	-	<b>213,492</b>	<b>497,757</b>
<b>V.</b>	<b>Capital increase in cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI.</b>	<b>Capital increase through internal reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII.</b>	<b>Issued capital inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII.</b>	<b>Convertible bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX.</b>	<b>Subordinated debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X.</b>	<b>Increase (decrease) through other changes, equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI.</b>	<b>Profit distribution</b>	-	-	-	-	-	-	-	-	-	-	8,016	152,320	(160,336)	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	8,016	152,320	(160,336)	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances (III+IV+.....+X+XI)</b>		<b>440,000</b>	-	-	-	<b>443,333</b>	<b>(26,305)</b>	-	-	<b>(8,346)</b>	-	<b>51,725</b>	<b>718,654</b>	<b>213,492</b>	<b>1,832,553</b>

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve,
2. Accumulated Gains/ Losses on Remeasurements of Defined Plans,
3. 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),
4. Exchange Differences on Translation,
5. Accumulated gains(losses) due for revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income
6. 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)

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

# ARAP TÜRK BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

	Note	Current Period 01.01.2023 -31.12.2023	Prior Period 01.01.2022 -31.12.2022
<b>VII-STATEMENT OF CASH FLOWS</b>			
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>1,911,566</b>	<b>1,371,496</b>
1.1.1 Interest Received		735,236	592,126
1.1.2 Interest Paid		(311,659)	(188,794)
1.1.3 Dividend Received		-	63
1.1.4 Fees and Commissions Received		154,303	113,619
1.1.5 Other Income		82,441	38,912
1.1.6 Collections from Previously Written-off Loans and Other Receivables		-	1,265
1.1.7 Payments to Personnel and Service Suppliers		(463,917)	(221,871)
1.1.8 Taxes Paid		79,795	(19,264)
1.1.9 Other	(1)	1,635,367	1,055,440
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>(3,791,028)</b>	<b>(3,119,861)</b>
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		579,264	264,517
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3 Net (increase) / decrease in loans		1,505,709	205,889
1.2.4 Net (increase) / decrease in other assets		(54,376)	(26,515)
1.2.5 Net increase / (decrease) in bank deposits	(1)	(1,438,996)	(649,902)
1.2.6 Net increase / (decrease) in other deposits		(1,874,626)	(182,990)
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		(1,796,969)	(2,863,206)
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities	(1)	(711,034)	132,346
<b>I. Net Cash Provided from Banking Operations</b>		<b>(1,879,462)</b>	<b>(1,748,365)</b>
<b>B. CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>1,017,975</b>	<b>108,771</b>
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Purchases of tangible assets		(178,819)	(6,527)
2.4 Disposals of tangible assets		5,377	-
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1,319,207)	(221,560)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		1,198,187	378,210
2.7 Purchase of Financial Assets Measured at Amortised Cost		(537,075)	(999,744)
2.8 Sale of Financial Assets Measured at Amortised Cost		1,852,963	960,697
2.9 Other		(3,451)	(2,305)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>(1,510)</b>	<b>(1,011)</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Equity Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(1,510)	(1,011)
3.6 Other		-	-
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(1)	<b>1,562,336</b>	<b>943,111</b>
<b>V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)</b>	(1)	<b>699,339</b>	<b>(697,494)</b>
<b>VI. Cash and Cash Equivalents at the Beginning of the Period</b>	(1)	<b>1,547,043</b>	<b>2,244,537</b>
<b>VII. Cash and Cash Equivalents at the End of the Period</b>	(1)	<b>2,246,382</b>	<b>1,547,043</b>

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

# ARAP TÜRK BANKASI A.Ş.

## UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

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

	Current Period 31 December 2023	Prior Period 31 December 2022 <sup>(*)</sup>
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME (1)</b>		
1.1 CURRENT YEAR INCOME	103,922	275,192
1.2 TAZES AND DUTIES PAYABLE(-)	52,735	(61,700)
1.2.1 Corporate Tax ( Income Tax)	-	(70,148)
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties	52,735	8,448
	156,657	213,492
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>		
1.3 PRIOR YEARS LOSSES (-) <sup>(1)</sup>	-	-
1.4 FIRST LEGAL RESERVES (-)	-	10,675
1.5 OTHER STATUTORY RESERVES (-)	-	-
	156,657	202,817
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]</b>		
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 STATUTORY RESERVES (-)	-	-
1.11 GENERAL RESERVES	-	-
1.12 OTHER RESERVES	-	-
1.13 SPECIAL FUNDS	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.2.1 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.2 To owners of ordinary shares	-	-
2.2.3 To owners of preferred shares	-	-
2.2.4 To owners of preferred shares (preemptive rights)	-	-
2.2.5 To profit sharing bonds	-	-
2.3 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1	0,0036	0,0049
3.2 TO OWNERS OF ORDINARY SHARES	0,36	0,49
3.3 TO OWNERS OF ORDINARY SHARES (%)	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES	-	-
TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1	-	-
4.2 TO OWNERS OF ORDINARY SHARES	-	-
4.3 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.4 TO OWNERS OF PRIVILAGED SHARES	-	-

(\*) The profit distribution table for the previous period was finalised with the decision of the Ordinary General Assembly after the independently audited financial statements dated 31 December 2022 were published and restated accordingly.

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS FOR BASIS OF PRESENTATION**

The 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.

With the announcement dated 23 November 2023, POA announced that the financial statements of the entities applying the Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be prepared in accordance with the Financial Reporting Standard in Hyperinflationary Economies (“TAS 29”), however, institutions or organisations authorised to regulate and supervise in their fields may determine different transition dates for the implementation of TAS 29. Based on this announcement of POA, BRSA has decided not to subject the financial statements of banks and financial leasing, factoring, financing, savings finance and asset management companies as of 31 December 2023 to inflation adjustment required under TAS 29 with its decision dated 12 December 2023 and numbered 10744. In accordance with the decision of BRSA dated 11 January 2024 and numbered 10825; banks, financial leasing, factoring, financing, savings financing and asset management companies will apply inflation accounting as of 1 January 2025. Accordingly, the unconsolidated financial statements as at 31 December 2023 have not been restated in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosed contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the period. Although these estimates are based on management’s best judgement and knowledge, actual results may differ from these estimates. The assumptions and estimates used are disclosed in the related notes.

The financial statements include financial assets and financial liabilities at fair value through profit or loss and financial assets and financial liabilities at fair value through profit or loss.

The financial statements are prepared on the cost basis except for the liabilities. The accounting policies and valuation principles followed for the correct understanding of the financial statements are explained in Notes II to XXIV.

Effective from 1 January 2023, the amendments to TAS/TFRS do not have a significant impact on the Bank’s accounting policies, financial position and performance. The amendments to TAS and TFRS issued but not yet effective as of the date of finalisation of the financial statements are not expected to have a significant impact on the accounting policies, financial position and performance of the Bank.

The effects of the earthquake disaster in Kahramanmaraş and neighbouring provinces have been reviewed and there is no impact on the financial statements of the Bank.

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**II. STRATEGY OF USING FINANCIAL INSTRUMENTS AND EXPLANATIONS ON FOREIGN CURRENCY TRANSACTIONS**

The Bank's core business activities include corporate banking, commercial banking, securities transactions (Treasury operations) and international banking services. The Bank uses financial instruments intensively due to its nature. The Bank's funding sources are deposits, borrowings and shareholders' equity, which are invested in high quality financial assets. The Bank monitors the balance of the resources utilised and the placements made in various financial assets in terms of risk and return with an effective asset - liability management strategy.

The Bank's transactions in foreign currencies are accounted for in accordance with TAS 21 - The Effects of Changes in Foreign Exchange Rates and foreign exchange gains and losses arising from foreign currency transactions are translated into Turkish Lira at the exchange rates prevailing at the dates of the transactions.

At the end of each period, foreign currency assets and liabilities are translated into Turkish Lira at the exchange rates prevailing at the balance sheet date and the resulting exchange differences are recognised as foreign exchange gains and losses.

**III. DISCLOSURES RELATED TO SUBSIDIARIES**

A subsidiary is an entity over which the Bank has the power to govern the financial and operating policies so as to obtain benefits from its activities. In the unconsolidated financial statements, the subsidiary is recognised at cost, less any provision for impairment in accordance with "TAS 27 - Separate Financial Statements".

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

Derivative financial instruments of the Bank are classified under "IFRS 9 Financial Instruments" ("IFRS 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 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.



**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VI. INFORMATION ON FEES AND COMMISSION**

Fees and commission income and expenses are calculated on an accrual basis according to the nature of the fees and commissions and included in the effective interest method, and income provided through contracts or through the purchase of assets for a third real or legal person is recognised in the periods in which they are realised.

**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 and Financial Assets at Fair Value Through Other Comprehensive Income 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**

A financial asset is classified as at fair value through other comprehensive income when, in addition to holding the financial asset within a business model whose objective is to collect contractual cash flows and to sell the financial asset, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income are initially recognised at fair value plus transaction costs. Financial assets at fair value through other comprehensive income are subsequently measured at fair value. Interest income calculated using the effective interest method on marketable securities at fair value through other comprehensive income and dividend income on marketable securities representing a share in capital are recognised in the statement of profit or loss. The difference between the fair value and the amortised cost of financial assets at fair value through other comprehensive income, i.e. "Unrealised gains and losses", is not recognised in the statement of profit or loss until the collection of the fair value of the financial asset, sale, disposal or impairment of the financial asset, or until the asset is sold, disposed of or impaired, whichever occurs first.

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

Subsequent changes in the value of investments in equity instruments are not recognised in the statement of profit or loss, except for dividends.

Investments in equity instruments that are not held for trading or that are recognised in the financial statements of the acquiree in a business combination to which IFRS 3 is applied are classified as Assets at Fair Value through Other Comprehensive Income, with an irrevocable election made on initial recognition.

Financial assets at fair value through other comprehensive income are subsequently measured at fair value. However, for securities that do not have a market price, pricing models or discounted cash flow techniques are used in the fair value calculation, depending on the type of security.

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

If the financial asset is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, the financial asset is classified as a financial asset measured at amortised cost.

Financial assets measured at amortised cost are initially recognised at acquisition cost reflecting their fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method. Interest income related to financial assets measured at amortised cost is recognised in the 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.

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**e. Impairment (Continued)**

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

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

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

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

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

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

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

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

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

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

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

*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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**e. Impairment (Continued)**

*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

*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.

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**e. Impairment (Continued)**

The Bank's loans have been evaluated and classified as of 31 December 2023 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 credit risk parameters and statistical models in the calculation of expected credit losses in accordance with the relevant legislation and accounting standards.

Expected credit losses are measured using reasonable and supportable information and taking into account historical information as well as future base, favorable and unfavorable macroeconomic forecasts by including macroeconomic variables. Within the scope of the macroeconomic model, the final forecast obtained by weighting three scenarios (base, optimistic and negative) is used. The main macroeconomic independent variables used in these forecasts are the changes in "USDTRY, Consumer Price Index, Producer Price Index, Current Account Balance and Foreign Trade Balance". 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. Macroeconomic forecasts and past default data of portfolios used in risk parameter models are re-evaluated every quarter in order to reflect changes in the economic conjuncture and updated if necessary.

**VIII. INFORMATION ON OFFSETTING FINANCIAL INSTRUMENTS**

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

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

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

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

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

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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**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.

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XII. INFORMATION ON TANGIBLE ASSETS (Continued)**

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:

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

There are no changes in the related accounting estimates that have a significant effect on the current period or are expected to have a significant effect in the following periods.

At each reporting date, the Bank assesses whether there is any indication that an asset may be impaired; if any such indication exists, the Bank estimates the recoverable amount of the related asset in accordance with TAS 36 - Impairment of Assets and recognises an impairment loss if the recoverable amount is less than the carrying amount of the related asset.

**XIII. EXPLANATIONS ON LEASING TRANSACTIONS**

Property, plant and equipment acquired under finance leases are recognised as property, plant and equipment in the Bank's assets and as liabilities under finance leases in the Bank's liabilities. Finance costs arising from the lease are spread over the period so as to create a fixed interest rate during the lease term. Interest and foreign exchange losses on finance leases are recognised in the statement of profit or loss. Assets held under finance leases are depreciated on the same basis as for property, plant and equipment.

As of the end of the reporting period, the Bank does not have the authority to make financial leases as a lessor such as a financial leasing company.

**Explanations on TFRS 16 Leases Standard**

Bank - as a tenant At inception of a contract, the Bank assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Bank recognises a right-of-use asset and a lease liability at the commencement date.

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIII. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)**

*Right of use asset*

The right-of-use asset is initially recognised at cost and includes the following:

- a) the initial measurement amount of the lease liability,
- b) all lease payments made on or before the commencement date, less any lease incentives received,
- c) all initial direct costs incurred by the Bank

While the Bank applies the cost method, the right of use asset:

- a) net of accumulated depreciation and accumulated impairment losses and
- b) measured at cost adjusted for remeasurement of the lease liability.

When depreciating the right-of-use asset, the Bank applies the depreciation provisions of TAS 16 Property, Plant and Equipment.

*Rent obligation*

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

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

Subsequent to the commencement date, the Bank measures the lease liability as follows

- a) increase the carrying amount to reflect interest on the lease liability,
- b) decrease the carrying amount to reflect lease payments already made, and
- c) remeasure the carrying amount to reflect reassessments and restructurings or to reflect lease payments that are fixed in their revised substance.

Interest on the lease liability for each period of the lease term is calculated 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.



**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*

Under the Turkish Labour Law, the Bank is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated due to retirement or for reasons other than resignation or misconduct specified in the Turkish Labour Law, or for each employee who has completed one year of service and retires, is called up for military service or dies. In accordance with the provisions of "TAS 19 - Employee Benefits", the Bank calculates and recognises the present value of the future probable obligation of the Bank arising from the retirement pay liability by estimating the present value of the future probable obligation. Actuarial gains and losses are recognised under equity in accordance with TAS 19.

The Bank utilises independent actuaries in determining the liability and makes assumptions about discount rate and inflation. The assumptions related to the calculation are as follows.

	<b>Current Period</b>	<b>Prior Period</b>
Discount Rate	%24.50	%12.10
Inflation Rate	%6.00	%9.90

Vacation pay liability is calculated over the cumulative total of the number of unused vacation days calculated by deducting the vacation days used by all personnel from the legally entitled vacation period each year.

*Provisions for other employee benefits*

In accordance with the revised TAS 19, the Bank recognises a provision for other employee benefits in its financial statements based on the undiscounted amounts expected to be paid in exchange for the services provided by its employees during an accounting period.

**XVI. INFORMATION ON TAX APPLICATIONS**

**Corporate Tax**

With the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, the corporate tax rate for banks has been determined as 30% and this rate has entered into force starting from the declarations to be submitted as of 1 October 2023 and to be applied to the corporate earnings of the accounting periods starting from 1 January 2023.

Corporate tax is payable at a rate applicable to the tax base calculated by adding back non-deductible expenses and deducting exemptions and deductions from taxable income. If no profit is distributed, no further tax is payable.

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

Advance taxes are calculated and paid in the first quarter of the year at the corporate tax rate applicable to that year's earnings. Advance taxes paid during the year can be offset against the corporate tax calculated on the annual corporate tax return for that year.

Dividends paid to corporations that have a place of business or a permanent representative in Turkey and dividends paid to corporations resident in Turkey are not subject to withholding tax. While 15% withholding tax is applied on dividend payments other than those made to non-resident institutions and resident institutions that earn income through a place of business or permanent representative in Turkey, this rate was changed to 10% with the Presidential Decree published in the Official Gazette dated December 22, 2021 and numbered 31697. In the application of withholding tax rates on dividend payments to non-resident corporations and real persons, the practices in the relevant Double Tax Treaty Agreements are also taken into consideration. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

Under the provisions of the Corporate Tax Law No. 5520, 75% of the gains arising from the sale of participation shares held in assets for at least two full years and founders' shares, redeemed shares and preemptive rights held for the same period are exempt from corporate tax, provided that they are held in a special fund account in liabilities until the end of the fifth year following the year of sale or added to capital and collected until the end of the second calendar year. 25% of the gains from the sale of immovable properties acquired before July 15, 2023 are exempt from corporate tax.

The law numbered 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, and the financial statements will not be subject to inflation adjustment regardless of whether the conditions for inflation adjustment within the scope of Repeated Article 298 are met in the 2021 and 2022 accounting periods, including the temporary accounting periods, and the temporary tax periods of the 2023 accounting period, December 31, 2023 will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met.

**Deferred tax**

Deferred tax assets and liabilities are recognized on temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method in accordance with TAS 12 - Income Taxes and related BRSA guidance. For tax purposes, differences that affect neither the taxable profit nor the accounting profit at the date of acquisition of assets and liabilities are excluded from this calculation.

If transactions and other events are recognized in profit or loss, the related tax effects are also recognized in profit or loss. If transactions and other events are recognized directly in equity, the related tax effects are also recognized directly in equity.

Deferred tax assets and deferred tax liabilities are netted off in the financial statements.

In accordance with Article 298 of the Tax Procedure Law, the tax advantage that will be provided in the future periods by the increase in the value of non-monetary items Fixed Assets and prepaid expenses, which will be subject to inflation adjustment in the Tax Procedure Law Financial Statements dated December 31, 2023, is shown in the deferred tax asset.

**Transfer Pricing**

Under the heading of disguised profit distribution through transfer pricing in Article 13 of the Corporate Tax Law, the issue of transfer pricing is discussed and the "General Communiqué on Disguised Profit Distribution through Transfer Pricing" published on 18 November 2007 sets out the details of this issue in practice.

According to the Communiqué, if taxpayers engage in transactions with related parties (individuals) for the purchase and sale of goods, services or products, where the prices are not set in accordance with the arm's length principle, it will be concluded that the related profits are distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing will not be deductible from the tax base for corporate tax purposes.

**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. EXPLANATIONS ON ACCEPTANCES AND ACCEPTANCES**

Advances and acceptances are realised simultaneously with the payments of the customers and the commitments are presented in off-balance sheet accounts as off-balance sheet liabilities.

There are no acceptances and acceptances recognised as a liability against assets.

**XX. INFORMATION ON GOVERNMENT INCENTIVES**

The Bank has not received any government grants and subsidies.

**XXI. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these assets is their fair value. Cash and cash equivalents and bank balances are stated at the period-end foreign exchange buying rate at the Bank's office.

For the purpose of the statement of cash flows, "Cash" is defined as cash on hand, effectives, gold, money in transit, cheques purchased and demand deposits at banks including the Central Bank of the Republic of Turkey and "Cash Equivalents" are defined as interbank money market placements with original maturities of less than three months and time deposits at banks.

**XXII. INFORMATION ON SEGMENT REPORTING**

An operating segment is a distinguishable component of the Bank that engages in the provision of a single product or service or a group of related products or services and that is characterised by risks and returns that are different from those of other segments. Reporting by operating segments is presented in Section Four, Note XI.

**XXIII. OTHER DISCLOSURES**

**Profit reserves and distribution of profit**

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

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for dividend distribution unless they exceed 50% of paid-in share capital.

**Related parties**

For the purpose of these financial statements, shareholders, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them, associates and joint ventures are considered and referred to as related parties in accordance with TAS 24 - Related Party Disclosures.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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

The Bank's capital adequacy standard ratio is 18.58% (31 December 2022: 21.45%). Capital adequacy standard ratio is calculated based on the Regulation on Equity of Banks, Regulation on Measurement and Assessment of Capital Adequacy of Banks, BRSA decisions dated 21 December 2021, numbered 9996 and dated 31 January 2023, numbered 10496 and other related legal regulations. Within the framework of the aforementioned Board decisions, the amount subject to credit risk is calculated by using the foreign exchange buying rates of the Central Bank of the Republic of Turkey as of 30 December 2022, and the equity item is calculated without taking into account the negative net valuation differences of the securities acquired before the Board decision dated 21 December 2021 and included in the "Securities at Fair Value Through Other Comprehensive Income" portfolio.

## Information on equity items

	Current Period	Prior Period
<b>TIER II CAPITAL</b>	<b>2,140,240</b>	<b>1,832,553</b>
Paid-in capital following all debts in terms of claim in liquidation of the Bank	440,000	440,000
Share issue premiums	-	-
Reserves	62,400	51,725
Gains recognized in equity as per TAS	559,712	408,682
Profit	1,078,128	932,146
Current Period Profit	156,657	213,492
Prior Period Profit	921,471	718,654
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>2,140,240</b>	<b>1,832,553</b>
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>11,001</b>	<b>2,803</b>
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	-
Improvement costs for operating leasing	70	52
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	10,931	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	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>11,001</b>	<b>2,803</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>2,129,239</b>	<b>1,829,750</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)

	Current Period	Prior Period
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
<b>Additional Tier I Capital Before Deductions</b>	-	-
<b>Deductions from Additional Tier I Capital</b>	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	-	-
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 (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>2,129,239</b>	<b>1,829,750</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	101,632	41,186
<b>Tier II Capital Before Deductions</b>	<b>101,632</b>	<b>41,186</b>
<b>Deductions From Tier II Capital</b>	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>101,632</b>	<b>41,186</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>2,230,871</b>	<b>1,870,936</b>
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	<b>2,230,871</b>	<b>1,870,936</b>
Deductions from Capital Loans granted contrary to the 50th and 51st 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 (-)	-	-
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)

	Current Period	Prior Period
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
<b>TOTAL CAPITAL</b>	<b>2,230,871</b>	<b>1,870,936</b>
Total Capital	2,230,871	1,870,936
Total risk weighted amounts	12,039,593	8,812,443
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	17,74	20,98
Tier 1 Capital Adequacy Ratio (%)	17,74	20,98
Capital Adequacy Ratio (%) <sup>(2)</sup>	18,58	21,45
<b>BUFFERS</b>		
Total buffer requirement	2,844	2,749
Capital conservation buffer requirement (%)	2,500	2,50
Bank specific counter-cyclical buffer requirement (%)	0,344	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	13,26	16,48
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-	-
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	-	-
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	101,632	41,186
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	101,632	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	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

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

Within the scope of the Bank's internal capital adequacy assessment process, the approach applied to assess the adequacy of the internal capital requirement in terms of current and future activities

Within the scope of internal capital adequacy assessment, the Bank has reports, procedures, etc. In these studies; under the main headings of evaluation of the current year in terms of capital adequacy and development of legal ratios and evaluation of budget forecasts in terms of capital adequacy and development of legal ratios; there are detailed evaluations on quantifiable risks and non-quantifiable risks and all significant risks are covered.

## Information on debt instruments to be included in equity calculation

None.

## Explanations required for the reconciliation between the statement of shareholders' equity and the balance sheet amounts

Current Period	Balance sheet value	Amount of adjustment	Value at capital report
Paid-in capital	440,000	-	440,000
Other Capital Reserves	-	-	-
Bonus Shares which are not accounted in the current period profit or loss of Associates, Subsidiaries and Joint-Ventures	-	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	-	-	-
Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	652,706	-	652,706
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	(92,994)	-	(92,994)
Profit Reserves	62,400	-	62,400
Profit or Loss	1,075,466	-	1,078,128
Prior Periods' Profit/Loss	921,471	-	921,471
Current Period Net Profit/Loss	153,995	-	156,657
Deductions from Common Equity Tier I Capital (*)	-	11,001	(11,001)
<b>Common Equity Tier 1 capital</b>	-	-	<b>2,129,239</b>
Tier 1 capital	-	-	<b>2,129,239</b>
Provisions	-	(101,632)	101,632
<b>Tier 2 capital (**)</b>	-	(101,632)	101,632
Shareholders' Equity Adjustments (***)	-	-	-
<b>Total Shareholders' Equity</b>	<b>2,137,578</b>	<b>(90,631)</b>	<b>2,230,871</b>

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

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

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

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

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

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

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

***Whether risk limits and distributions are determined for daily transactions, whether risk concentration for off-balance sheet risks is monitored on a daily basis on the basis of customers and treasury department officials of banks***

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

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

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

The account status documents obtained for the opened loans are audited as stipulated in the legislation, and the loan is updated at the discretion of the General Directorate and Senior Management and in parallel with the economic conditions. The Bank receives sufficient collateral for its loans and other receivables. Since the majority of the companies with which the Bank extends credit are among the leading companies in Turkey, the majority of the collaterals received are "company signature or surety". In addition, real estate mortgages, bank counter-guarantees, cash blockage, financing notes and real customer checks/notes are also taken as collateral. The collaterals received are in line with market conditions and collateral conditions of other banks.

The system performs ratings for all loan customers after the completion of financial data entries, which are the basis for qualitative and quantitative measurement, and answering subjective questions. The grade scale has a wide range of 22 levels, from minimum "D" to maximum "AAA +".



INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

II. INFORMATION ON CREDIT RISK

1. For Credit Risk Analysis;

In 2023, the grade distribution weight of corporate and commercial firms assessed is as follows(1) (2):

Grade <sup>(1),(2)</sup>	Description	Weight
AA	Maximum Reliability	7%
AA-	Maximum Reliability	12%
A+	Very Good Firm	16%
A	Very Good Firm	16%
A-	Very Good Firm	22%
BBB+	Reliable and Qualified	13%
BBB	Reliable and Qualified	5%
BBB-	Reliable and Qualified	5%
BB+	Low Reliably and risky	1%
BB	Low Reliably and risky	1%
BB-	Low Reliably and risky	1%
B	Low	1%

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

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

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

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

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

*Value adjustments and provisions methods and approaches*

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

#### II. INFORMATION ON CREDIT RISK (Continued)

##### 1. For Credit Risk Analysis; (Continued)

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

Risk Classifications	Current Period												Average
	January	February	March	April	May	June	July	August	September	October	November	December	
Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	4,612,410	4,454,708	4,267,383	3,955,812	3,698,460	3,662,356	3,603,213	3,710,581	3,814,542	3,789,821	3,816,790	3,839,657	3,935,477
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	4,781,226	4,309,112	4,169,089	4,240,706	4,730,716	4,771,659	4,611,363	4,915,409	4,672,262	4,772,617	4,589,777	4,653,571	4,601,459
Contingent and Non-Contingent Corporate Receivables	2,927,171	2,910,220	2,600,573	2,700,843	2,721,999	2,694,144	2,544,918	2,891,360	3,563,605	3,336,127	3,200,194	3,054,003	2,928,763
Contingent and Non-Contingent Retail Receivables	6,477	7,027	9,349	11,540	13,046	12,767	11,711	11,303	10,587	9,435	8,864	7,506	9,968
Contingent and Non-Contingent Receivables Secured by Property	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Past Due Loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Higher-Risk Receivables Defined by BRSA	982,952	836,720	1,191,002	1,345,905	1,229,580	1,073,964	816,518	1,069,916	1,335,954	1,387,054	1,236,826	1,413,125	1,159,960
Marketable Securities Collateralized	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks and Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivables	844,474	860,085	838,664	853,267	826,638	824,542	824,013	861,191	907,866	849,335	861,955	1,292,100	887,011
<b>Total exposure to risks</b>	<b>14,156,710</b>	<b>13,379,872</b>	<b>13,078,060</b>	<b>13,110,073</b>	<b>13,222,439</b>	<b>13,041,432</b>	<b>12,413,736</b>	<b>13,461,760</b>	<b>14,306,816</b>	<b>14,146,389</b>	<b>13,716,406</b>	<b>14,261,962</b>	<b>13,523,638</b>

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

II. INFORMATION ON CREDIT RISK (Continued)

1. For Credit Risk Analysis; (Continued)

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

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

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

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

**For Credit Risk Analysis;**

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

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

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

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

**For Credit Risk Analysis;**

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

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

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

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

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

**II. INFORMATION ON CREDIT RISK (Continued)**

**1. For Credit Risk Analysis; (Continued)**

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

The share of the top 100 and 200 cash loan customers comprises 99.92% and 100% of the total cash loans portfolio of the Bank respectively.

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

The share of the top 100 and 200 non-cash loan customers comprises 99.37% and 100% of the total non-cash loans portfolio of the Bank respectively.

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

The Bank's total cash and non-cash loans from its top 100 and 200 loan customers comprise 87.99% and 89.48% of the total assets and off-balance sheet items.

**The first and second stage provision amount provided by the Bank for credit risk**

The first and second stage provision amount provided by the Bank for Stage 1 and Stage 2 credit risk is TL11,803 (31 December 2022: TL 4,385).

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

#### II. INFORMATION ON CREDIT RISK (Continued)

#### 2. Geographical distribution of risk amounts decomposed as part of significant risk groups. <sup>(1)</sup>

<b>Current Period</b>	<b>Central Governments and Central Banks</b>	<b>Banks and Financial Intermediaries</b>	<b>Corporate Receivables</b>	<b>Retail Receivables</b>	<b>Receivables Secured by Residential Property</b>	<b>Past due loans</b>	<b>Higher-Risk Receivables Defined by BRSA</b>	<b>Other receivables</b>	<b>Total</b>
Domestic	3,839,657	3,725,054	3,054,003	7,494	2,000	-	19,677	1,138,404	11,786,289
European Union Countries	-	274,773	-	-	-	-	-	-	274,773
OECD Countries <sup>(2)</sup>	-	25,948	-	-	-	-	-	-	25,948
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-
USA, Canada	-	97,256	-	-	-	-	-	-	97,256
Other Countries	-	530,540	-	12	-	-	1,393,448	-	1,924,000
Associates, subsidiaries and jointly controlled partnership	-	-	-	-	-	-	-	153,696	153,696
Unallocated Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,839,657</b>	<b>4,653,571</b>	<b>3,054,003</b>	<b>7,506</b>	<b>2,000</b>	<b>-</b>	<b>1,413,125</b>	<b>1,292,100</b>	<b>14,261,962</b>
<b>Prior Period</b>	<b>Central Governments and Central Banks</b>	<b>Banks and Financial Intermediaries</b>	<b>Corporate Receivables</b>	<b>Retail Receivables</b>	<b>Receivables Secured by Residential Property</b>	<b>Past due loans</b>	<b>Higher-Risk Receivables Defined by BRSA</b>	<b>Other receivables</b>	<b>Total</b>
Domestic	3,317,121	3,550,503	2,253,021	6,155	2,000	-	14,566	696,102	9,839,468
European Union Countries	-	366,670	-	-	-	-	-	-	366,670
OECD Countries <sup>(2)</sup>	-	26,606	-	-	-	-	-	-	26,606
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-
USA, Canada	-	16,178	-	-	-	-	-	-	16,178
Other Countries	-	349,479	-	7	-	-	790,694	-	1,140,180
Associates, subsidiaries and jointly controlled partnership	-	-	-	-	-	-	-	140,199	140,199
Unallocated Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,317,121</b>	<b>4,309,436</b>	<b>2,253,021</b>	<b>6,162</b>	<b>2,000</b>	<b>-</b>	<b>805,260</b>	<b>836,301</b>	<b>11,529,301</b>

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

<sup>(2)</sup> OECD Countries excluding European countries, USA and Canada

<sup>(3)</sup> Assets and liabilities that cannot be allocated on a consistent basis

<sup>(4)</sup> Net value of non-performing loans

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

#### II. INFORMATION ON CREDIT RISK

##### 3. Risk profile according to sectors and counterparties <sup>(1)</sup>

	Central Governments and Central Banks	Banks and Financial Intermediaries	Corporate Receivables	Retail Receivable	Receivables Secured by Real Estate Mortgage	Overdue Receivables	Higher-Risk Receivables Defined by BRSAs	Other Receivables	TL	FC	Total
<b>Agricultural</b>	-	-	12,723	-	-	-	-	-	12,723	-	12,723
Farming and Stockbreeding	-	-	10,651	-	-	-	-	-	10,651	-	10,651
Forestry	-	-	2,072	-	-	-	-	-	2,072	-	2,072
Fishing	-	-	-	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	-	-	1,316,229	-	-	-	-	-	403,709	912,520	1,316,229
Mining	-	-	350	-	-	-	-	-	350	-	350
Production	-	-	1,305,051	-	-	-	-	-	392,721	912,330	1,305,051
Electric, gas and water	-	-	10,828	-	-	-	-	-	10,638	190	10,828
<b>Construction</b>	-	-	1,570,277	-	2,000	-	19,677	-	294,199	1,297,755	1,591,954
<b>Services</b>	3,839,657	4,653,571	154,774	-	-	-	1,393,441	153,696	1,194,743	9,000,396	10,195,139
Wholesale and retail trade	-	-	136,309	-	-	-	-	-	126,801	9,508	136,309
Hotel, food and beverage services	-	-	4	-	-	-	-	-	4	-	4
Transportation and telecommunication	-	-	3,859	-	-	-	912	-	2,394	2,377	4,771
Financial institutions	3,839,657	4,653,571	-	-	-	-	1,392,529	153,696	1,050,942	8,988,511	10,039,453
Real estate and Leasing services	-	-	-	-	-	-	-	-	-	-	-
“Self-employment” type Services	-	-	-	-	-	-	-	-	-	-	-
Education services	-	-	-	-	-	-	-	-	-	-	-
Health and social services	-	-	14,602	-	-	-	-	-	14,602	-	14,602
<b>Other</b>	-	-	-	7,506	-	-	7	1,138,404	1,006,001	139,916	1,145,917
<b>Total</b>	<b>3,839,657</b>	<b>4,653,571</b>	<b>3,054,003</b>	<b>7,506</b>	<b>2,000</b>	<b>-</b>	<b>1,413,125</b>	<b>1,292,100</b>	<b>2,911,375</b>	<b>11,350,587</b>	<b>14,261,962</b>

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

#### II. INFORMATION ON CREDIT RISK (Continued)

##### 4. Presentation of maturity risk bearing based on their outstanding maturities

Risk Classifications(2)	Payment Term (1)				
	1 Month	1-3 Month	3-6 Month	6-12 Month	1 Year and Over
Contingent and Non-Contingent Receivables from Central Governments and Central Banks	-	113,609	-	189,765	1,584,451
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	1,030,245	853,118	946,883	562,249	1,214,343
Contingent and Non-Contingent Corporate Receivables	217,647	384,357	358,353	1,246,401	797,206
Contingent and Non-Contingent Retail Receivables	26	426	2,036	1,471	3,534
Contingent and Non-Contingent Receivables Secured by Residential Property	-	-	-	-	2,000
Past Due Loans	-	-	-	-	-
Higher-Risk Receivables Defined by BRSA	519,075	827,694	34,307	39,719	16,869
Marketable Securities Collateralized Mortgages	-	-	-	-	-
Securitization Exposures	-	-	-	-	-
Short-Term Receivables from Banks and Corporate Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
<b>Total</b>	<b>1,766,993</b>	<b>2,179,204</b>	<b>1,341,579</b>	<b>2,039,605</b>	<b>3,618,403</b>

(1) Items that cannot be distributed are not included.

(2) It represents the total risk amount before credit risk reduction and after conversion to credit.

##### 5. Information on risk classes

###### *Assigned credit rating agencies and export credit agencies changed the names and the reasons for these organizations*

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

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

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

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

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

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

II. INFORMATION ON CREDIT RISK (Continued)

5. Information on risk classes (Continued)

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

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

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

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

Risk amount based on weight of risks

Risk weights	Before credit risk mitigation	After credit risk mitigation
0%	3,928,953	3,928,953
10%	-	-
20%	644,793	644,793
35%	-	-
50%	3,491,489	3,491,489
75%	-	-
100%	4,576,112	4,576,112
150%	1,420,631	1,420,631
200%	199,984	199,984
1250%	-	-
Deductible form Equity	11,001	11,001

6. Sector or counterparty type, individually impaired loans and non-performing loan amounts, value adjustments and provisions during the period information on value adjustments and provisions

Miscellaneous information based on important sectors

Important Sectors	Credits		Provisions
	Significant increase in credit risk (Stage 2)	Default (Stage 3)	Expected Credit Loss (TFRS 9)
<b>Agricultural</b>	-	-	-
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishing	-	-	-
<b>Manufacturing</b>	-	1,108	1,108
Mining	-	-	-
Production	-	1,108	1,108
Electric, gas and water	-	-	-
<b>Construction</b>	-	1,805	1,805
<b>Services</b>	-	-	-
Wholesale and retail trade	-	-	-
Hotel, food and beverage services	-	-	-
Transportation and telecommunication	-	-	-
Financial institutions	-	-	-
Real estate and Leasing services	-	-	-
“Self-employment” type Services	-	-	-
Education services	-	-	-
Health and social services	-	-	-
<b>Other</b>	-	-	-



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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

#### II. INFORMATION ON CREDIT RISK (Continued)

##### 7. Information on value adjustments and changes in loan loss provisions

	Opening Balance	The amount of provision during the period	Reversal of provision	Other adjustments	Closing Balance
Stage 3 provisions	3,297	-	284	-	3,013
Stage 1 & 2 provisions	7,862	3,503	6,980	-	4,385

##### 8. Other information on credit risk

###### Sectoral concentrations for cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>12,722</b>	<b>1.81</b>	-	-	<b>20,986</b>	<b>1.64</b>	-	-
Farming and stockbreeding	10,650	1.52	-	-	20,986	1.64	-	-
Forestry	2,072	0.30	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	<b>265,846</b>	<b>37.92</b>	<b>429,666</b>	<b>16.59</b>	<b>225,978</b>	<b>17.62</b>	<b>460,568</b>	<b>21.70</b>
Mining	-	-	-	-	23,792	1.86	-	-
Production	265,846	37.92	429,666	16.59	202,186	15.77	460,568	21.70
Electric, gas and water	-	-	-	-	-	-	-	-
<b>Construction</b>	<b>38,305</b>	<b>5.46</b>	<b>1,072,633</b>	<b>41.42</b>	<b>37,258</b>	<b>2.91</b>	<b>697,855</b>	<b>32.88</b>
<b>Services</b>	<b>376,615</b>	<b>53.73</b>	<b>948,019</b>	<b>36.61</b>	<b>992,166</b>	<b>77.38</b>	<b>898,930</b>	<b>42.35</b>
Wholesale and retail trade	126,781	18.09	12,323	0.48	107,335	8.37	93,492	4.40
Hotel, food and beverage Services	-	-	-	-	-	-	-	-
Transportation and Telecommunication	1,434	0.20	-	-	1,323	0.10	-	-
Financial institutions	233,798	33.35	935,696	36.13	828,904	64.65	805,438	37.94
Real estate and Leasing Services	-	-	-	-	-	-	-	-
“Self-employment” type Services	-	-	-	-	-	-	-	-
Education services	-	-	-	-	-	-	-	-
Health and social services	14,602	2.08	-	-	54,604	4.26	-	-
<b>Other</b>	<b>7,500</b>	<b>1.07</b>	<b>139,196</b>	<b>5.38</b>	<b>5,778</b>	<b>0.45</b>	<b>65,333</b>	<b>3.08</b>
<b>Total</b>	<b>700,988</b>	<b>100.00</b>	<b>2,589,514</b>	<b>100.00</b>	<b>1,282,166</b>	<b>100.00</b>	<b>2,122,686</b>	<b>100.00</b>

###### Sectoral and regional concentration of impaired loans and receivables

Sectoral	Current Period	Prior Period
Farming and Stockbreeding	-	-
Manufacturing	1,108	1,108
Construction	1,805	1,905
Financial institutions	-	-
Hotel and Restaurant Services	-	-
Wholesale and retail trade	-	-
<b>Total impaired loans and receivables</b>	<b>2,913</b>	<b>3,013</b>
Regional	Current Period	Prior Period
Turkey	2,913	3,013
<b>Total impaired loans and receivables</b>	<b>2,913</b>	<b>3,013</b>

###### Loans and receivables that are past due but not yet impaired

None.

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

**III. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK**

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

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

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

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

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

**Foreign exchange risk management policy**

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

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

<b>Date</b>	<b>US Dollars</b>	<b>Euro</b>
22 December 2023	29.0897	31.8579
25 December 2023	29.1344	32.0726
26 December 2023	29.2108	32.1766
27 December 2023	29.2647	32.2421
28 December 2023	29.3374	32.4186
29 December 2023	29.3973	32.6937
Balance Sheet Valuation Rate	29.3973	32.6937

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

In December 2023, with the simple arithmetic average, the US dollar exchange buying rate is 29.0226 TL and the Euro exchange buying rate is 31.6578 TL.

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

##### Information on Currency Risk

<b>Current Period</b>	<b>Euro</b>	<b>US Dollars</b>	<b>Other</b>	<b>Total</b>
<b>Assets</b>				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,697,496	1,253,614	1,755	2,952,865
Banks	906,012	156,586	52,468	1,115,066
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	924,729	818,816	-	1,743,545
Loans	1,763,232	826,282	-	2,589,514
Investments in Subsidiaries and Associates	-	-	-	-
Financial Assets Measured at Amortised Cost	1,248,910	2,096,674	-	3,345,584
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	12,628	60,606	-	73,234
<b>Total Assets</b>	<b>6,553,007</b>	<b>5,212,578</b>	<b>54,223</b>	<b>11,819,808</b>
<b>Liabilities</b>				
Bank Deposits	1,245,949	1,022,001	4,626	2,272,576
Foreign Currency Deposits	1,933,976	2,577,258	42,686	4,553,920
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	3,292,956	1,515,803	-	4,808,759
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	53,298	53,113	1,973	108,384
<b>Total Liabilities <sup>(1)</sup></b>	<b>6,526,179</b>	<b>5,168,175</b>	<b>49,285</b>	<b>11,743,639</b>
<b>Net Balance Sheet Position</b>	<b>26,828</b>	<b>44,403</b>	<b>4,938</b>	<b>76,169</b>
<b>Net Off Balance Sheet Position</b>	-	-	-	-
Financial Derivatives (Assets)	-	-	-	-
Financial Derivatives (Liabilities)	-	-	-	-
Non-Cash Loans	4,472,566	6,433,165	1,521,389	12,427,120
<b>Prior Period</b>				
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 "Regulation on Calculation and Application of Foreign Currency Net General Position/Shareholders' Equity Standard Ratio on Consolidated and Unconsolidated Basis by Banks", shareholders' equity amounting to TL 35,060 is not taken into consideration in the calculation of foreign currency risk.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023**

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

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

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

**Exposed currency risk**

The increase/(decrease) in equity and statement of profit or loss (excluding tax effect) for the years ended 31 December 2023 and 31 December 2022, assuming a 10 percent depreciation/ appreciation of the TL against the following currencies, is shown in the table below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Assuming 10 percent appreciation of TL;

	Current Period		Prior Period	
	Statement of Profit or Loss	Shareholders' Equity <sup>(1)</sup>	Statement of Profit or Loss	Shareholders' Equity <sup>(1)</sup>
Euro	(1,362)	(2,683)	4,712	5,693
US Dollar	(2,255)	(4,440)	(5,347)	(4,860)
Other Currencies	(494)	(494)	25	25
<b>Total</b>	<b>(4,111)</b>	<b>(7,617)</b>	<b>(610)</b>	<b>858</b>

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

Assuming 10 percent depreciation of TL;

	Current Period		Prior Period	
	Statement of Profit or Loss	Shareholders' Equity <sup>(1)</sup>	Statement of Profit or Loss	Shareholders' Equity <sup>(1)</sup>
Euro	1,362	2,683	(4,712)	(5,693)
US Dollar	2,255	4,440	5,347	4,860
Other Currencies	494	494	(25)	(25)
<b>Total</b>	<b>4,111</b>	<b>7,617</b>	<b>610</b>	<b>(858)</b>

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

**IV. INFORMATION ON INTEREST RATE RISK**

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

Within the context of the market risk management of the Risk Management Department, the 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 for the Securities Duration Risk/Total Assets ratio was set by the Board of Directors at a maximum of 10%, with a maximum limit of 12% and a maximum exception of 14%; and for the Interest Rate Risk arising from Banking Accounts/Total Equity ratio, the early warning limit was set at a maximum of 17%, with a maximum limit of 18% and a maximum exception of 19%.

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

#### IV. INFORMATION ON INTEREST RATE RISK (Continued)

**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.

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

*In terms of time remaining to repricing*

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<b>Assets</b>							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	3,157,828	3,157,828
Banks	1,116,899	-	-	-	-	-	1,116,899
Financial assets at fair value through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	28,335	78,957	253,527	1,679,074	55,591	12,016	2,107,500
Loans	816,302	663,997	1,803,745	3,545	-	2,913	3,290,502
Financial Assets Measured at Amortized Cost	117,095	213,674	413,857	2,642,149	-	-	3,386,775
Other assets <sup>(1)</sup>	-	-	-	-	-	1,218,740	1,218,740
<b>Total assets</b>	<b>2,078,631</b>	<b>956,628</b>	<b>2,471,129</b>	<b>4,324,768</b>	<b>55,591</b>	<b>4,391,497</b>	<b>14,278,244</b>
<b>Liabilities</b>							
Bank Deposits	1,820,497	304,004	148,084	-	-	-	2,272,585
Other Deposits	192,108	109,493	58,923	415	-	4,281,422	4,642,361
Money Market Borrowings	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	1,516,026	1,648,884	1,643,849	-	-	-	4,808,759
Other Liabilities <sup>(2)</sup>	414	681	2,973	5,874	-	2,544,597	2,554,539
<b>Total liabilities</b>	<b>3,529,045</b>	<b>2,063,062</b>	<b>1,853,829</b>	<b>6,289</b>	<b>-</b>	<b>6,826,019</b>	<b>14,278,244</b>
Long Position in the Balance Sheet	-	-	617,300	4,318,479	55,591	-	4,991,370
Short Position in the Balance Sheet	(1,450,414)	(1,106,434)	-	-	-	(2,434,522)	(4,991,370)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
<b>Total Position</b>	<b>(1,450,414)</b>	<b>(1,106,434)</b>	<b>617,300</b>	<b>4,318,479</b>	<b>55,591</b>	<b>(2,434,522)</b>	<b>-</b>

- (1) Other assets in the non-interest bearing column amounting to TL 1,218,740 consists of Property, Plant and Equipment amounting to TL 946,397, Investments in Associates amounting to TL 153,696, Provisions for Expected Losses amounting to TL 20,618, Intangible Assets amounting to TL 10,931, Current tax asset amounting to TL 13,737, Other Assets amounting to TL 114,597 and other unallocated amounts.
- (2) The amount of TL 2,544,597 in other liabilities non-interest bearing column consists of equity amounting to TL 2,140,240, provisions amounting to TL 194,315, current tax liability amounting to TL 19,138, deferred tax liability amounting to TL 77,840 and non-interest bearing amounts included in other liabilities amounting to TL 113,064.

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

#### IV. INFORMATION ON INTEREST RATE RISK (Continued)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
<b>Assets</b>							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	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 <sup>(1)</sup>	-	-	-	-	-	745,572	745,572
<b>Total assets</b>	<b>3,042,729</b>	<b>1,098,413</b>	<b>2,344,850</b>	<b>2,273,555</b>	<b>-</b>	<b>2,682,467</b>	<b>11,442,014</b>
<b>Liabilities</b>							
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 <sup>(2)</sup>	274	697	1,715	4,643	-	2,117,481	2,124,810
<b>Total liabilities</b>	<b>2,165,860</b>	<b>1,625,507</b>	<b>2,152,180</b>	<b>4,643</b>	<b>-</b>	<b>5,493,824</b>	<b>11,442,014</b>
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	-	-	-	-	-	-	-
<b>Total Position</b>	<b>876,869</b>	<b>(527,094)</b>	<b>192,670</b>	<b>2,268,912</b>	<b>-</b>	<b>(2,811,357)</b>	<b>-</b>

<sup>(1)</sup> TL 745,572 in other assets non-interest bearing column consists of TL 553,068 Property, Plant and Equipment, TL 140,199 Investments in Associates, TL 10,692 Provisions for Expected Losses, TL 2,751 Intangible Assets, TL 1,000 Assets Held for Sale, TL 59,246 Other Assets and other unallocated amounts.

<sup>(2)</sup> The amount of TL 2,117,481 in other liabilities non-interest bearing column consists of equity amounting to TL 1,832,553, provisions amounting to TL 138,151, current tax liability amounting to TL 21,210, deferred tax liability amounting to TL 34,971 and non-interest bearing amounts in other liabilities amounting to TL 90,596.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

### INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continue

#### IV. INFORMATION ON INTEREST RATE RISK (Continued)

##### Average interest rates applied to monetary financial instruments (%)

Current Period	EURO	US Dollars	TL
<b>Assets</b>			
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	-	-	8.50
Banks	4.39	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-
Money Market Placements	-	-	-
Financial Assets at Fair Value Through Other Comprehensive			
Income	5.14	8.10	10.65
Loans	10.08	11.13	47.68
Financial Assets Measured at Amortized Cost	4.22	7.73	19.23
<b>Liabilities</b>			
Interbank Deposits	-	7.73	-
Other Deposits	0.55	2.86	32.65
Money Market Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	4.00	6.50	-
<b>Prior Period</b>			
<b>Assets</b>			
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	-	-	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
<b>Liabilities</b>			
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

#### V. INFORMATION ON STOCK POSITION RISK

##### Equity investment risk due from banking book

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

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

None.

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

None.

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

**V. INFORMATION ON STOCK POSITION RISK (Continued)**

*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.

**VI. 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.



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

**VI. 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 Turkey, Middle East and the North African region. The Bank’s largest shareholder is Libyan Foreign Bank which is 100% owned by the Central Bank of Libya has the Bank. Funds received from the Bank’s risk group have a 12% 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. 91% of these funds are USD, 9% 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.

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

#### VI. 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
<b>Lowest</b>	6 October 2023	198	29 December 2023	208
<b>Highest</b>	27 October 2023	378	27 October 2023	442

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

Current Period	Consideration Ratio Not Applied Total Value <sup>(1)</sup>		Consideration Ratio Applied Total Value <sup>(1)</sup>	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
1 High quality liquid assets	9,815,689	9,246,196	7,902,931	7,428,037
<b>CASH OUTFLOWS</b>				
2 Real person deposits and retail deposits	2,207,382	1,470,522	185,014	147,052
3 Stable deposit	714,486	-	35,724	-
4 Deposit with low stability	1,492,896	1,470,522	149,290	147,052
5 Unsecured debts except real person deposits and retail deposits	4,898,419	4,643,799	3,614,886	3,365,143
6 Operational deposit	-	-	-	-
7 Non-operating deposits	4,571,835	4,517,267	3,288,302	3,238,611
8 Other unsecured debts	326,584	126,532	326,584	126,532
9 Secured debts	-	-	-	-
10 Other cash outflows	12,853,193	11,951,692	822,019	672,033
11 Derivative liabilities and margin obligations	41	41	41	41
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	12,853,152	11,951,651	821,978	671,992
<b>16 TOTAL CASH OUTFLOW</b>	<b>19,958,994</b>	<b>18,066,013</b>	<b>4,621,919</b>	<b>4,184,228</b>
<b>CASH INFLOWS</b>				
17 Secured receivables	-	-	-	-
18 Unsecured claims	2,011,416	1,409,582	1,779,856	1,321,832
19 Other cash inflows	100,198	100,198	100,198	100,198
<b>20 TOTAL CASH INFLOWS</b>	<b>2,111,614</b>	<b>1,509,780</b>	<b>1,880,054</b>	<b>1,422,030</b>
			<b>Upper limit applied amounts</b>	
<b>21 TOTAL HQLA STOCK</b>			7,902,931	7,428,037
<b>22 TOTAL NET CASH OUTFLOWS</b>			2,741,865	2,762,198
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			288.23	268.92

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023**

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

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

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

Prior Period	Consideration Ratio Not Applied		Consideration Ratio Applied		
	Total Value <sup>(1)</sup>		Total Value <sup>(1)</sup>		
	TL+FC	FC	TL+FC	FC	
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	High quality liquid assets	6,788,753	6,696,752	5,607,012	5,515,010
<b>CASH OUTFLOWS</b>					
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	<b>TOTAL CASH OUTFLOW</b>	<b>13,503,714</b>	<b>12,926,422</b>	<b>3,384,061</b>	<b>3,060,854</b>
<b>CASH INFLOWS</b>					
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	<b>TOTAL CASH INFLOWS</b>	<b>1,449,659</b>	<b>876,603</b>	<b>1,274,372</b>	<b>765,338</b>
			<b>Upper limit applied amounts</b>		
21	<b>TOTAL HQLA STOCK</b>			<b>5,607,012</b>	<b>5,515,010</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>2,109,689</b>	<b>2,295,516</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>265.77</b>	<b>240.25</b>

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

**Significant factors affecting the result of liquidity coverage ratio and changes in the items considered in the calculation of this ratio over time**

The most important factors affecting the calculation of liquidity coverage ratio for the Bank are high quality liquid assets and cash outflows. A significant portion of the Bank's high quality liquid assets consists of treasury bills and free deposits held at the Central Bank of the Republic of Turkey. High quality liquid assets increased throughout the year and positively affected the liquidity coverage ratio calculation.

**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 36% of high-quality liquid assets of the Bank, while 62% comprised of debt instruments issued by the Treasury and %2 of cash in vault.

**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. 33% 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 at 31 December 2023, the bank has no derivative transactions. Therefore, there is no net cash outflow arising from derivative transactions.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

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 33% 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.

Presentation of assets and liabilities based on their outstanding maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	5 Year and 1-5 Years	Over Unallocated	Total
<b>Assets</b>							
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	344,536	2,813,292	-	-	-	-	3,157,828
Banks	480,877	636,022	-	-	-	-	1,116,899
Financial Assets at Fair Value through Profit or Loss	-	-	-	-	-	-	-
Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	28,335	78,950	253,531	1,679,077	55,591	2,107,500
Loans	-	816,302	644,453	1,823,289	3,545	-	3,290,502
Financial Assets Measured at Amortized Cost	-	117,095	213,674	413,857	2,642,149	-	3,386,775
Other assets <sup>(1)</sup>	-	-	-	-	-	-	1,218,740
<b>Total Assets</b>	<b>825,413</b>	<b>4,411,046</b>	<b>937,077</b>	<b>2,490,677</b>	<b>4,324,771</b>	<b>55,591</b>	<b>14,278,244</b>
<b>Liabilities</b>							
Interbank Deposits	1,525,949	294,548	304,004	148,084	-	-	2,272,585
Other Deposits	4,281,422	192,108	109,493	58,923	415	-	4,642,361
Money market borrowings	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	1,516,026	1,648,884	1,643,849	-	-	4,808,759
Other liabilities <sup>(2)</sup>	-	414	681	2,973	5,874	-	2,544,597
<b>Total Liabilities</b>	<b>5,807,371</b>	<b>2,003,096</b>	<b>2,063,062</b>	<b>1,853,829</b>	<b>6,289</b>	<b>-</b>	<b>2,544,597</b>
<b>Net Liquidity Gap</b>	<b>(4,981,958)</b>	<b>2,407,950</b>	<b>(1,125,985)</b>	<b>636,848</b>	<b>4,318,482</b>	<b>55,591</b>	<b>(1,310,928)</b>
<b>Prior Period</b>							
Total Assets	565,055	4,403,859	1,045,962	2,397,306	2,273,551	-	756,281
Total Liabilities	4,645,437	896,766	1,625,507	2,152,180	4,643	-	2,117,481
<b>Net Liquidity Gap</b>	<b>(4,080,382)</b>	<b>3,507,093</b>	<b>(579,545)</b>	<b>245,126</b>	<b>2,268,908</b>	<b>-</b>	<b>(1,361,200)</b>

(1) The amount of TL 1,218,740 in other assets unallocated column consists of Tangible Fixed Assets amounting to TL 946,397, Investments in Associates amounting to TL 153,696, Intangible Fixed Assets amounting to TL 10,931, Provisions for Expected Losses amounting to TL 20,618, Current tax asset amounting to TL 13,737, Other Assets amounting to TL 114,597 and other unallocated amounts.

(2) The amount of TL 2,544,597 in other liabilities unallocated column consists of shareholders' equity amounting to TL 2,140,240, provisions amounting to TL 194,315, current tax liability amounting to TL 19,138, deferred tax liability amounting to TL 77,840 and other liabilities amounting to TL 113,064.

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

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

**VII. 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**

	<b>Balance sheet assets</b>	<b>Current Period <sup>(1)</sup></b>	<b>Prior Period <sup>(1)</sup></b>
1	Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	13,753,776	10,922,040
2	(Assets deducted from main capital)	(9,736)	(4,020)
3	Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	13,744,040	10,918,020
	<b>Derivative financial instruments and credit derivatives</b>		
4	Replacement cost of derivative financial instruments and credit derivatives	-	-
5	Potential credit risk amount of derivative financial instruments and credit derivatives	-	-
6	Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	-	-
	<b>Security or secured financing transactions</b>		
7	Risk amount of security or secured financing transactions (Except balance sheet)	-	-
8	Risk amount due to intermediated transactions	-	-
9	Total risk amount of security or secured financing transactions (Sum of 7th and 8th rows)	-	-
	<b>Off-balance sheet transactions</b>		
10	Gross nominal amount of off-balance sheet transactions	13,047,247	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)	13,047,247	8,005,590
	<b>Equity and total risk</b>		
13	Main capital	1,900,777	1,626,189
14	Total risk amount (Sum of 3rd, 6th, 9th and 12th rows)	26,791,287	18,923,610
	<b>Leverage ratio</b>		
15	Leverage ratio	%7.08	8.58%

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

**VIII. INFORMATION ON FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

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

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

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

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

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

##### Fair value hierarchy

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

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

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

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

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>9,901,676</b>	<b>10,629,440</b>	<b>9,507,252</b>	<b>9,650,564</b>
Banks	1,116,899	2,659,412	1,116,899	2,659,412
Money market receivables	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	2,107,500	1,454,780	2,107,500	1,454,780
Financial Assets Measured at Amortised Cost	3,386,775	3,110,396	3,369,638	2,474,450
Loans	3,290,502	3,404,852	2,913,215	3,061,922
<b>Financial Liabilities</b>	<b>11,836,769</b>	<b>9,407,801</b>	<b>11,836,769</b>	<b>9,407,801</b>
Banks Deposits	2,272,585	5,516,822	2,272,585	5,516,822
Other Deposits	4,642,361	2,182	4,642,361	2,183
Funds provided from other financial institutions	4,808,759	3,761,038	4,808,759	3,761,038
Money market borrowings	-	37,162	-	37,162
Marketable securities issued	-	-	-	-
Miscellaneous payables	113,064	90,596	113,064	90,596
<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Financial assets measured at fair value through Profit or Loss	-	-	-	-
Public sector debt securities	-	-	-	-
Equity Securities	-	-	-	-
Other financial assets	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	2,095,487	-	12,013	2,107,500
Public sector debt securities	1,948,683	-	-	1,948,683
Equity Securities	-	-	12,013	12,013
Other financial assets	146,804	-	-	146,804
<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Financial assets measured at fair value through Profit or Loss	-	-	-	-
Public sector debt securities	-	-	-	-
Equity Securities	-	-	-	-
Other financial assets	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	1,447,084	-	7,696	1,454,780
Public sector debt securities	1,065,459	-	-	1,065,459
Equity Securities	-	-	7,696	7,696
Other financial assets	381,625	-	-	381,625

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023**

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

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

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

**The movement of the data related to assets or liabilities that are not based on observable market data during the period is as follows:**

	Current Period	Prior Period
Balances at beginning of period	7,696	5,572
Purchases during the period	-	-
Disposals through sale/redemption	-	-
Valuation effect	4,317	2,124
Transfers	-	-
<b>Balances at end of period</b>	<b>12,013</b>	<b>7,696</b>

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

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

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

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

The Bank does not have transactions based on trust.

**X. INFORMATION ON RISK MANAGEMENT**

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

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

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

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

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

X. INFORMATION ON RISK MANAGEMENT (Continued)

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

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	8,981,730	6,540,092	718,538
2	Standardised approach (SA)	8,981,730	6,540,092	718,538
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	-	-	-
5	Standardised approach for counterparty credit risk (SA-CCR)	-	-	-
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - 12.50% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	2,221,000	1,604,038	177,680
17	Standardised approach (SA)	2,221,000	1,604,038	177,680
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	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>12,039,593</b>	<b>8,812,443</b>	<b>963,167</b>

General qualitative information on credit risk

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

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

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

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

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

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

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



# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

#### X. INFORMATION ON RISK MANAGEMENT (Continued)

##### Additional explanations about the credit quality of assets

None.

##### Changes in stock of defaulted loans and debt securities

1	Defaulted loans and debt securities at end of the previous reporting period	3,013
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Returned to non-defaulted status	(100)
4	Amounts written off	-
5	Other changes	-
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period(1+2-3-4+5)</b>	<b>2,913</b>

##### Main sources of differences between the risk amounts and the amounts measured in accordance with TAS in the financial statements

None.

##### Credit risk mitigation techniques – overview

	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures derivatives, secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	14,897,802	-	-	-	-	-
2	Debt Securities	2,137,260	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>17,035,062</b>	-	-	-	-	-
4	Of which defaulted	2,913	-	-	-	-	-

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

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

##### Operational Risk

The value at operational risk is calculated according to the basic indicator approach as per the Article 24 of “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks”. As of 31 December 2023 the amount subject to operational risk is TL 836,863 (31 December 2022: TL 668,313).

Current Period	2 PP Total	1 PP Total	CP Total	Total/No. of years of positive gross	Rate (%)	Total
Gross income	287,963	422,377	628,636	446,325	15	66,949
Value at operational risk (Total*12.5)						836,863

Prior Period	2 PP Total	1 PP Total	CP Total	Total/No. of years of positive gross	Rate (%)	Total
Gross income	358,968	287,963	422,377	356,436	15	53,465
Value at operational risk (Total*12.5)						668,313

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

#### X. INFORMATION ON RISK MANAGEMENT (Continued)

##### Standardised approach – credit risk exposure and Credit Risk Mitigation (CRM) effects

Asset classes	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	3,839,657	-	3,839,657	-	-	-
2 Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-
3 Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-
4 Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-
5 Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-
6 Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	1,751,121	4,862,677	1,751,121	2,902,449	2,391,992	%49
7 Contingent and Non-Contingent Corporate Receivables	1,392,248	2,385,597	1,392,248	1,661,755	3,253,986	%107
8 Contingent and Non-Contingent Retail Receivables	7,494	60	7,494	12	11,259	%150
9 Secured by residential property	-	-	-	-	-	-
10 Secured by commercial real estate	-	2,000	-	2,000	2,000	%100
11 Past Due Loans	-	-	-	-	-	-
12 Higher-Risk Receivables Defined by BRSA	89,769	1,397,041	89,769	1,323,357	2,119,689	%150
13 Marketable Securities Collateralized Mortgages	-	-	-	-	-	-
14 Short-Term Receivables from Banks and Corporate	-	-	-	-	-	-
15 Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-	-
16 Other Receivables	1,292,100	-	1,292,100	-	1,202,804	%93
17 Equity Investments	-	-	-	-	-	-
<b>18 Total</b>	<b>8,372,389</b>	<b>8,647,375</b>	<b>8,372,389</b>	<b>5,889,573</b>	<b>8,981,730</b>	<b>%63</b>

##### Standardised approach – exposures by asset classes and risk weights

Asset Classes/ Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total credit exposures amount (post CCF and post-CRM)
1 Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	3,839,657	-	-	-	-	-	-	-	-	-	3,839,657
2 Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-	-	-	-	-	-
3 Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-	-	-	-	-	-
4 Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-
5 Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-
6 Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	-	-	644,793	-	3,491,489	-	517,289	-	-	-	4,653,571
7 Contingent and Non-Contingent Corporate Receivables	-	-	-	-	-	-	2,854,019	-	199,984	-	3,054,003
8 Contingent and Non-Contingent Retail Receivables	-	-	-	-	-	-	-	7,506	-	-	7,506
9 Secured by residential property	-	-	-	-	-	-	-	-	-	-	-
10 Secured by commercial real estate	-	-	-	-	-	-	2,000	-	-	-	2,000
11 Past Due Loans	-	-	-	-	-	-	-	-	-	-	-
12 Higher-Risk Receivables Defined by BRSA	-	-	-	-	-	-	-	1,413,125	-	-	1,413,125
13 Marketable Securities Collateralized Mortgages	-	-	-	-	-	-	-	-	-	-	-
14 Short-Term Receivables from Banks and Corporate	-	-	-	-	-	-	-	-	-	-	-
15 Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-	-	-	-	-	-	-
16 Equity Investments	-	-	-	-	-	-	-	-	-	-	-
17 Other Receivables	89,296	-	-	-	-	-	1,202,804	-	-	-	1,292,100
<b>18 Total</b>	<b>3,928,953</b>	<b>-</b>	<b>644,793</b>	<b>-</b>	<b>3,491,489</b>	<b>-</b>	<b>4,576,112</b>	<b>1,420,631</b>	<b>199,984</b>	<b>-</b>	<b>14,261,962</b>

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

X. INFORMATION ON RISK MANAGEMENT (Continued)

**Qualitative disclosures related to IRB models**

*None.*

**IRB - Credit risk exposures by portfolio and PD range**

*None.*

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

*None.*

**RWA flow statements of credit risk exposures under IRB**

*None.*

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

*None.*

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

*None.*

**Qualitative disclosure related to counterparty credit risk**

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

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

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

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

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

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

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

X. INFORMATION ON RISK MANAGEMENT (Continued)

**Credit valuation adjustment (CVA) capital charge**

*None.*

**Capital requirement for CVA**

*None.*

**Standardised approach - CVA by risk classes and risk weights**

*None.*

**Counterparty credit risk (CRR) by risk class and PD**

*None.*

**Collaterals used for CVA**

*None.*

**Credit Derivatives**

*None.*

**RWA changes related to ERR within the scope of internal model method**

*None.*

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

*None.*

**Quantitative disclosure - description of a bank’s securitisation exposures**

*None.*

**Securitisation exposures in the banking book**

*None.*

**Securitisation exposures in the trading book**

*None.*

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

*None.*

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

*None.*

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

**X. INFORMATION ON RISK MANAGEMENT (Continued)**

**Qualitative requirements for public disclosure regarding market risk**

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

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

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

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

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

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

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

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

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

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

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

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

X. INFORMATION ON RISK MANAGEMENT (Continued)

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

None.

Standardised approach

		RWA
	<b>Outright products</b>	
1	Interest rate risk (general and specific)	2,124,838
2	Equity risk (general and specific)	-
3	Foreign exchange risk	96,162
4	Commodity risk	-
	<b>Options</b>	
5	Simplified approach	-
6	Delta-plus method	-
7	Scenario approach	-
8	Securitisation	-
<b>9</b>	<b>Total</b>	<b>2,221,000</b>

RWA flow statements of market risk exposures under an IMA

None.

IMA values for trading portfolios

None.

Comparison of VaR estimates with gains/losses

None.

**Nature of interest rate risk resulting from banking book, major assumptions on early repayment of loans and movements in deposits other than term deposits and frequency of measuring interest rate risk**

The interest sensitivity of assets, liabilities and off balance-sheet items are evaluated regularly at the Asset-Liability Committee meetings considering also the market developments.

The measurement process of interest rate risk resulting from the banking book, is designed and managed by the Bank on a bank-only basis to include the interest rate positions defined as banking book by the Bank and to consider the relevant repricing and maturity data.

The present value and the net interest income are calculated over the cash flows of the sensitive assets and liability items by using the yield curves constructed by using the market interest rates.

The interest rate risk resulting from the banking book is measured legally as per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulting from the Banking Book as per Standard Shock Method” published in the Official Gazette no.28034 dated 23 August 2011, and the legal limit as per this measurement is monitored and reported monthly. The capital level is maintained considering the interest rate risk resulting from the banking book.

The interest rate risk on the interest-rate-sensitive financial instruments of the trading portfolio is evaluated as part of the market risk.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023**

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

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

**X. INFORMATION ON RISK MANAGEMENT (Continued)**

**Economic value differences resulted from interest rate instabilities calculated on a bank-only basis according to Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method**

**Current Period**

Type of Currency	Shocks Applied (+/- x basis points)	Gains/ Losses (bin TL)	Gains/Equity Losses/Equity
1 TRY	500	(675)	% (0.03)
	(400)	572	% 0.03
2 EURO	200	3,969	% 0.18
	(200)	(4,059)	% (0.18)
3 USD	200	14,082	% 0.63
<b>Total (of negative shocks)</b>	<b>(200)</b>	<b>(14,424)</b>	<b>% (0.65)</b>
		<b>17,376</b>	<b>% 0.78</b>
<b>Total (of positive shocks)</b>		<b>(17,911)</b>	<b>% (0.80)</b>

**Prior Period**

Type of Currency	Shocks Applied (+/- x basis points)	Gains/ Losses (bin TL)	Gains/Equity Losses/Equity
1 TRY	500	(2,728)	(0.15)%
	(400)	2,379	0.13%
2 EURO	200	10,002	0.53%
	(200)	(10,244)	(0.55)%
3 USD	200	8,314	0.44%
	(200)	(8,517)	(0.46)%
<b>Total (of negative shocks)</b>		<b>15,588</b>	<b>0.83%</b>
<b>Total (of positive shocks)</b>		<b>(16,382)</b>	<b>(0.88)%</b>

**XI. 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.

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

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Interest Income (Net)	(3,984)	445,477	126,011	-	567,504
Commission Income (Net)	-	139,362	-	-	139,362
Unallocated					
Income/Expenses (Net)	-	-	-	(616,538)	(616,538)
Income from Subsidiaries -					
Dividend	-	-	-	13,594	13,594
Dividend Income	-	-	-	13,497	13,497
Other Dividend Income	-	-	-	97	97
<b>Operating Income</b>	<b>(3,984)</b>	<b>584,839</b>	<b>126,011</b>	<b>(602,944)</b>	<b>103,922</b>
Income before tax	-	-	-	103,922	103,922
<b>Tax Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,735</b>	<b>52,735</b>
<b>Net Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>156,657</b>	<b>156,657</b>

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023**

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

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

**XI. INFORMATION ON OPERATING SEGMENTS (Continued)**

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Unallocated</b>	<b>Total Operations</b>
Segment Assets	7,500	3,379,275	9,609,863	-	12,996,638
Associates and Subsidiaries	-	-	-	-	-
Unallocated assets	-	-	-	1,281,606	1,281,606
<b>Total Assets</b>	<b>7,500</b>	<b>3,379,275</b>	<b>9,609,863</b>	<b>1,281,606</b>	<b>14,278,244</b>
Segment Liabilities	2,491,639	2,149,773	7,082,293	-	11,723,705
Unallocated Liabilities	-	-	-	414,299	414,299
Equity	-	-	-	2,140,240	2,140,240
<b>Total Liabilities</b>	<b>2,491,639</b>	<b>2,149,773</b>	<b>7,082,293</b>	<b>2,554,539</b>	<b>14,278,244</b>

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Unallocated</b>	<b>Total Operations</b>
Interest Income (Net)	(1,592)	401,069	82,481	-	481,958
Commission Income (Net)	-	106,366	-	-	106,366
Unallocated	-	-	-	(327,192)	(327,192)
Income/Expenses (Net)	-	-	-	-	-
Income from Subsidiaries -	-	-	-	-	-
Dividend	-	-	-	14,060	14,060
<i>Dividend Income</i>	-	-	-	13,997	13,997
<i>Other Dividend Income</i>	-	-	-	63	63
<b>Operating Income</b>	<b>(1,592)</b>	<b>507,435</b>	<b>82,481</b>	<b>(313,132)</b>	<b>275,192</b>
Income before tax	-	-	-	275,192	275,192
<b>Tax Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(61,700)</b>	<b>(61,700)</b>
<b>Net Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>213,492</b>	<b>213,492</b>

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Unallocated</b>	<b>Total Operations</b>
Segment Assets	5,778	3,104,618	6,958,650	-	10,069,046
Associates and Subsidiaries	-	-	-	-	-
Unallocated assets	-	-	-	1,372,968	1,372,968
<b>Total Assets</b>	<b>5,778</b>	<b>3,104,618</b>	<b>6,958,650</b>	<b>1,372,968</b>	<b>11,442,014</b>
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
<b>Total Liabilities</b>	<b>1,581,492</b>	<b>1,668,299</b>	<b>6,067,413</b>	<b>2,124,810</b>	<b>11,442,014</b>



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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

## Information on cash equivalents and Central Bank of Turkey

## Information on cash equivalents

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	2,446	139,573	2,008	64,994
Central Bank of Turkey	202,517	2,813,292	7,567	1,851,617
Other	-	-	-	-
<b>Total</b>	<b>204,963</b>	<b>2,952,865</b>	<b>9,575</b>	<b>1,916,611</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits <sup>(1)</sup>	32,828	-	7,567	-
Unrestricted Time Deposits	-	958,050	-	672,331
Restricted Time Deposits	-	-	-	-
Reserve Deposits	169,689	1,855,242	-	1,179,286
<b>Total</b>	<b>202,517</b>	<b>2,813,292</b>	<b>7,567</b>	<b>1,851,617</b>

<sup>(1)</sup> General reserve amount requirements maintained at CBRT

## 1. Information on Reserve Deposits

Banks established in Turkey or operating in Turkey by opening branches are subject to the Communiqué of the Central Bank of the Republic of Turkey numbered 2013/15 on Required Reserves. The items specified in the Communiqué, excluding the liabilities to the Central Bank of the Republic of Turkey, the Treasury, domestic banks and the headquarters and branches of banks established by international agreements in Turkey, constitute the liabilities subject to reserve requirements, based on the accounting standards and recording system to which the banks are subject.

Banks establish reserve requirements at the Central Bank of the Republic of Turkey for their Turkish Lira and foreign currency liabilities specified in the aforementioned communiqué. The establishment of reserve requirements starts on the Friday two weeks following the liability calculation date and lasts for 14 days. Required reserves can be held at the Central Bank of the Republic of Turkey in Turkish Lira, USD, EUR and standard gold in accordance with the "Communiqué on Required Reserves". The reserve requirement ratios vary according to the maturity structure of the liabilities and are applied between 0% - 8% for Turkish Lira deposits and other liabilities and between 5% - 30% for foreign currency deposits and other liabilities.

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

None (31 December 2022: None).

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)

##### 3. Information on positive differences related to derivative financial assets

None (31 December 2022: None).

##### 4. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic banks	1,833	637,313	1,524	292,480
Foreign banks	-	477,753	23,024	483,200
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>1,833</b>	<b>1,115,066</b>	<b>24,548</b>	<b>775,680</b>

	Free Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	314,447	451,232	-	-
USA, Canada	153,377	22,676	-	-
OECD Countries <sup>(1)</sup>	-	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	9,929	32,316	-	-
<b>Total</b>	<b>477,753</b>	<b>506,224</b>		

##### 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 (+)	1,523	-	-	1,523
Disposal (-)	(377)	-	-	(377)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
<b>Balances at End of Period</b>	<b>1,649</b>	<b>-</b>	<b>-</b>	<b>1,649</b>
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 (-)	-	-	-	-
<b>Balances at End of Period</b>	<b>503</b>	<b>-</b>	<b>-</b>	<b>503</b>

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 financial assets at fair value through other comprehensive income**

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

As of 31 December 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 December 2023, the Bank does not have any financial assets at fair value through other comprehensive income, which are given as collateral / blocked from assets (31 December 2022: TL 74,936).

*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.

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

	Current period	Prior Period
<b>Debt Securities</b>	2,278,752	1,494,611
Quoted in stock exchange	2,278,752	1,494,611
Not quoted in stock exchange	-	-
<b>Share Certificates</b>	12,013	7,696
Quoted in stock exchange	-	-
Not quoted in stock exchange	12,013	7,696
<b>Impairment provision (-)</b>	183,265	47,527
<b>Total</b>	<b>2,107,500</b>	<b>1,454,780</b>

**6. 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
<b>Direct Loans Granted to Shareholders</b>	-	66,066	-	3,753
Corporate Shareholders	-	66,066	-	3,753
Individual Shareholders	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	-	-	-	-
<b>Loans Granted to the Bank’s personnel</b>	7,500	1,511	5,778	1,256
<b>Total</b>	<b>7,500</b>	<b>67,577</b>	<b>5,778</b>	<b>5,009</b>

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)**

**6. Explanations on loans (Continued)**

**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	Loans with revised contract terms	Restructured or Rescheduled Refinancing
<b>Cash Loans</b>				
<b>Non-Specialized Loans</b>	<b>1,481,062</b>	<b>147</b>	-	-
Commercial Loans	-	-	-	-
Export Loans	335,611	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,138,098	-	-	-
Consumer Loans	7,353	147	-	-
Credit Cards	-	-	-	-
Other	-	-	-	-
<b>Specialized Lending</b>	-	-	-	-
<b>Other Receivables</b>	<b>1,806,380</b>	-	-	-
<b>Total</b>	<b>3,287,442</b>	<b>147</b>	-	-

	Standard Loans	Loans Under Close Monitoring
12-Month expected credit losses	11,788	-
Significant increase in credit risk	-	15

Cash Loans	Loans Under Close Monitoring		
	Standard Loans	Not Restructured	Restructured
<b>Short Term Loans</b>	2,197,020	147	-
<b>Medium and Long Term Loans</b>	1,090,422	-	-
<b>Total</b>	<b>3,287,442</b>	<b>147</b>	-

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)**

**6. Information on Loans (Continued)**

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

	Short Term	Middle and Long Term	Total
<b>Consumer Loans-TL</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer Loans-Indexed to FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Consumer Loans-Indexed to FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TL</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Individual Credit Cards-FC</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Personnel Loans- TL</b>	1,786	5,714	7,500
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	1,786	5,714	7,500
Other	-	-	-
<b>Personnel Loans- Indexed to FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Personnel Credit Cards-FC</b>	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
<b>Deposits with Credit Limit-TL (Individual)</b>	-	-	-
<b>Deposits with Credit Limit-FC (Individual)</b>	-	-	-
<b>Total</b>	<b>1,786</b>	<b>5,714</b>	<b>7,500</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)

##### 6. Information on Loans (Continued)

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

None (31 December 2022: None).

###### *Allocation of loans according to customer type*

	Current Period	Prior Period
Public	-	-
Private	3,290,502	3,404,852
<b>Total</b>	<b>3,290,502</b>	<b>3,404,852</b>

###### *Allocation of domestic and foreign loans*

	Current Period	Prior Period
Domestic loans	3,151,307	3,339,519
Foreign loans	139,195	65,333
<b>Total</b>	<b>3,290,502</b>	<b>3,404,852</b>

###### *Loans granted to subsidiaries and associates*

	Current Period	Prior Period
Direct loans to subsidiaries and associates	31,396	-
Indirect loans to subsidiaries and associates	-	-
<b>Total</b>	<b>31,396</b>	<b>-</b>

###### *Specific provisions for loans*

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	-
Uncollectible loans and receivables	2,913	3,013
<b>Total</b>	<b>2,913</b>	<b>3,013</b>

###### **Information related to non-performing loans**

###### *Information on restructured loans of non-performing loans*

None.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)

##### 6. Information on Loans (Continued)

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibles	Loans and receivables with doubtful collectibles	Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	-	-	3,013
Additions (+)	-	-	-
Transfers from other categories of nonperforming loans (+)	-	-	-
Transfers to other categories of nonperforming loans (-)	-	-	100
Collections (-)	-	-	-
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
<b>Balances at End of the Period</b>	-	-	2,913
Specific provisions (-)	-	-	2,913
<b>Net Balance on Balance Sheet</b>	-	-	-

##### *Information on foreign currency non-performing loans*

None (31 December 2022: None).

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Non-performing Loans and receivables
<b>Current Period (Net)</b>	-	-	-
Loans granted to real persons and legal entities (Gross)	-	-	2,913
Specific provisions (-)	-	-	2,913
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)	-	-	-
<b>Prior Period (Net)</b>	-	-	-
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 DECEMBER 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)**

**6. 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**

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	4,385	-	3,013	7,398
Additions during the Period	10,813	15	-	10,828
Disposal	(3,410)	-	(100)	(3,510)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>11,788</b>	<b>15</b>	<b>2,913</b>	<b>14,716</b>
<b>Perior Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
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	-	-	-	-
<b>Balances at End of Period</b>	<b>4,385</b>	<b>-</b>	<b>3,013</b>	<b>7,398</b>



# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)

##### 7. Information on financial assets measured at amortised cost (Continued)

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

The Bank has no financial assets at amortised cost subject to repurchase agreements in the current period (31 December 2022: TL 39,612).

In the current period, the Bank has no securities given as collateral/blocked as collateral from financial assets measured at amortised cost (31 December 2022: TL 6,520).

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	41,191	2,952,892	81,253	2,519,804
Treasury Bonds	-	-	-	-
Other Public Bonds	-	392,692	58,994	450,345
<b>Total</b>	<b>41,191</b>	<b>3,345,584</b>	<b>140,247</b>	<b>2,970,149</b>

	Current Period	Prior Period
<b>Debt Instruments</b>	<b>3,386,775</b>	<b>3,110,396</b>
Quoted at stock exchange	3,386,775	3,110,396
Not-quoted at stock exchange	-	-
Impairment loss provision (-)	-	-
<b>Total</b>	<b>3,386,775</b>	<b>3,110,396</b>

###### *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	1,592,267	793,486
Purchases during the period	537,075	999,744
Disposals through sales and redemptions <sup>(1)</sup>	(1,852,963)	(960,697)
Impairment loss provision	-	-
<b>Period end balance</b>	<b>3,386,775</b>	<b>3,110,396</b>

###### **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	2,668	-	-	2,668
Disposal	(1,206)	-	-	(1,206)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>4,253</b>	<b>-</b>	<b>-</b>	<b>4,253</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)

##### 7. Information on financial assets measured at amortised cost (Continued)

<b>Prior Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	3,124	-	-	3,124
Additions during the Period	2,125	-	-	2,125
Disposal	(2,458)	-	-	(2,458)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>2,791</b>	<b>-</b>	<b>-</b>	<b>2,791</b>

##### 8. Information on associates

The Bank does not have an associate.

##### 9. Information on subsidiaries (Net)

###### *Information on subsidiaries*

###### **Information on Shareholder’s Equity for A&T Finansal Kiralama A.Ş.**

	<b>Current Period</b>	<b>Prior Period</b>
<b>CORE CAPITAL</b>		
Paid in Capital	153,500	140,000
Capital Reserves	228	228
Legal Reserves	8,024	6,955
Extraordinary Reserves – Legal Reserve per General Legislation	1	1
Profit / Loss	21,434	16,511
<i>Net Profit</i>	19,492	15,843
<i>Prior Period Profit/Loss <sup>(1)</sup></i>	1,942	668
Intangible Assets (-)	4,907	1,621
<b>Total Core Capital</b>	<b>178,280</b>	<b>162,074</b>
<b>SUPPLEMENTARY CAPITAL</b>	<b>-</b>	<b>-</b>
<b>DEDUCTION FROM CAPITAL</b>	<b>-</b>	<b>-</b>
<b>NET AVAILABLE CAPITAL <sup>(1)</sup></b>	<b>178,280</b>	<b>162,074</b>

(1) There is no restriction on the equity items of the subsidiary and the total net available shareholders' equity after deductions from share capital amounts to TL 178,280.

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.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)

##### 9. Information on subsidiaries (Net) (Continued)

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.	Istanbul	99.98	99.98

  

Total Assets	Shareholders’ Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit/ Loss	Prior Period Profit/Loss	Fair value <sup>(1)</sup>
1,488,419	215,218	58,871	125,909	-	19,492	1,942	-

<sup>(1)</sup> The related subsidiary has no fair value measurement as of 31 December 2023.

#### *Movement related to subsidiaries*

	Current Period	Prior Period
<b>Balance at the Beginning of the Period</b>	140,199	<b>126,202</b>
<b>Movements during the Period</b>	13,497	<b>13,997</b>
Purchases	-	-
Bonus Shares Received	13,497	13,997
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase, Effect of Inflation and F/X Difference	-	-
Impairment Provision (+)	-	-
<b>Balance at the End of the Period</b>	153,696	<b>140,199</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the end of Period (%)</b>	<b>99.98</b>	<b>99.98</b>

#### *Sector information and carrying amounts of subsidiaries within the scope of consolidation*

##### *Sectoral Information on the subsidiaries*

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	153,696	140,199
Finance Companies	-	-
Other Affiliates	-	-

##### *Quoted Subsidiaries*

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

##### 10. Information on jointly controlled entities

The Bank does not have any jointly controlled entities.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)**

**11. Information on Financial lease receivables (Net)**

The Bank has no financial lease operation.

**12. Explanations on derivative financial instruments for hedging purposes**

The Bank has no derivative financial instruments for hedging purposes.

**13. Information on tangible assets**

<b>Current Period</b>	<b>Real Estates</b>	<b>Leased Tangible Assets</b>	<b>Vehicles</b>	<b>Other Tangible Assets</b>	<b>Total</b>
<b>Balance at the End of the Prior Period- 31 December 2022</b>					
<i>Cost</i>	540,432	11,735	805	25,988	578,960
<i>Accumulated Depreciation (-)</i>	(11)	(3,956)	(182)	(21,743)	(25,892)
<b>Net Book Value</b>	<b>540,421</b>	<b>7,779</b>	<b>623</b>	<b>4,245</b>	<b>553,068</b>
<b>Balance at the End of the Current Period – 31 December 2023</b>					
<i>Net Book Value at the Beginning of the Current Period</i>	540,432	11,735	805	25,988	578,960
<i>Additions</i>	-	901	40	21,737	22,678
<i>Disposals (-)</i>	-	-	-	-	-
<i>Revaluation Surplus</i>	376,012	-	-	-	376,012
<b>Cost at the End</b>	<b>916,444</b>	<b>12,636</b>	<b>845</b>	<b>47,725</b>	<b>977,650</b>
<i>Accumulated Depreciation (-)</i>	(11)	(3,956)	(182)	(21,743)	(25,892)
<i>Depreciation Expense (-)</i>	(385)	-	(21)	(4,955)	(5,361)
<i>Depreciation of Disposals (-)</i>	-	-	-	-	-
<b>Accumulated Depreciation at the End of the Current Period (-)</b>	<b>(396)</b>	<b>(3,956)</b>	<b>(203)</b>	<b>(26,698)</b>	<b>(31,253)</b>
<b>Net Book Value at the End of the Current Period</b>	<b>916,048</b>	<b>8,680</b>	<b>642</b>	<b>21,027</b>	<b>946,397</b>
<b>Prior Period</b>	<b>Real Estates</b>	<b>Leased Tangible Assets</b>	<b>Vehicles</b>	<b>Other Tangible Assets</b>	<b>Total</b>
<b>Balance at the End of the Prior Period- 31 December 2021</b>					
<i>Cost</i>	197,799	11,570	161	21,580	231,110
<i>Accumulated Depreciation (-)</i>	(11)	(3,956)	(118)	(19,368)	(23,453)
<b>Net Book Value</b>	<b>197,788</b>	<b>7,614</b>	<b>43</b>	<b>2,212</b>	<b>207,657</b>
<b>Balance at the End of the Current Period – 31 December 2022</b>					
<i>Net Book Value at the Beginning of the Current Period</i>	197,799	11,570	161	21,580	231,110
<i>Additions</i>	-	165	644	4,408	5,217
<i>Disposals (-)</i>	-	-	-	-	-
<i>Reveluation Surplus</i>	342,633	-	-	-	342,633
<b>Cost at the End</b>	<b>540,432</b>	<b>11,735</b>	<b>805</b>	<b>25,988</b>	<b>578,960</b>
<i>Accumulated Depreciation (-)</i>	(11)	(3,956)	(118)	(19,368)	(23,453)
<i>Depreciation Expense (-)</i>	-	-	(64)	(2,373)	(2,437)
<i>Depreciation of Disposals</i>	-	-	-	(2)	(2)
<b>Accumulated Depreciation at the End of the Current Period (-)</b>	<b>(11)</b>	<b>(3,956)</b>	<b>(182)</b>	<b>(21,743)</b>	<b>(25,892)</b>
<b>Net Book Value at the End of the Current Period</b>	<b>540,421</b>	<b>7,779</b>	<b>623</b>	<b>4,245</b>	<b>553,068</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)

##### 14. Information on intangible assets

	Current Period	Prior Period
<b>Balance at the End of the Prior Period</b>		
Cost	24,083	20,341
Accumulated Depreciation (-)	(21,332)	(16,363)
<b>Net Book Value</b>	<b>2,751</b>	<b>3,978</b>
<b>Balance at the End of the Current Period</b>		
<b>Net Book Value at the Beginning of the Current Period</b>	<b>24,083</b>	<b>20,341</b>
Additions	17,105	2,432
Disposals (-)	-	-
Impairment(-)	-	-
<b>Cost at the Beginning of the current period</b>	<b>35,811</b>	<b>22,773</b>
Accumulated Depreciation (-)	(21,332)	(16,363)
Amortization and amortization expense of disposals(-)	(3,548)	(2,666)
Impairment Depreciation(-)	-	-
<b>Accumulated Amortization at end of the current period</b>	<b>(24,880)</b>	<b>(19,029)</b>
<b>Net Book Value</b>	<b>10,931</b>	<b>3,744</b>

##### 15. Information on investment property

The Bank has no investment property.

##### 16. Information on tax assets

The Bank has current tax assets amounting to TL 13,737 in the current period (31 December 2022: None).

##### 17. Information about fixed assets held for sale

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

##### 18. Information on other assets

Other assets amounting to TL 114,597 (31 December 2022: TL 59,246) do not exceed 10% of the balance sheet total excluding off-balance sheet commitments.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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

##### 1. Information on maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	23,681	-	2,733	6,247	3,045	-	-	-	35,706
<b>Foreign Currency Deposits</b>	4,213,091	-	115	165,160	93,703	35,462	46,389	-	4,553,920
Residents in Turkey	1,009,070	-	115	74,504	61,104	3,997	1,379	-	1,150,169
Residents Abroad	3,204,021	-	-	90,656	32,599	31,465	45,010	-	3,403,751
<b>Public Sector Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Commercial Deposits</b>	9,229	-	7,731	354	-	-	-	-	17,314
<b>Other Ins. Deposits</b>	35,421	-	-	-	-	-	-	-	35,421
<b>Precious Metal Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Bank Deposits</b>	1,525,949	-	294,549	2	-	452,085	-	-	2,272,585
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	294,549	-	-	-	-	-	294,549
Foreign Banks	1,525,949	-	-	2	-	452,085	-	-	1,978,036
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,807,371</b>	<b>-</b>	<b>305,128</b>	<b>171,763</b>	<b>96,748</b>	<b>487,547</b>	<b>46,389</b>	<b>-</b>	<b>6,914,946</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	23,989	-	1,842	17,547	2,613	-	-	-	45,991
<b>Foreign Currency Deposits</b>	3,313,557	-	32	59,768	29,548	30,013	52,266	-	3,485,184
Residents in Turkey	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
<b>Public Sector Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Commercial Deposits</b>	23,055	-	-	10,363	-	-	-	-	33,418
<b>Other Ins. Deposits</b>	15,742	-	-	-	-	-	-	-	15,742
<b>Precious Metal Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Bank Deposits</b>	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	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,645,437</b>	<b>-</b>	<b>413,064</b>	<b>143,989</b>	<b>32,161</b>	<b>30,013</b>	<b>254,340</b>	<b>-</b>	<b>5,519,004</b>

The currency hedged deposit product, whose operating rules are determined by the CBRT and which provides protection against exchange rate changes in foreign currency while TL deposits are valued with interest rate, has started to be offered to bank customers. As of 31 December 2023, there are no deposits within this scope. (31 December 2022: TL 23,076)

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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 accordance with the "Regulation on the Amendment to 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 7/08/2022 and numbered 31936, all deposits and participation funds other than those belonging to official institutions, credit institutions and financial institutions in credit institutions have started to be insured. In this context, commercial deposits within the scope of insurance amounting to TL 121,893 and the related amount is not included in the footnot

	Covered by Deposit Insurance Fund		Not covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	13,860	12,023	21,846	33,968
Foreign Currency Saving Deposits	728,623	383,586	1,727,310	1,151,915
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>742,483</b>	<b>395,609</b>	<b>1,749,156</b>	<b>1,185,883</b>

*Saving deposits not covered by deposit insurance*

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

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

The Parent Bank's headquarter is located in Turkey.

*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	39,350	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 Turkey	-	-
<b>Total</b>	<b>39,350</b>	<b>23,119</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)

##### 2. Information on Financial derivatives through profit or loss

###### Negative differences table on derivative financial assets

None.

##### 3. Information on Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	-	-	6,478	-
From Foreign Banks, Institutions and Funds	-	4,808,759	-	3,754,560
<b>Total</b>	<b>-</b>	<b>4,808,759</b>	<b>6,478</b>	<b>3,754,560</b>

###### Information on banks and other financial institutions

###### Presentation of funds borrowed based on maturity profile

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	4,808,759	6,478	2,007,457
Long-Term	-	-	-	1,747,103
<b>Total</b>	<b>-</b>	<b>4,808,759</b>	<b>6,478</b>	<b>3,754,560</b>

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

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

##### 4. Information on other foreign resources

Other liabilities amounting to TL 113,064 do not exceed 10% of the balance sheet total (31 December 2022: TL 90,596).

##### 5. Information on financial lease obligations

	Current Period		Prior period	
	Gross	Net	Gross	Net
Less than 1 Year	657	465	2,243	1,499
Between 1-4 Years	8,645	8,085	6,286	4,940
Longer than 4 Years	1,776	1,392	974	890
<b>Total</b>	<b>11,078</b>	<b>9,942</b>	<b>9,503</b>	<b>7,329</b>



**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)****6. Information on liabilities arised from financial derivative transactions for hedging purposes**

None.

**7. Information on provisions*****Reserve for employee termination benefits***

The Bank recognises liabilities related to severance pay and vacation rights in accordance with the provisions of TAS 19 "Turkish Accounting Standard for Employee Benefits" and calculates its liabilities arising from future severance and notice payments at their net present value and reflects them in the financial statements. As of 31 December 2023, employee benefits amounting to TL 59,777 (31 December 2022: TL 50,216) and provision for employment termination benefits amounting to TL 32,722 (31 December 2022: TL 38,262) are recorded under "Provision for Employee Benefits" account in the financial statements.

**Information on other provisions**

The Bank has no provision for possible risks as of 31 December 2023 (31 December 2022: TL 6,000). In the current period, provision for possible risks amounting to TL 6,000 is reversed and classified under other operating income.

*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	101,808	43,590
Provisions for law suits	8	83
<b>Total</b>	<b>101,816</b>	<b>49,673</b>

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

The Bank has no corporate tax payable after deducting prepaid taxes as at 31 December 2023 (31 December 2022: TL 9,588).

***Information on deferred tax liabilities***

As of 31 December 2023, the Bank has deferred tax assets amounting to TL 177,441 and deferred tax liabilities amounting to TL 255,281 calculated over the deferred tax asset calculated over tax deductions and exemptions and the deferred tax asset calculated over the amounts arising between the book value of the assets or liabilities in the balance sheet and the tax base value determined in accordance with the tax legislation and to be taken into consideration in the calculation of financial profit / loss in the following periods. Deferred tax assets and liabilities are offset and a net deferred tax liability of TL 77,840 is recognised in the balance sheet.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)

##### 8. Information on tax payables (Continued)

The details of 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	88,298	26,490	76,478	19,120
Unearned revenues	6,254	1,876	4,682	1,170
Interest discounts	134,884	40,465	46,993	11,748
Provisions	103,057	30,917	43,341	10,835
Other	258,052	77,693	1,979	496
<b>Deferred tax asset</b>	<b>590,545</b>	<b>177,441</b>	<b>173,473</b>	<b>43,369</b>
Tangible assets revaluation surplus	895,955	213,261	519,943	76,610
Interest accruals	128,830	38,649	-	-
Other	11,235	3,371	6,915	1,730
<b>Deferred tax liability</b>	<b>1,036,020</b>	<b>255,281</b>	<b>526,858</b>	<b>78,340</b>
<b>Deferred tax asset/(liability) (net)</b>		<b>(77,840)</b>		<b>(34,971)</b>

##### Movement of deferred tax asset and liability:

	Current Period	Prior Period
Opening balance	(34,971)	8,673
Deferred tax income/(expense)(Net)	52,735	8,448
Deferred tax accounted under shareholder's equity	(95,604)	(52,092)
<b>Net Deferred Tax Asset/(Liability)</b>	<b>(77,840)</b>	<b>(34,971)</b>

##### Information on taxes payable

	Current Period	Prior Period
<b>Corporate Tax Payable</b>	-	9,588
BSMV	2,215	1,092
Movable Capital Income Tax	932	334
Value Added Tax Payable	1,195	1,186
Corporate Tax Payable (Narrow Taxpayer)	31	202
Foreign Exchange Transaction Tax	-	-
Real Estate Capital Income Tax	23	14
Other	9,064	5,847
<b>Total</b>	<b>13,460</b>	<b>18,263</b>

##### Information on bonus

	Current Period	Prior Period
Social Insurance Premiums – Personnel	1,912	1,061
Social Insurance Premiums – Employer	3,429	1,673
Bank Social Welfare Fund Premiums – Personnel	-	-
Bank Social Welfare Fund Premiums – Employer	-	-
Pension Fund Dues and Provisions – Personnel	-	-
Pension Fund Contribution and Provisions – Employer	-	-
Unemployment Insurance – Personnel	112	71
Unemployment Insurance – Employer	225	142
Other	-	-
<b>Total</b>	<b>5,678</b>	<b>2,947</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 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)

##### 8. Information on tax payables (Continued)

###### *Information on non-current liabilities of assets held for sale and discontinued operations*

*The Bank has no non-current assets held for sale and discontinued operations.*

###### *Detailed explanations on the number, maturity and interest rate of subordinated loans utilised by the Bank, the institution from which the loan is obtained and the conversion option, if any*

*The Bank has no subordinated loans utilised.*

##### 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.

## ARAP TÜRK BANKASI A.Ş.

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(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)

#### 9. Information on shareholders' equity (Continued)

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

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

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

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

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

Fractional shares shall be allocated by the Board of Directors.

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

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

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

	Current Period		Prior Period	
	TP	YP	TP	YP
Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Valuation Differences	(128,054)	35,060	6,338	(14,684)
Exchange Rate Differences	-	-	-	-
<b>Total</b>	<b>(128,054)</b>	<b>35,060</b>	<b>6,338</b>	<b>(14,684)</b>

##### *Information on legal reserve*

As per the decision taken at the 44th Ordinary General Assembly Meeting held on 21 March 2023 TL 10.675 of the profit for the year 2022 will be transferred to legal reserves and the remaining TL 202.817 will be transferred to retained earnings.

# ARAP TÜRK BANKASI A.Ş.

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

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

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

###### *Type and amount of irrevocable commitments*

The Bank has TL 594 TL as irrevocable commitments (31 December 2022: TL 389).

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

As of the balance sheet date, the Bank has allocated the provision amounting TL 19,498 over total Stage 3 non-cash loans (31 December 2022: TL 10,871).

###### *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 TL 3,230,471 (31 December 2022: TL 1,900,970).

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

The total amount of the Bank's guarantee letters is TL 10,082,190 (31 December 2022: TL 5,927,930).

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 Turkey 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.

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

	<b>Current Period</b>	<b>Prior Period</b>
Non-Cash Loans granted for Cash Loan Assurance	1,542,085	359,406
Less Than or Equal to One Year with Original Maturity	55,163	44,876
More Than One Year with Original Maturity	1,486,922	314,530
Other Non-Cash Loans	11,770,576	7,469,494
<b>Total</b>	<b>13,312,661</b>	<b>7,828,900</b>

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

##### 3. Expected losses for non-cash loans and irrevocable commitments

	Current Period				Prior Period			
	TP	%	YP	%	TP	%	YP	%
<b>Agricultural</b>	-	-	-	-	-	-	26,178	0.34
Farming and Raising livestock	-	-	-	-	-	-	26,178	0.34
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	176,279	19.90	1,139,392	9.16	65,527	35.62	291,290	3.81
Mining	700	0.08	-	-	700	0.38	-	-
Production	154,303	17.42	1,138,795	9.16	64,827	35.24	291,290	3.81
Electric, gas and water	21,276	2.40	597	-	-	-	-	-
<b>Construction</b>	287,646	32.48	2,014,896	16.21	112,568	61.19	1,412,431	18.48
<b>Services</b>	421,616	47.61	9,272,832	74.61	5,876	3.19	5,913,996	77.37
Wholesale and Retail Trade	-	-	6,530	0.05	245	0.13	4,259	0.06
Hotel, Food and Beverage	-	-	-	-	-	-	-	-
Services	7	-	-	-	7	-	-	-
Telecommunication	1,917	0.22	7,744	0.06	1,743	0.95	4,655	0.06
Financial Institutions	419,692	47.39	9,258,558	74.50	3,881	2.11	5,904,585	77.24
Real Estate and Renting	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	497	0.01
<b>Other</b>	-	-	-	-	-	-	1,034	0.01
<b>Total</b>	<b>885,541</b>	<b>100</b>	<b>12,427,120</b>	<b>100</b>	<b>183,971</b>	<b>100</b>	<b>7,644,929</b>	<b>100</b>

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

	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	885,296	9,194,361	245	-
Bank acceptances	-	-	-	-
Letters of credit	-	3,001,706	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	228,765	-	-
<b>Non-Cash Loans</b>	<b>885,296</b>	<b>12,424,832</b>	<b>245</b>	<b>-</b>

#### 4. Information on derivative transactions

The Bank does not have any derivative contracts.

#### 5. Information on credit derivatives and related imposed risks

The Bank does not have any credit derivative contract.

#### 6. Information on contingent liabilities and assets

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

#### 7. Services supplied on behalf of others

The Bank does not provide custody services on behalf of its customers.

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023**

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

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

**8. Information on Expected Loss Provisions**

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	32,719	-	10,871	43,590
Additions during the Period	55,961	-	8,627	64,588
Disposal	(6,370)	-	-	(6,370)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>82,310</b>	<b>-</b>	<b>19,498</b>	<b>101,808</b>
<b>Prior Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	24,850	-	6,940	31,790
Additions during the Period	18,364	-	3,931	22,295
Disposal	(10,495)	-	-	(10,495)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>32,719</b>	<b>-</b>	<b>10,871</b>	<b>43,590</b>

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

**1. Information on interest income**

*Information on interest income received from loans*

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Interest Received from Loans <sup>(1)</sup>				
Short-Term Loans	232,417	112,207	261,265	63,158
Medium and Long-Term Loans	9,648	93,187	6,816	60,920
Interest Received From Non-Performing Loans	166	-	1,134	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>242,231</b>	<b>205,394</b>	<b>269,215</b>	<b>124,078</b>

<sup>(1)</sup> It contains fee and commission income related to cash loans.

*Information on interest income received from banks*

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From CRBT	-	-	-	-
From Domestic Banks	3,794	28,298	4,063	8,482
From Foreign Banks	3,340	8,289	4,792	853
From Foreign Headquarter and Branches	-	-	-	-
<b>Total</b>	<b>7,134</b>	<b>36,587</b>	<b>8,855</b>	<b>9,335</b>

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**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 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	52,108	105,387	2,873	70,538
Financial Assets Measured at Amortised Cost	13,347	185,233	19,271	130,419
<b>Total</b>	<b>65,455</b>	<b>290,620</b>	<b>22,144</b>	<b>200,957</b>

*Information on interest income received from associates and subsidiaries*

	Current Period	Prior Period
Interest income received from associates and subsidiaries	4,644	366

**2. Interest Expense**

*Information on interest paid for funds borrowed*

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>514</b>	<b>147,877</b>	<b>478</b>	<b>92,133</b>
Central Bank	-	-	-	-
Domestic Banks	514	-	478	8
Foreign Banks	-	147,877	-	92,125
Overseas Headquarters and Branches	-	-	-	-
<b>Total</b>	<b>514</b>	<b>147,877</b>	<b>478</b>	<b>92,133</b>

*Information on interest expense paid to subsidiaries and associates*

	Current Period	Prior Period
Interest Expense Given to Affiliates and Subsidiaries	1,567	1,011



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### 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)

###### *Information on interest expense given on securities issued*

None.

###### *Maturity structure of the interest expense on deposits*

Current Period	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
<i>Turkish Lira</i>								
Interbank deposits	-	6,083	-	-	-	-	-	6,083
Saving deposits	-	587	1,082	921	-	101	-	2,691
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	390	236	269	-	-	-	895
Other deposits	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>7,060</b>	<b>1,318</b>	<b>1,190</b>	-	101	-	<b>9,669</b>
<i>Foreign currency</i>								
Foreign currency deposits	-	5	1,454	836	656	1,226	-	4,177
Interbank deposits	23	-	-	-	57,294	-	-	57,317
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
<b>Total</b>	<b>23</b>	<b>5</b>	<b>1,454</b>	<b>836</b>	<b>57,950</b>	<b>1,226</b>	-	<b>61,494</b>
<b>Grand Total</b>	<b>23</b>	<b>7,065</b>	<b>2,772</b>	<b>2,026</b>	<b>57,950</b>	<b>1,327</b>	-	<b>71,163</b>

##### 3. Explanations on dividend income

	Current Period	Prior Period
Financial assets at fair value through profit or loss	-	-
Financial assets measured at amortized cost	-	-
Financial assets at fair value through other comprehensive incomes	97	63
Other <sup>(1)</sup>	13,497	13,997
<b>Total</b>	<b>13,594</b>	<b>14,060</b>

<sup>(1)</sup> It represents the dividends received by the Bank from its subsidiary.

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

	Current Period	Prior Period
<b>Gain</b>	<b>71,196,689</b>	<b>56,711,249</b>
Gain from money market transactions	528	-
Gain from financial derivative transactions	14,538	-
Gain from exchange transactions	71,181,623	56,711,249
<b>Loss (-)</b>	<b>(71,189,263)</b>	<b>(56,689,317)</b>
Loss from money market transactions	(13,746)	-
Loss from financial derivative transactions	(25,463)	-
Loss from exchange transactions	(71,150,054)	(56,689,317)
<b>Net Trading Gain/Loss</b>	<b>7,426</b>	<b>21,932</b>

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### 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 income from other operations

	Current Period	Prior Period
From reversal of provisions of prior year	7,945	9,717
Provision for communication expenses	6,715	3,938
Gain on sales of assets	7,246	328
Other income	966	382
<b>Total</b>	<b>22,872</b>	<b>14,365</b>

##### 6. Information on expected credit loss expenses

	Current Period	Prior Period
Expected Credit Loss Provisions	61,859	4,534
<i>12 month expected credit loss (stage 1)</i>	59,701	3,553
<i>Significant increase in credit risk (stage 2)</i>	15	-
<i>Non-performing loans (stage 3)</i>	2,143	981
Marketable Securities Impairment Expenses	-	-
<i>Financial Assets at Fair Value through Profit or Loss</i>	-	-
<i>Financial Assets at Fair Value Through</i>	-	-
<i>Other Comprehensive Income</i>	-	-
Subsidiaries, Associates and Entities under Common Control	-	-
Provision Expenses for Impairment	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
Other	-	-
<b>Total</b>	<b>61,859</b>	<b>4,534</b>

##### 7. Information on Other Provision Expenses

	Current Period	Prior Period
Securities Depreciation Expenses	28,882	18,570
Free Provision	-	-
Provisions Lawsuits	-	-
<b>Total</b>	<b>28,882</b>	<b>18,570</b>

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### 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 other operating expense

	Current Period	Prior Period
Employee Termination Benefits Expense	7,385	4,019
Tangible Asset Impairment Expense	32,202	36,304
Amortization Expenses of Tangible Assets	-	-
Intangible Asset Impairment Expense	6,993	3,613
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	-	-
Shareholders Equity Procedure Applied Equity	-	-
Interest Impairment Expense	3,547	2,304
Impairment Losses on Investments in Associates accounted for Using Equity Method	-	-
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	96,679	50,034
<i>Operating Lease Expenses out of the scope of TFRS 16</i>	574	204
<i>Maintenance Expenses</i>	33,059	19,773
<i>Advertisement Expenses</i>	1,380	348
<i>Other Expenses</i>	61,666	29,709
Losses from sales of Assets	6	5
Other	44,835	21,592
<b>Total</b>	<b>191,647</b>	<b>117,871</b>

- (1) The other item in other operating expenses consists of taxes, duties, fees and funds amounting to TL 13,201, audit and consultancy fees amounting to TL 13,119, SDIF expenses amounting to TL 7,076 and other operating expenses amounting to TL 11,439. (31 December 2022: The other item in other operating expenses consists of taxes, duties, fees and funds amounting to TL 8,736, audit and consultancy fees amounting to TL 4,256, SDIF expenses amounting to TL 3,126 and other operating expenses amounting to TL 5,474).

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

The pre-tax income amount from continued operations is TL 103,922 (31 December 2022: TL 275,192).

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

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

There is no current tax expense (31 December 2022: TL 70,148 current tax expense) and deferred tax income amounting to TL 52,735 (31 December 2022: TL 8,448 deferred tax income).

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

Deferred tax income arising from temporary differences is TL 52,735 (31 December 2022: TL 8,448 deferred tax income).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023**

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**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****IV. INFORMATION AND FOOTNOTES RELATED TO STATEMENT OF PROFIT OR LOSS (Continued)****11. Explanation on tax provision for continuing and discontinued operations***Current tax income or expense and deferred tax income or expense*

The Bank has TL 52,735 as deferred tax income reflected in the statement of profit or loss computed over temporary difference and tax deductions and exemptions (31 December 2022: TL 8,448 deferred tax income).

*Deferred tax income or expense arising from the reversal or settlement of temporary differences*

Deferred tax income arising from temporary differences is TL 52,735 (December 31, 2022: TL 8,448 deferred tax income).

*Deferred tax income or expense recognized in the statement of profit or loss due to temporary differences, tax losses and tax credits and exemptions*

In the current period, there is deferred tax income amounting to TL 52,735 recognised in the statement of profit or loss due to temporary differences and tax deductions and exemptions (31 December 2022: TL 8,448 deferred tax income).

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

Current period profit from continued operations is TL 156,657 (31 December 2022: TL 213,492).

**13. 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.

**14. 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	87,964	66,058
Transfer Commissions	27,915	19,370
Other	4,042	1,787
<b>Total</b>	<b>119,921</b>	<b>87,215</b>

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

**V. INFORMATION AND DISCLOSURES RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**1. Changes due to revaluation of financial assets at fair value through other comprehensive income**

In the current period, there is TL 84,648 (31 December 2022: TL 15,130) net decrease in value.

**2. Increases due to cash flow hedges**

None.

**3. Confirmation on exchange rate differences between beginning and ending**

None.

**4. Information on issuance of common stock**

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

None.

**5. Information on dividend**

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

None.

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

None.

**6. Amounts transferred to reserves**

In the current period, amount of TL 10,675 have been transferred to legal reserves (31 December 2022: TL 8,016).

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

*Information on inflation restatement differences of shareholders equity accounts*

None.

*Explanations about the Share Capital increase*

There are no capital reserves due to inflation accounting, which is followed in the "Paid Capital Inflation Difference Correction" account is added to the capital according to the subjected circular.

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

#### VI. INFORMATION AND FOOTNOTES RELATED TO CASH FLOWS STATEMENT

##### 1. Information on cash and cash equivalent assets

*Balances that form the cash and cash equivalent assets, and the accounting policy used in the formation of these balances*

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

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

	31 December 2023	31 December 2022
Cash	67,002	57,762
Cash and cash equivalents	1,480,041	2,186,775
<b>Total</b>	<b>1,547,043</b>	<b>2,244,537</b>

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

	31 December 2023	31 December 2022
Cash	142,019	67,002
Cash and cash equivalents	2,104,363	1,480,041
<b>Total</b>	<b>2,246,382</b>	<b>1,547,043</b>

The TL 1,635,367 in the “Other” account that is under the “Operational Profit Before Operations of Banking on Assets and Liabilities” account is comprised of other operating income excluding collections from non performing loans, other operating expense excluding personnel expenses and exchange gain/loss (31 December 2022: TL 1,055,440).

The “Net increase/decrease in other assets” account under the “Changes in assets and liabilities subject to banking activities” amounting to TL (54,376) is composed of changes in fixed assets, associates, tax assets and other assets (31 December 2022 TL (26,515).

The “Net increase/decrease in other debts” account under the “Changes in assets and liabilities subject to banking activities” amounting to TL (711,034) is composed of changes in miscellaneous debts, other foreign resources and tax, duty, fees and premiums payable (31 December 2022: TL 132,346).

“Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents” is computed by TL 1,562,336 which includes effects of changes in currency of monthly foreign currency denominated cash and cash equivalents translated to Turkish Lira (31 December 2022: TL 943,111)

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

#### VII. 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**

<b>Bank’s Risk Group</b> <sup>(1)</sup>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank’s Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-cash</b>
<b>Loans and Other Receivables</b>						
Balance at the beginning of the period	-	484	-	3,753	54,034	469,456
Balance at the end of the period	31,396	304	-	66,066	249	772,553
Interest and Commission Income received <sup>(2)</sup>	4,644	-	-	-	340	-

<sup>(1)</sup> Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank’s Act.

<sup>(2)</sup> Loans given to the Bank’s direct and indirect shareholders are composed of forfeiting and letter of credit transactions which the interest and commission income are obtained not from the risk group but from the exporting firms.

<b>Prior Period</b>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank’s Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Cash</b>	<b>Non-cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-cash</b>
<b>Bank’s Risk Group</b> <sup>(1)</sup>						
<b>Loans and Other Receivables</b>						
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 <sup>(2)</sup>	366	-	-	-	2,566	-

<sup>(1)</sup> Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank’s Act.

<sup>(2)</sup> Loans given to the 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 TL 1,471,910 (31 December 2022: TL 1,701,545) from the risk group. There was an interest expense of TL in the current period related to the loans used (31 December 2022: TL 71,426).

###### *Information on deposits of the Bank’s risk group*

<b>Bank’s Risk Group</b> <sup>(1)</sup>	<b>Associates, Subsidiaries and Joint Ventures</b>		<b>Bank’s Direct and Indirect Shareholders</b>		<b>Other Components in Risk Group</b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Deposits</b>						
Balance at the beginning of the period	330	319	145,737	48,551	742,284	677,846
Balance at the end of the period	719	330	176,134	145,737	117,851	742,284
Interest expense on deposits	1,567	-	9,835	2,566	20,665	4,332

<sup>(1)</sup> Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank’s Act.

###### *Information on forward transactions, options and other contracts related to Bank’s risk group*

None.

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

For the year ended 31 December 2023, 52,864 has been paid to the top-level management of the Bank as salaries and fringe benefit (31 December 2022: TL 37,262).

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

#### VIII. DOMESTIC, FOREIGN AND OFF SHORE BRANCHES OR INVESTMENTS AND FOREIGN REPRESENTATIVE OFFICES

##### 1. Information on Bank’s domestic branches, foreign branches and representatives

	<u>Number of branches</u>	<u>Number of employees</u>	<u>Country</u>	<u>Total assets</u>	<u>Legal capital</u>
Domestic Branch	7	258			
Foreign representative office	-	-	-		
Foreign branch	-	-	-	-	-
Offshore branches	-	-	-	-	-

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

None.

#### IX. FEES RELATED WITH THE SERVICES PROVIDED BY INDEPENDENT AUDITORS/ INDEPENDENT AUDIT AGENCIES

In accordance with the decision made by Public Oversight Accounting and Auditing Standards Authority dated 26 March 2021, fees, based on the given reporting period, in relation to the services provided by independent auditors or independent audit agencies excluding value added tax costs are presented in the following table.

	<u>Current Period</u>	<u>Prior period</u>
Independent audit fees in the reporting period	4,059	1,098
Fees for tax advisory	-	48
Fees for other assurance services	-	-
<b>Total</b>	<b>4,059</b>	<b>1,146</b>

#### X. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.



**SECTION SIX**

**INDEPENDENT AUDITOR’S REPORT**

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

As at and for the year ended 31 December 2023, the unconsolidated financial statements have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the audit report dated 21 February 2023 is presented before the unconsolidated financial statements.

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

None.

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