

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

Arap Türk Bankası Anonim Şirketi

Consolidated Financial Statements
As of and For The Nine-Month Period Ended 30 September 2022
With Auditors' Review Report
*(Convenience Translation of Consolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*

4 November 2022

*This report contains "Review Report" comprising 2
pages and; "Financial Statements and Related
Disclosures and Footnotes" comprising 97 pages.*



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

REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the Board of Directors of Arap Türk Bankası Anonim Şirketi;

Introduction

We have reviewed the accompanying consolidated balance sheet of Arap Türk Bankası A.Ş. (the "Bank") and its financial subsidiary (together referred to as the "Group") as at 30 September 2022 and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial information for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these consolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency (BRSA) Accounting and Reporting Legislation" which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for those matters not regulated by afore mentioned legislations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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



Conclusion

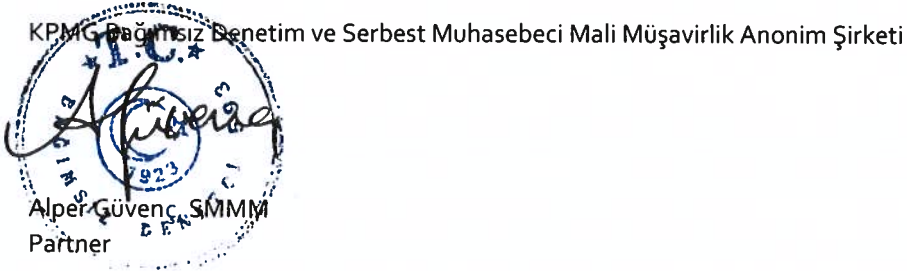
Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information do not present fairly, in all material respects, the consolidated financial position of Arap Türk Bankası A.Ş. and its financial subsidiary at 30 September 2022, and its consolidated financial performance and its consolidated cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional paragraph for convenience translation to English

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



4 November 2022
Istanbul, Turkey

**ARAP TÜRK BANKASI A.Ş. CONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022**

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

The consolidated interim financial report as of and for the nine month period ended 30 September 2022 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be Announced to Public” by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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


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

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

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




Dr. Ertan Alukulaç
Chairman of the Board of Directors



Aflah Omar Magsi
Deputy Chairman of The Board of Directors and Chairman of The Audit Committee



Mohamed Milad Hassadi
Member of The Board of Directors and The Audit Committee



Dr. Sinan Şahin
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*



F. Betül Yörel
D. Manager

Contact information of the personnel for addressing questions regarding this financial report
Name / Title: F. Betül Yörel / D. Manager
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ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

I. THE PARENT BANK’S DATE OF ESTABLISHMENT, BEGINNING STATUTE, ITS HISTORY REGARDING CHANGES ON ITS STATUTE

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

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

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

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

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

As of 30 September 2022, the Parent Bank’s share capital at the balance sheet date as follows:

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

⁽¹⁾ Emek İnşaat ve İşletme A.Ş. has 0.0000014% share in the paid capital by TL 6.20 (full digit in TL) (31 December 2022: 0.0000014% share and TL 6.20 (full digit in TL).

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

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

Name	Job Title – Description
Dr. Ertan Altıkulaç	Chairman of the Board of Directors
Aflah Omar Magsi	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
Dr. Sinan Şahin	Member of the Board of Directors and Audit Committee
Mohamed Milad Hassadi	Member of the Board of Directors and Audit Committee
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
Hüseyin Emre Yılmaz	Member of the Board of Directors

General Manager and Deputies

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

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

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

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

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

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

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

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

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

None.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

SECTION TWO

Consolidated Financial Statements

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

ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2022

(Thousands of Turkish Lira ("TL"))

ASSETS		Note	THOUSANDS OF TURKISH LIRA (TL)					
			CURRENT PERIOD			PRIOR PERIOD		
			30.09.2022		TOTAL	31.12.2021		TOTAL
TL	FC	TL	FC					
I.	FINANCIAL ASSETS (Net)		309,165	3,912,469	4,221,634	356,733	4,156,425	4,513,158
I.1	Cash and Cash Equivalents	1	307,880	2,611,117	2,918,997	322,124	3,003,629	3,325,753
1.1.1	Cash and Balances with Central Bank		73,880	2,097,939	2,171,819	8,086	1,658,250	1,666,336
1.1.2	Banks	3	234,562	513,182	747,744	60,209	1,345,392	1,405,601
1.1.3	Money Markets		-	-	-	255,100	-	255,100
1.1.4	Expected Credit Loss (-)		562	4	566	1,271	13	1,284
I.2	Financial Assets Measured at Fair Value Through Profit or Loss	2	-	-	-	-	-	-
1.2.1	Government Securities		-	-	-	-	-	-
1.2.2	Equity Securities		-	-	-	-	-	-
1.2.3	Other Financial Assets		-	-	-	-	-	-
I.3	Financial Assets Measured at Fair Value Through Other Comprehensive Income	4	1,285	1,301,352	1,302,637	34,609	1,152,796	1,187,405
1.3.1	Government Securities		1,061	926,671	927,732	34,385	768,191	802,576
1.3.2	Equity Securities		224	7,364	7,588	224	5,348	5,572
1.3.3	Other Financial Assets		-	367,317	367,317	-	379,257	379,257
I.4	Derivative Financial Assets		-	-	-	-	-	-
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		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		1,382,444	5,589,910	6,972,354	949,081	4,450,262	5,399,343
2.1	Loans	5	1,184,009	2,243,821	3,427,830	732,832	1,929,005	2,661,837
2.2	Lease Receivables	10	133,193	550,530	683,723	117,206	359,479	476,685
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortised Cost	6	80,197	2,798,651	2,878,848	114,019	2,163,844	2,277,863
2.4.1	Government Securities		80,197	2,356,267	2,436,464	69,669	1,423,414	1,493,083
2.4.2	Other Financial Assets		-	442,384	442,384	44,350	740,430	784,780
2.5	Expected Credit Loss (-)	5	14,955	3,092	18,047	14,976	2,066	17,042
III.	ASSETS HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	14	1,000	-	1,000	1,000	-	1,000
3.1	Held for Sale Purpose		1,000	-	1,000	1,000	-	1,000
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		-	-	-	-	-	-
4.1	Associations (Net)	7	-	-	-	-	-	-
4.1.1	Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2	Subsidiaries (Net)	8	-	-	-	-	-	-
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3	Joint Ventures (Net)	9	-	-	-	-	-	-
4.3.1	Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)		219,134	-	219,134	217,794	-	217,794
VI.	INTANGIBLE ASSETS (Net)		8,558	-	8,558	4,275	-	4,275
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		8,558	-	8,558	4,275	-	4,275
VII.	INVESTMENT PROPERTY (Net)	12	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET	13	-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	13	19,949	-	19,949	8,732	-	8,732
X.	OTHER ASSETS (Net)	15	65,088	60,309	125,397	29,244	31,755	60,999
	TOTAL ASSETS		2,005,338	9,562,688	11,568,026	1,566,859	8,638,442	10,205,301

ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2022
(Thousands of Turkish Lira ("TL"))

LIABILITIES	Note	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30.09.2022			31.12.2021		
	TL	FC	TOTAL	TL	FC	TOTAL	
I. DEPOSITS	1	268,481	4,289,626	4,558,107	65,339	3,878,999	3,944,338
II. FUNDS BORROWED	3	16,525	5,167,348	5,183,873	-	4,706,436	4,706,436
III. MONEY MARKETS		-	-	-	-	-	-
IV. SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-	-	-	-
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	5	2,229	106	2,335	1,683	350	2,033
X. PROVISIONS	7	97,832	10,848	108,680	79,422	6,940	86,362
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		59,219	-	59,219	37,464	-	37,464
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		38,613	10,848	49,461	41,958	6,940	48,898
XI. CURRENT TAX LIABILITY	8	40,313	-	40,313	25,811	-	25,811
XII. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS		-	-	-	-	-	-
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	4	68,050	94,588	162,638	27,287	51,546	78,833
XVI. SHAREHOLDERS' EQUITY	9	1,561,109	(49,029)	1,512,080	1,394,458	(32,970)	1,361,488
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		139,333	-	139,333	152,960	-	152,960
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		14,941	(49,029)	(34,088)	9,494	(32,970)	(23,476)
16.5 Profit Reserves		58,681	-	58,681	49,790	-	49,790
16.5.1 Legal Reserves		58,680	-	58,680	49,789	-	49,789
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		1	-	1	1	-	1
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or (Loss)		908,154	-	908,154	742,214	-	742,214
16.6.1 Prior Periods' Profit or (Loss)		733,323	-	733,323	579,207	-	579,207
16.6.2 Current Period Profit or (Loss)		174,831	-	174,831	163,007	-	163,007
16.7 Minority shares		-	-	-	-	-	-
TOTAL LIABILITIES		2,054,539	9,513,487	11,568,026	1,594,000	8,611,301	10,205,301

ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
AT 30 SEPTEMBER 2022
(Thousands of Turkish Lira ("TL"))

	Note	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30.09.2022			PRIOR PERIOD 31.12.2021		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		66,602	8,095,714	8,162,316	44,850	6,424,624	6,469,474
I. GUARANTEES AND WARRANTIES	2	38,237	7,955,406	7,993,643	23,324	6,368,835	6,392,159
1.1. Letters of Guarantee		35,549	5,647,302	5,682,851	23,324	5,213,057	5,236,381
1.1.1. Guarantees Subject to State Tender Law		7,179	-	7,179	7,179	-	7,179
1.1.2. Guarantees Given for Foreign Trade Operations		8,123	5,638,767	5,646,890	3,408	5,207,937	5,211,345
1.1.3. Other Letters of Guarantee		20,247	8,535	28,782	12,737	5,120	17,857
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	1,684,251	1,684,251	-	697,625	697,625
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	1,684,251	1,684,251	-	697,625	697,625
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		2,688	623,853	626,541	-	458,153	458,153
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	1	28,365	140,308	168,673	21,526	55,789	77,315
2.1. Irrevocable Commitments		18,472	26,577	45,049	386	2,141	2,527
2.1.1. Asset Purchase and Sale Commitments		18,080	18,140	36,220	-	-	-
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		392	-	392	386	-	386
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	8,437	8,437	-	2,141	2,141
2.2. Revocable Commitments		9,893	113,731	123,624	21,140	53,648	74,788
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		9,893	113,731	123,624	21,140	53,648	74,788
III. DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
3.1. Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Transactions		-	-	-	-	-	-
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-	-	-	-
3.2.2.1. Foreign Currency Swap-Buy		-	-	-	-	-	-
3.2.2.2. Foreign Currency Swap-Sell		-	-	-	-	-	-
3.2.2.3. Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3. Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1. Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2. Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		1,781,348	10,223,620	12,004,968	1,516,365	8,545,224	10,061,589
IV. ITEMS HELD IN CUSTODY		3,633	-	3,633	596	-	596
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Checks Received for Collection		3,633	-	3,633	596	-	596
4.4. Commercial Notes Received for Collection		-	-	-	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		1,777,715	10,223,620	12,001,335	1,515,769	8,545,224	10,060,993
5.1. Marketable Securities		-	-	-	-	-	-
5.2. Guarantee Notes		32,399	402,514	434,913	57,199	298,849	356,048
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		14,394	448,153	462,547	14,394	322,562	336,956
5.6. Other Pledged Items		1,730,922	9,372,953	11,103,875	1,444,176	7,923,813	9,367,989
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1,847,950	18,319,334	20,167,284	1,561,215	14,969,848	16,531,063

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

ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Thousands of Turkish Lira ("TL.")

STATEMENT OF PROFIT OR LOSS	Note	THOUSANDS OF TURKISH LIRA (TL)			
		CURRENT PERIOD	CURRENT PERIOD	PRIOR PERIOD	PRIOR PERIOD
		(01/01/2022-30/09/2022)	(01/07/2022-30/09/2022)	(01/01/2021-30/09/2021)	(01/07/2021-30/09/2021)
I. INTEREST INCOME	1	512,664	198,308	295,672	103,404
1.1 Interest on Loans		285,201	121,506	121,112	44,759
1.2 Interest on Reserve Requirements		131	19	372	155
1.3 Interest on Banks		18,567	9,004	11,118	3,645
1.4 Interest on Money Market Transactions		6,266	334	54,163	14,972
1.5 Interest on Marketable Securities Portfolio		159,921	51,877	84,805	31,228
1.5.1 Fair Value Through Profit or Loss		-	-	716	-
1.5.2 Fair Value Through Other Comprehensive Income		52,772	12,675	24,337	6,862
1.5.3 Measured at Amortised Cost		107,149	39,202	59,752	24,366
1.6 Financial Lease Income		42,572	15,565	23,586	8,644
1.7 Other Interest Income		6	3	516	1
II. INTEREST EXPENSE (-)	2	114,363	49,802	45,945	16,803
2.1 Interest on Deposits		16,358	5,453	14,455	3,789
2.2 Interest on Funds Borrowed		79,878	32,285	31,238	12,969
2.3 Interest Expense on Money Market Transactions		2,259	1,038	-	-
2.4 Interest on Securities Issued		-	-	-	-
2.5 Lease Interest Expenses		-	-	-	-
2.6 Other Interest Expenses		15,868	11,026	252	45
III. NET INTEREST INCOME (I - II)		398,301	148,506	249,727	86,601
IV. NET FEES AND COMMISSIONS INCOME		79,941	30,061	49,925	11,436
4.1 Fees and Commissions Received		84,079	31,396	52,951	12,548
4.1.1 Non-cash Loans		20,981	5,814	14,823	4,132
4.1.2 Other	11	63,098	25,582	38,128	8,416
4.2 Fees and Commissions Paid		4,138	1,335	3,026	1,112
4.2.1 Non-cash Loans		11	5	7	2
4.2.2 Other		4,127	1,330	3,019	1,110
V. DIVIDEND INCOME		63	41	-	-
VI. TRADING INCOME/(LOSS) (Net)	3	16,574	9,799	4,113	408
6.1 Trading Gains / (Losses) on Securities		-	-	-	-
6.2 Gains / (Losses) on Derivative Financial Transactions		17	-	45	9
6.3 Foreign Exchange Gains / (Losses)		16,591	9,799	4,158	417
VII. OTHER OPERATING INCOME (III+IV+V+VI+VII+VIII)	4	7,566	2,312	13,544	7,484
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		502,445	190,678	317,350	105,929
IX. EXPECTED CREDIT LOSS (-)	5	2,764	1,955	934	4,099
X. OTHER PROVISION EXPENSE (-)	6	12,671	1,505	1,774	1,717
XI. PERSONNEL EXPENSE (-)		174,130	68,102	98,389	32,935
XII. OTHER OPERATING EXPENSES (-)	7	81,630	30,670	49,317	17,693
XIII. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		231,250	95,366	166,936	61,117
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV. INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI. INCOME/(LOSS) ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	8	231,250	95,366	166,936	61,117
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (s)		(56,419)	(23,896)	(39,316)	(15,295)
18.1 Current Tax Provision		(65,162)	(28,414)	(41,739)	(14,062)
18.2 Deferred Tax Income Effect (+)		15,473	1,840	7,695	2,654
18.3 Deferred Tax Expense Effect (-)		24,216	6,358	10,118	1,421
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII-XVIII)	9	174,831	71,470	127,620	45,822
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from Non-current Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses for Non-current Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Expenses for Other Discontinued Operations		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (s)		-	-	-	-
23.1 Current Tax Provision		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII-XXIII)		-	-	-	-
XXV. NET PROFIT/(LOSS) (XVII+XXII)	10	174,831	71,470	127,620	45,822
		174,831	71,470	127,620	45,822
Earning/(Loss) per share (in TL full)		0.0040	0.0016	0.0029	0.0010

ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2022
(Thousands of Turkish Lira ("TL"))

		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (01/01/2022-30/09/2022)	PRIOR PERIOD (01/01/2021-30/09/2021)
I.	CURRENT PERIOD PROFIT/LOSS	174,831	127,620
II.	OTHER COMPREHENSIVE INCOME	(24,239)	(6,791)
2.1	Not Reclassified to Profit or Loss	(13,627)	(2,213)
2.1.1	Tangible Assets Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(11,528)	(2,778)
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	(2,099)	565
2.2	Reclassified to Profit or Loss	(10,612)	(4,578)
2.2.1	Foreign Currency Translation Differences	-	-
	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(15,185)	(5,418)
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	4,573	840
III.	TOTAL COMPREHENSIVE INCOME (I+II)	150,592	120,829

ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED AT 30 SEPTEMBER 2022
(Thousands of Turkish Lira ("TL"))

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Other Comprehensive Income/ Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/ Expense Items to be Recycled to Profit or Loss								
	Paid-in capital	Share premium	Share certificate cancel profits	Other capital reserves	Tangible and Intangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will not be Reclassified to Profit or Loss)	Exchange Differences on Translation	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income	Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)	Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total Equity Before Minority Interest	Minority Interest	Total Equity
PRIOR PERIOD																
30.09.2021																
I. Balance at the beginning of the period	440,000	-	-	-	104,679	(5,296)	-	8,602	-	44,174	484,042	100,781	1,176,982	-	1,176,982	
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. New balance (I-II)	440,000	-	-	-	104,679	(5,296)	-	8,602	-	44,174	484,042	100,781	1,176,982	-	1,176,982	
IV. Total comprehensive income (loss)	-	-	-	-	-	(2,213)	-	(4,578)	-	-	-	127,620	120,829	-	120,829	
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Profit distribution	-	-	-	-	-	-	-	-	-	5,616	95,165	(100,781)	-	-	-	
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	5,616	95,165	(100,781)	-	-	-	
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances (III-IV+.....+X-XI)	440,000	-	-	-	104,679	(7,509)	-	4,024	-	49,790	579,207	127,620	1,297,811	-	1,297,811	
CURRENT PERIOD																
30.09.2022																
I. Balance at the beginning of the period	440,000	-	-	-	160,466	(7,506)	-	(23,476)	-	49,790	579,207	163,007	1,361,488	-	1,361,488	
II. Adjustment in accordance with TMS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. New balance (I-II)	440,000	-	-	-	160,466	(7,506)	-	(23,476)	-	49,790	579,207	163,007	1,361,488	-	1,361,488	
IV. Total comprehensive income (loss)	-	-	-	-	(5,456)	(8,171)	-	(10,612)	-	-	-	174,831	150,592	-	150,592	
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Profit distribution	-	-	-	-	-	-	-	-	-	8,891	154,116	(163,007)	-	-	-	
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	8,891	154,116	(163,007)	-	-	-	
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances (III-IV+.....+X-XI)	440,000	-	-	-	155,010	(15,677)	-	(34,088)	-	58,681	733,323	174,831	1,512,080	-	1,512,080	

ARAP TÜRK BANKASI A.Ş.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Thousands of Turkish Lira ("TL"))

	Note	THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (01/01/2022-30/09/2022)	PRIOR PERIOD (01/01/2021-30/09/2021)
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		407,118	179,296
1.1.1 Interest Received		518,562	292,181
1.1.2 Interest Paid		(140,379)	(56,560)
1.1.3 Dividend Received		63	-
1.1.4 Fees and Commissions Received		84,079	52,951
1.1.5 Other Income		28,048	18,085
1.1.6 Collections from Previously Written-off Loans and Other Receivables		1,783	4,182
1.1.7 Payments to Personnel and Service Suppliers		(215,450)	(122,204)
1.1.8 Taxes Paid		(53,134)	(36,461)
1.1.9 Other		183,546	27,122
1.2 Changes in Operating Assets and Liabilities		(1,867,622)	478,968
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		6,192	17,185
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3 Net (increase) / decrease in loans		(493,304)	48,622
1.2.4 Net (increase) / decrease in other assets		(64,541)	(17,068)
1.2.5 Net increase / (decrease) in bank deposits		(490,565)	(527,377)
1.2.6 Net increase / (decrease) in other deposits		(160,317)	(62,462)
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		(665,762)	1,115,578
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		675	(95,510)
I. Net Cash Provided from Banking Operations		(1,460,504)	658,264
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		-	-
II. Net Cash Provided from Investing Activities		234,979	(468,681)
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		(11,686)	(8,376)
2.4 Disposals of tangible assets		-	-
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(146,875)	(545,593)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		378,210	344,685
2.7 Purchase of Financial Assets Measured at Amortised Cost		(943,128)	(468,937)
2.8 Sale of Financial Assets Measured at Amortised Cost		960,697	211,604
2.9 Other		(2,239)	(2,064)
C. CASH FLOWS FROM FINANCING ACTIVITIES		-	-
III. Net Cash Provided from Financing Activities		(773)	(805)
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		(773)	(805)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		533,117	241,754
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		(693,181)	430,532
VI. Cash and Cash Equivalents at the Beginning of the Period		2,356,638	1,251,804
VII. Cash and Cash Equivalents at the End of the Period		1,663,457	1,682,336

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS FOR BASIS OF PRESENTATION

The consolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (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 consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in Official Gazette no. 28337, dated 28 June 2012, and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

According to the announcement made by the POA 20 January 2022, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for the financial statements as of 31 December 2021 within the scope of TAS 29 Financial Reporting Standard in High Inflation Economies. In this content, no new disclosure has been made as of the report date for the financial statement of 2022, no inflation adjustment has been made according to TAS 29 while preparing the financial statements dated 30 September 2022.

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

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

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

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2021 have no material effect on the financial statements, financial performance and on the Parent Bank’s accounting policies. New and revised Turkish Accounting Standards issued but not yet effective as of the finalization date of the financial statements have no material effect on the financial statements, financial performance and on the Bank’s accounting policies.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

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

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

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

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

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

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

The major principles applied in the consolidation of subsidiaries

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

Derivative financial instruments of the Bank are classified under "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 income statement. The fair value of the derivative financial instruments is calculated using quoted market prices by using discounted cash flows model.

V. INFORMATION ON INTEREST INCOME AND EXPENSE

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

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

VI. INFORMATION ON FEES AND COMMISSION

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS

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

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

a. Financial Assets at Fair Value through Profit or Loss

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

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

Government bonds and treasury bills included in Financial Assets at Fair Value through Profit or Loss portfolios traded in BIST are carried at weighted average exchange rates of BIST as of the balance sheet date and those securities that are not traded in BIST are carried at other valuation models. All gains and losses arising from these valuations are reflected in the statement of profit or loss.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

b. Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

The subsequent measurement of financial assets at fair value through other comprehensive income is based on fair value. However, securities that do not have a quoted market price in an active market, the fair value for the floating rate securities is measured at the amortized cost using the most probable effective interest method; for fixed interest securities, fair value pricing models or discounted cash flow techniques are used.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

c. Financial Assets Measured at Amortized Cost

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

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

d. Loans

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

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, such as transaction costs and other costs are part of acquisition cost and charged to the customer.

Bank’s loans measured at amortized cost account.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment (Continued)

Individual Evaluation

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

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

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

Definition of Default

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

These conditions have stated below:

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

Significant increase in credit risk definition

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

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

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment (Continued)

Loans classified as third, fourth and fifth groups are considered as non-performing loans. In accordance with TFRS 9, these loans, which are subject to a lifetime impairment application, are classified under the Stage 3.

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

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. INFORMATION ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

X. INFORMATION ON ASSETS HELD FOR SALE AND 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 related amount is very low. In addition, the asset should be actively marketed at a price that is consistent with the true value.

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

XI. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

There is no goodwill in the accompanying financial statements related to the acquisition of a subsidiary. The Group’s intangible assets consist of software.

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

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

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

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

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

While the 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 income statement of the period.

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

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

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON LEASING ACTIVITIES

Finance leasing activities as the lessor

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

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

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

Explanations on TFRS 16 Leases as-bank

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

Right of use includes first method recognition and maintenance:

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

Right of use when applying bank transportation:

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

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

Lease liability

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

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

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON LEASING ACTIVITIES

Operational leases

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

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

XIV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. INFORMATION ON LIABILITIES REGARDING EMPLOYEE BENEFITS

Reserve for other benefits to employees

In accordance with existing Turkish Labor Law, the Group is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 30 September 2022 is TL 15,371.40 (full TL) (31 December 2021: TL 8,248.51 (full TL)). Reserve for employee termination benefits are calculated via net present value of estimated provision of probable liabilities will be arised in the future and reflected in the financial statements.

The Group reserved for employee severance indemnities in the accompanying consolidated financial statements using actuarial method in compliance with the updated “TAS 19 - Employee Benefits”. Other comprehensive income / expense items not to be recycled to profit or loss.

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

Other benefits to employees

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON TAX APPLICATIONS

Corporate tax

The Corporate Tax rate has been determined as 20% with Article 32 of the Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205. This rate is determined by the provisions of the 11th and 14th articles of the “Law on the Procedure for Collection of Public Claims and the Amendment of Certain Laws” published in the Official Gazette dated April 22, 2021 and numbered 31462. It has been rearranged as 25% for the corporate earnings for the 2021 accounting period and 23% for the 2022 accounting period earnings, starting from the declarations and being valid for the corporate earnings for the taxation period starting from January 1, 2021. With the Law No. 7394 published in the Official Gazette dated April 15, 2022 and numbered 31810, the general corporate tax rate for banks has been determined as 25% entered into force to be implemented. The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exemptions and deductions in the tax laws.

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

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. Provisional taxes paid during the year can be deducted from the corporate tax calculated on the annual corporate tax return of that year.

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

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

The Law No. 7352, dated January 29, 2022, on the amendment of the Tax Procedure Law and the Corporate Tax Law was enacted with the Official Gazette numbered 31734 on January 29, 2022. It has been decided that the financial statements will not be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment within the scope of article 3 are met, and that the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON TAX APPLICATIONS (Continued)

Deferred taxes

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

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

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

Transfer pricing

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

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

XVII. ADDITIONAL INFORMATION ON BORROWINGS

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

The Group did not issue any stocks convertible into bonds.

The Group does not have borrowing instruments issued by itself.

XVIII. INFORMATION ON SHARE ISSUANCES

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

XIX. INFORMATION ON BILLS OF EXCHANGES AND ACCEPTANCES

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

There are no acceptances presented as liabilities against any assets.

XX. INFORMATION ON GOVERNMENT INCENTIVES

None.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXI. CASH AND CASH EQUIVALENTS

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

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

XXII. INFORMATION ON SEGMENT REPORTING

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

XXIII. OTHER DISCLOSURES

Profit reserves and profit distribution

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

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

Related parties

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

Information related to high inflation accounting

On 20 January 2022, announcement made by the Public Oversight Authority stated that the companies applying TFRS do not need to make any adjustments in the scope of TAS 29 Financial Reporting in High-Inflation Economies in their financial statements for the year ended 31 December 2021. As no new announcement has been made by the Public Oversight Authority regarding the application of inflation accounting, no inflation correction has been made in accordance with TAS 29 when preparing the financial statements dated 30 September 2022.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

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

	Amount (Current Period)	Amounts related to treatment before 1/1/2014⁽¹⁾
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1,512,080	
Share issue premiums	440,000	
Reserves	-	
Reserves	58,681	
Gains recognized in equity as per TAS	105,245	
Profit	908,154	
Current Period Profit	174,831	
Prior Period Profit	733,323	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Minorities’ shares	-	
Common Equity Tier 1 Capital Before Deductions	1,512,080	
Deductions from Common Equity Tier 1 Capital	8,627	
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	69	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	8,558	8,558
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	8,627	
Total Common Equity Tier 1 Capital	1,503,453	

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

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

Informations about Total Capital (Continued)

	Amount (Current Period)	Amounts related to treatment before 1/1/2014 ⁽¹⁾
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties’ share in the Additional Tier I Capital	-	
Third parties’ share in the Additional Tier I Capital (Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital	-	
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components	-	
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	1,503,453	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)		
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	-	
Tier II Capital Before Deductions	-	
Deductions From Tier II Capital	38,140	
Direct and indirect investments of the Bank on its own Tier II Capital (-)	38,140	
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	-	
Total Capital (The sum of Tier I Capital and Tier II Capital)	-	
The sum of Tier I Capital and Tier II Capital (Total Capital)	38,140	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	1,541,593	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

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

Informations about Total Capital (Continued)

	Amount (Current Period)	Amounts related to treatment before 1/1/2014 ⁽¹⁾
Items to be Deducted from the Sum of Tier I and Tier II Capital during the Transition Period		
The Portion of the Total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	
The Portion of Total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	
TOTAL CAPITAL	1,541,593	
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,541,593	
Total risk weighted amounts	9,423,235	
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	16.47	
Consolidated Tier I Capital Adequacy Ratio (%)	16.47	
Consolidated Capital Adequacy Ratio (%) ⁽²⁾	16.87	
BUFFERS		
Total buffer requirement	2.84	
Capital conservation buffer requirement (%)	2.5	
Bank specific counter-cyclical buffer requirement (%)	0.34	
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	11.97	
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from mortgage-servicing rights	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	38,140	
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	38,140	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4		
(to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

(2) Calculated taking into account the measures in the announcement dated 21 December 2021. As of 30 September 2022, based on the Banking Regulation and Supervision Agency's decision dated 21 December 2021 and numbered 9996, the net valuation differences of the securities in the portfolio of "Securities at Fair Value Reflected in Other Comprehensive Income" as of the decision date are negative. The amount subject to credit risk has been calculated by using the Central Bank's foreign exchange buying rate as of 31 December 2021.

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

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

Informations about Total Capital

	Amount (Prior Period)	Amounts related to treatment before 1/1/2014⁽¹⁾
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1,361,488	
Share issue premiums	440,000	
Reserves	-	
Reserves	49,790	
Gains recognized in equity as per TAS	129,484	
Profit	742,214	
Current Period Profit	163,007	
Prior Period Profit	579,207	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Minorities’ shares	-	
Common Equity Tier 1 Capital Before Deductions	1,361,488	
Deductions from Common Equity Tier 1 Capital	4,394	
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	119	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,275	4,275
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	
Defined-benefit pension fund net assets	-	
Direct and indirect investments of the Bank in its own Common Equity	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	
Total Deductions From Common Equity Tier 1 Capital	4,394	
Total Common Equity Tier 1 Capital	1,357,094	

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

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

	Amount (Prior Period)	Amounts related to treatment before 1/1/2014 ⁽¹⁾
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Third parties’ share in the Additional Tier I Capital	-	
Third parties’ share in the Additional Tier I Capital (Temporary Article 3)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank’s additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,357,094	
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	
Provisions (Article 8 of the Regulation on the Equity of Banks)	39,557	
Tier II Capital Before Deductions	39,557	
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	
Investments of Bank to Banks that invest on Bank’s Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	39,557	
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,396,651	
The sum of Tier I Capital and Tier II Capital (Total Capital)		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	1,396,651	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	1,357,094	
Other items to be defined by the BRSA (-)	-	

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

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

Informations about Total Capital (Continued)

	Amount (Prior Period)	Amounts related to treatment before 1/1/2014 ⁽¹⁾
Items to be Deducted from the Sum of Tier I and Tier II Capital during the Transition Period	-	-
The Portion of the Total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
TOTAL CAPITAL	1,396,651	1,396,651
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,396,651	1,396,651
Total risk weighted amounts	5,797,323	5,797,323
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	23.99	
Consolidated Tier I Capital Adequacy Ratio (%)	23.99	
Consolidated Capital Adequacy Ratio (%) ⁽²⁾	24.67	
BUFFERS		
Total buffer requirement	2.676	
Capital conservation buffer requirement (%)	2.500	
Bank specific counter-cyclical buffer requirement (%)	0.176	
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	19.48	
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	39,557	39,557
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	39,557	39,557
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

(2) Calculated taking into account the measures in the announcement dated 21 December 2021. As of 30 September 2022, based on the Banking Regulation and Supervision Agency's decision dated 21 December 2021 and numbered 9996, the net valuation differences of the securities in the portfolio of “Securities at Fair Value Reflected in Other Comprehensive Income” as of the decision date are negative. The amount subject to credit risk has been calculated by using the Central Bank's foreign exchange buying rate as of 31 December 2021.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

SECTION FOUR**INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****I. INFORMATION ON SHAREHOLDER’S EQUITY (Continued)**

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

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

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

	Balance sheet value	Amount of 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	139,333	-	139,333
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	(34,088)	-	(34,088)
Profit Reserves	58,681	-	58,681
Profit or Loss	908,154	-	908,154
Prior Periods’ Profit/Loss	733,323	-	733,323
Current Period Net Profit/Loss	174,831	-	174,831
Deductions from Common Equity TierI Capital (*)	-	8,627	(8,627)
Common Equity Tier 1 capital	-	-	1,503,453
Tier 1 capital	-	-	1,503,453
Provisions	-	(38,140)	38,140
Tier 2 capital (**)	-	(38,140)	38,140
Shareholders’s Equity Adjustments (***)	-	-	-
Total Shareholders’s Equity	1,512,080	(29,513)	1,541,593

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

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

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

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

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

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

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

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

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

Foreign exchange risk management policy

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

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

Date	US Dollars	Euro
23 September 2022	18.3702	17.9431
26 September 2022	18.4266	17.7909
27 September 2022	18.4509	17.7719
28 September 2022	18.4862	17.6711
29 September 2022	18.5038	17.9232
30 September 2022	18.5187	18.1395

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

The basic arithmetical average of the Bank’s foreign exchange bid rate for September 2022 is TL 18.2973 for USD, TL 18.1279 for EURO.

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

Current Period	Euro	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,013,308	1,083,973	658	2,097,939
Banks	237,190	236,528	39,464	513,182
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Comprehensive Income	343,579	957,773	-	1,301,352
Loans	1,392,332	851,489	-	2,243,821
Investments in Subsidiaries and Associates	-	-	-	-
Financial Assets Measured at Amortised Cost	1,367,328	1,431,323	-	2,798,651
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	556,173	51,570	-	607,743
Total Assets⁽¹⁾	4,909,910	4,612,656	40,122	9,562,688
Liabilities				
Bank Deposits	1,197,487	283,001	2,843	1,483,331
Foreign Currency Deposits	1,285,866	1,485,571	34,858	2,806,295
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	2,390,014	2,777,334	-	5,167,348
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities ⁽²⁾	52,759	51,548	1,235	105,542
Total Liabilities	4,926,126	4,597,454	38,936	9,562,516
Net Balance Sheet Position	(16,216)	15,202	1,186	172
Net Off Balance Sheet Position⁽³⁾	(18,140)	-	-	(18,140)
Financial Derivatives (Assets)	-	-	-	-
Financial Derivatives (Liabilities)	(18,140)	-	-	(18,140)
Non-Cash Loans	2,809,250	4,249,932	896,224	7,955,406
Prior Period				
Total Assets	4,311,576	4,304,163	22,703	8,638,442
Total Liabilities	4,315,479	4,306,410	22,382	8,644,271
Balance Sheet Position, net	(3,903)	(2,247)	321	(5,829)
Off Balance Sheet Position, net	-	-	-	-
Financial Derivatives (Assets)	-	-	-	-
Financial Derivatives (Liabilities)	-	-	-	-
Non-cash Loans	2,993,431	2,678,271	697,133	6,368,835

(1) In accordance with the provisions of the “Regulation on the Calculation and Application of Foreign Currency Net General Position / Equity Standard Ratio in Banks’ Consolidated and Non-Consolidated Basis”; Equity has not been taken into consideration in calculating the risk of exchange rate amounting to TL 49,029.

(2) Includes financial lease receivables.

(3) In the current period TL 18,140 forward asset purchase and sale commitments are included in derivative financial instruments payables.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

The possible increases or decreases in the shareholders’ equity and the profit/loss as per an assumption of depreciation/appreciation by 10 percent of TL against currencies mentioned below as of 30 September 2022 and 30 September 2021 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

Assuming 10 percent appreciation of TL;

	Current Period		Prior Period	
	Profit and Loss Statement	Shareholders’ Equity ⁽¹⁾	Profit and Loss Statement	Shareholders’ Equity ⁽¹⁾
Euro	3,436	5,513	(153)	(98)
US Dollar	(1,520)	1,306	(1,736)	(2,165)
Other Currencies	(119)	(119)	(103)	(103)
Total	1,797	6,700	(1,992)	(2,366)

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

Assuming 10 percent depreciation of TL;

	Current Period		Prior Period	
	Profit and Loss Statement	Shareholders’ Equity ⁽¹⁾	Profit and Loss Statement	Shareholders’ Equity ⁽¹⁾
Euro	(3,436)	(5,513)	153	98
US Dollar	1,520	(1,306)	1,736	2,165
Other Currencies	119	119	103	103
Total	(1,797)	(6,700)	1,992	2,366

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK

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

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

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

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

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

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK (Continued)

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	2,171,819	2,171,819
Banks	732,972	-	-	-	-	14,772	747,744
Financial assets at fair value through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	1,801	450,714	842,534	-	7,588	1,302,637
Loans	1,045,584	1,110,059	1,185,169	83,905	-	3,113	3,427,830
Financial Assets Measured at Amortized Cost	7,157	1,077	1,142,745	1,727,869	-	-	2,878,848
Other assets ⁽¹⁾	29,597	65,996	214,494	365,987	-	363,074	1,039,148
Total assets	1,815,310	1,178,933	2,993,122	3,020,295	-	2,560,366	11,568,026
Liabilities							
Bank Deposits	1,307,156	-	183,052	-	-	20	1,490,228
Other Deposits	74,488	253,506	54,494	-	-	2,685,391	3,067,879
Money Market Borrowings	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	1,124,656	382,048	3,594,252	82,917	-	-	5,183,873
Other liabilities ⁽²⁾	260	529	1,689	(143)	-	1,823,711	1,826,046
Total liabilities	2,506,560	636,083	3,833,487	82,774	-	4,509,122	11,568,026
Long Position in the Balance Sheet	-	542,850	-	2,937,521	-	-	3,480,371
Short Position in the Balance Sheet	(691,250)	-	(840,365)	-	-	(1,948,756)	(3,480,371)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
Total Position	(691,250)	542,850	(840,365)	2,937,521	-	(1,948,756)	-

⁽¹⁾ Other Assets: The amount of TL 363,074 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 219,134, Expected Credit Loss amounting to TL 18,613, Intangible Assets amounting to TL 8,558, deferred tax amounting to TL 19,949, other non-interest bearing amounting to TL 133,046 Assets Held For Sale Purpose amounting to TL 1,000 of other undistributed amounts.

⁽²⁾ Other Liabilities: The amount of TL 1,823,711 in the Non-Interest Bearing Column is composed of Shareholders’ Equity amounting to TL 1,512,080, Provisions amounting to TL 108,680 Current Tax Liability amounting to TL 40,313 and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 162,638.

⁽³⁾ Includes financial lease receivables.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	1,666,336	1,666,336
Banks	1,347,358	48,462	-	-	-	9,781	1,405,601
Financial assets at fair value through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	255,100	-	-	-	-	-	255,100
Financial Assets at Fair Value Through Other Comprehensive Income	69	99,239	213,698	868,828	-	5,571	1,187,405
Loans	1,132,849	545,132	437,840	542,719	-	3,297	2,661,837
Financial Assets Measured at Amortized Cost	11,840	253,658	495,768	1,516,597	-	-	2,277,863
Other assets ⁽¹⁾⁽³⁾	18,678	36,896	167,872	242,889	-	284,824	751,159
Total assets	2,765,894	983,387	1,315,178	3,171,033	-	1,969,809	10,205,301
Liabilities							
Bank Deposits	1,262,331	301,854	-	-	-	-	1,564,185
Other Deposits	50,617	36,563	28,501	4,168	-	2,260,304	2,380,153
Money Market Borrowings	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	1,218,948	66,709	3,094,280	326,499	-	-	4,706,436
Other liabilities ⁽²⁾	214	526	1,293	-	-	1,552,494	1,554,527
Total liabilities	2,532,110	405,652	3,124,074	330,667	-	3,812,798	10,205,301
Long Position in the Balance Sheet	233,784	577,735	-	2,840,366	-	-	3,651,885
Short Position in the Balance Sheet	-	-	(1,808,896)	-	-	(1,842,989)	(3,651,885)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
Total Position	233,784	577,735	(1,808,896)	2,840,366	-	(1,842,989)	-

⁽¹⁾ Other Assets: The amount of TL 284,824 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 217,794, Expected Credit Loss amounting to TL 18,326, Intangible Assets amounting to TL 4,275, deferred tax amounting to TL 8,732, other non-interest bearing amounting to TL 71,349 Assets Held For Sale Purpose amounting to TL 1,000 of other undistributed amounts.

⁽²⁾ Other Liabilities: The amount of TL 1,552,494 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 1,361,488, Provisions amounting to TL 86,362, Current Tax Liability amounting to TL 25,811 and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 78,833.

⁽³⁾ Includes financial lease receivables.

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

Current Period	EURO	USD	TL
Assets			
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	-	-	8.50
Banks	0.34	2.82	13.36
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	18.20
Loans	5.58	7.79	22.74
Financial Assets Measured at Amortized Cost	3.41	7.23	19.24
Financial Lease Receivables	5.92	7.11	23.81
Liabilities			
Interbank Deposits	2.50	-	15.26
Other Deposits	0.54	1.46	15.52
Money Market Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	1.82	2.90	24.93
Prior Period			
Assets			
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey.	-	-	12.36
Banks	0.15	0.42	22.69
Financial assets at Fair Value through Profit or Loss	-	-	-
Money Market Placements	-	-	14.27
Financial Assets at Fair Value Through Other Comprehensive Income	2.90	5.98	9.86
Loans	4.29	2.77	23.54
Financial Assets Measured at Amortized Cost	-	-	17.83
Financial Lease Receivables	6.11	7.59	20.36
Liabilities			
Interbank Deposits	1.04	0.56	-
Other Deposits	0.28	0.50	13.88
Money Market Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	1.14	2.34	-

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

IV. INFORMATION ON CONSOLIDATED STOCK POSITION RISK

Equity investment risk due from banking book

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

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

None.

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

None.

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

None.

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT

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

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

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

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

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

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

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

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)

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

The Parent Bank is supported by well-established shareholders among most powerful financial institutions in Turkey, Middle East and the North African region. The Parent Bank’s largest shareholder is Libyan Foreign Bank which is 100% owned by the Central Bank of Libya has A&T Bank. Funds received from the Group’s risk group have a 27% share in liabilities.

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

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

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

A large portion of the Parent Bank’s liabilities consist of funds obtained from the parent Libyan Foreign Bank and group banks 90% of these funds are US Dollars, and 10% are EUR.

Information regarding to the liquidity risk mitigation techniques used

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

Information regarding to the usage of Stress Tests

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

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

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

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

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

Liquidity coverage ratio

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

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

	Month	FC	Month	FC+TL
Lowest	August	250	August	302
Highest	July	310	July	377

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

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

Current Period	Consideration Ratio Not Applied Total Value ⁽¹⁾		Consideration Ratio Applied Total Value ⁽¹⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	7,283,583	7,122,663	5,831,536	5,711,164
CASH OUTFLOWS				
2 Real person deposits and retail deposits	1,396,431	1,347,793	137,492	134,779
3 Stable deposit	43,028	-	2,151	-
4 Deposit with low stability	1,353,403	1,347,793	135,341	134,779
5 Unsecured debts except real person deposits and retail deposits	4,591,334	4,295,766	3,488,945	3,242,824
6 Operational deposit	-	-	-	-
7 Non-operating deposits	4,319,306	4,219,462	3,216,917	3,166,520
8 Other unsecured debts	272,028	76,304	272,028	76,304
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	8,344,007	8,272,221	447,506	442,061
16 TOTAL CASH OUTFLOW	14,331,772	13,915,780	4,073,943	3,819,664
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	2,473,199	1,676,422	2,256,421	1,606,419
19 Other cash inflows	59,992	59,992	59,992	59,992
20 TOTAL CASH INFLOWS	2,533,191	1,736,414	2,316,413	1,666,411
			Upper Limit Applied Amounts	
21 TOTAL HQLA STOCK			5,831,536	5,711,164
22 TOTAL NET CASH OUTFLOWS			1,757,530	2,153,253
23 LIQUIDITY COVERAGE RATIO (%)			331.80	265.23

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

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

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

Prior Period	Consideration Ratio Not Applied Total Value (1)		Consideration Ratio Applied Total Value (1)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	4,502,883	4,165,330	3,710,664	3,373,111
CASH OUTFLOWS				
2 Real person deposits and retail deposits	828,749	788,058	80,997	78,806
3 Stable deposit	37,548	-	1,877	-
4 Deposit with low stability	791,201	788,058	79,120	78,806
5 Unsecured debts except real person deposits and retail deposits	2,897,572	2,719,088	2,243,696	2,075,082
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2,693,360	2,668,256	2,039,484	2,024,250
8 Other unsecured debts	204,212	50,832	204,212	50,832
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	5,783,340	5,741,942	326,767	321,854
16 TOTAL CASH OUTFLOW	9,509,661	9,249,088	2,651,460	2,475,742
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,908,049	1,374,203	1,708,268	1,315,651
19 Other cash inflows	84,278	24,918	84,278	24,918
20 TOTAL CASH INFLOWS	1,992,327	1,399,121	1,792,546	1,340,569
			Upper Limit Applied Amounts	
21 TOTAL HQLA STOCK			3,710,664	3,373,111
22 TOTAL NET CASH OUTFLOWS			902,095	1,136,600
23 LIQUIDITY COVERAGE RATIO (%)			411.34	296.77

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)

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

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

Sections High-quality liquid assets comprised of

High-quality liquid assets consist of cash, effectives, debt instruments issued by CBRT and treasury, debt instruments with a credit or default rating from A+ to BBB- or any equivalent Debt Instruments. CBRT accounts for 39% of high-quality liquid assets of the Parent Bank, while 59% comprised of debt instruments issued by the Treasury, and 2% from safe and effective warehouses.

Sections Funding sources comprised of and their densities within all funds

A significant part of the funding sources are comprised of deposits received. 39% 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 of 30 September 2022, the net cash outflow from derivative transactions is none.

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

A significant part of the funding sources are comprised of deposits received. 39% 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 Parent Bank obtains funds essentially from main shareholder Libyan Foreign Bank and its subsidiaries. These reliable and ongoing funds are renewed at different maturities and expected to continue for many years.

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

None.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)

Presentation of assets and liabilities based on their outstanding maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Unallocated	Total
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	148,121	2,023,698	-	-	-	-	-	2,171,819
Banks	294,975	452,769	-	-	-	-	-	747,744
Financial Assets at Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	1,801	450,718	842,530	-	7,588	1,302,637
Loans	-	1,045,583	843,842	1,451,387	83,905	-	3,113	3,427,830
Investment securities held-to- maturity	-	7,157	1,077	1,142,745	1,727,869	-	-	2,878,848
Other assets ⁽¹⁾⁽³⁾	59	77,237	65,996	214,494	365,987	-	315,375	1,039,148
Total Assets	443,155	3,606,444	912,716	3,259,344	3,020,291	-	326,076	11,568,026
Liabilities								
Interbank Deposits	1,097,030	210,146	-	183,052	-	-	-	1,490,228
Other Deposits	2,685,391	74,488	253,484	54,516	-	-	-	3,067,879
Funds provided from other financial institutions	-	-	-	-	-	-	-	-
Money market borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	1,039,249	13,552	3,571,430	559,642	-	-	5,183,873
Other liabilities ⁽²⁾	-	1,934	2,497	1,546	-	-	1,820,069	1,826,046
Total Liabilities	3,782,421	1,325,817	269,533	3,810,544	559,642	-	1,820,069	11,568,026
Net Liquidity Gap	(3,339,266)	2,280,627	643,183	(551,200)	2,460,649	-	(1,493,993)	-
Prior Period								
Total Assets	209,530	4,261,177	895,433	1,403,136	3,171,030	-	264,995	10,205,301
Total Liabilities	3,313,735	1,433,308	342,816	2,877,194	690,987	-	1,547,261	10,205,301
Net Liquidity Gap	(3,104,205)	2,827,869	552,617	(1,474,058)	2,480,043	-	(1,282,266)	-

⁽¹⁾ Other Assets: The amount of TL 315,375 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 219,134, Expected credit loss amounting to TL 18,613, Intangible Assets amounting to TL 8,558, Deferred Tax Assets amounting to TL 19,949 and other Non-Interest Bearing amounting to TL 85,347 and Assets Held For Sale Purpose amounting to TL 1,000 of other undistributed amounts.

⁽²⁾ Other Liabilities: The amount of TL 1,820,069 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 1,512,080 Provisions amounting to 108,680, Deferred Tax Liabilities amounting to TL 40,313 and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 158,996.

⁽³⁾ Includes financial lease receivables

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

SECTION FOUR**INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****VI. EXPLANATIONS ON LEVERAGE RATIO****Leverage Ratio**

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

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

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

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

	Current Period⁽²⁾	Prior Period
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ⁽¹⁾	11,163	4,573
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements”	-	-
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	-	2,127
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	3,880,594	2,438,587
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	150,124	72,581
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	-	-
Total Risk Amount	4,041,881	2,517,868

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

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

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

SECTION FOUR**INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****VI. EXPLANATIONS ON LEVERAGE RATIO (Continued)****Leverage ratio disclosure as follows:**

	Balance sheet assets	Current Period	Prior Period
1	Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	11,531,925	7,451,280
2	(Assets deducted from main capital)	(5,582)	(4,572)
3	Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	11,526,343	7,446,708
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	-	-
5	Potential credit risk amount of derivative financial instruments and credit derivatives	-	10
6	Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	-	10
	Security or secured financing transactions		
7	Risk amount of security or secured financing transactions (Except balance sheet)	12,813	49,654
8	Risk amount due to intermediated transactions	-	-
9	Total risk amount of security or secured financing transactions (Sum of 7th and 8th rows)	12,813	49,654
	Off-balance sheet transactions		
10	Gross nominal amount of off-balance sheet transactions	7,594,750	4,880,181
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)	7,594,750	4,880,181
	Equity and total risk		
13	Main capital	1,432,065	1,259,291
14	Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	19,133,906	12,376,553
	Leverage ratio		
15	Leverage ratio	7.52%	10.34%

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

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

SECTION FOUR**INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)****VII. EXPLANATIONS ON RISK MANAGEMENT****Overview of Risk Weighted Amount**

	Risk Weighted Amount		Minimum capital Requirement
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	7,192,247	4,824,066	575,380
2 Standardised approach (SA)	7,192,247	4,824,066	575,380
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	-	244	-
5 Standardised approach for counterparty credit risk (SA-CCR)	-	244	-
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-
9 Investments made in collective investment companies – mandate-based approach	-	-	-
10 Investments made in collective investment companies - 12.50% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	1,509,325	349,563	120,746
17 Standardised approach (SA)	1,509,325	349,563	120,746
18 Internal model approaches (IMM)	-	-	-
19 Operational Risk	721,663	623,450	57,733
20 Basic Indicator Approach	721,663	623,450	57,733
21 Standard Approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	9,423,235	5,797,323	753,859

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

None.

RWA flow statements of market risk exposures under an IMA

None.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

VIII. INFORMATION ON CONSOLIDATED OPERATING SEGMENTS

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

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

Information on operational segments on 30 September 2022, 31 December 2021 and 30 September 2021 are presented in the table below:

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Interest Income (Net)	(835)	280,772	82,481	-	362,418
Commission Income (Net)	-	77,518	-	-	77,518
Unallocated Income/Expenses (Net)	-	-	-	(223,255)	(223,255)
Revenues from Affiliates- Dividend Income	-	-	-	63	63
<i>Dividend Income</i>	-	-	-	-	-
<i>Other Dividend Income</i>	-	-	-	63	63
Operating Income	(835)	358,290	82,481	(223,192)	231,250
Income before tax	-	-	-	231,250	231,250
Tax Provision	-	-	-	(56,419)	(56,419)
Net Profit for the period	-	-	-	174,831	174,831

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Segment Assets	5,848	2,873,000	6,958,650	810,722	-
Unallocated assets	-	-	-	-	919,806
Total Assets	5,848	2,873,000	6,958,650	810,722	919,806
Segment Liabilities	1,396,382	1,675,747	6,067,413	643,640	-
Unallocated Liabilities	-	-	-	-	272,764
Equity	-	-	-	-	1,512,080
Total Liabilities	1,396,382	1,675,747	6,067,413	643,640	1,784,844

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations of the Group
Interest Income (Net)	(579)	119,619	105,314	25,373	-	249,727
Commission Income (Net)	-	49,086	-	839	-	49,925
Unallocated Income/Expenses (Net)	-	-	-	(15,512)	(117,245)	(132,757)
Operating Income	(579)	168,705	105,314	10,700	(117,204)	166,936
<i>Income from Subsidiaries</i>	-	-	-	-	-	-
<i>Income before tax</i>	-	-	-	-	166,936	166,936
<i>Tax Provision</i>	-	-	-	-	(39,316)	(39,316)
Net Profit for the period	-	-	-	-	127,620	127,620

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations of the Group
Segment Assets	2,218	1,875,775	7,026,687	629,544	-	9,534,224
Unallocated assets	-	-	-	-	671,077	671,077
Total Assets	2,218	1,875,775	7,026,687	629,544	671,077	10,205,301
Segment Liabilities	972,106	1,407,305	5,819,611	472,117	-	8,671,139
Unallocated Liabilities	-	-	-	-	172,674	172,674
Equity	-	-	-	-	1,361,488	1,361,488
Total Liabilities	972,106	1,407,305	5,819,611	472,117	1,534,162	10,205,301

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	1,871	74,241	3,381	54,381
Central Bank of Turkey	72,009	2,023,698	4,705	1,603,869
Other	-	-	-	-
Total	73,880	2,097,939	8,086	1,658,250

Information related to the account of Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	72,009	-	4,705	-
Unrestricted Time Deposits	-	767,874	-	633,972
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	1,255,824	-	969,897
Total	72,009	2,023,698	4,705	1,603,869

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

In accordance with the “Communiqué Regarding the Reserve Requirements no. 2005/1, the Bank is required to maintain reserves in CBT for TL and foreign currency liabilities. The reserve requirements can be maintained as TL, USD, EUR and gold. The required reserve rates for TL liabilities vary between 3% and 8% for TL deposits and other liabilities according to their maturities as of 30 September 2022 (31 December 2021: 3% and 8% for all TL liabilities). The reserve rates for foreign currency liabilities vary between 5% and 26% for deposit and other foreign currency liabilities according to their maturities as of 30 September 2022 (31 December 2021: 5% and 26% for all foreign currency liabilities). According to the conversion rate from real person and commercial entity foreign currency deposit to Turkish Lira time deposit account, additional reserve requirements might be established on foreign currency deposits and precious metal deposit accounts. As of April 15, 2022, the 8.5% interest rate applied by the CBT for required reserves in Turkish Lira has been terminated. No interest is paid for required reserves in foreign currency.

Within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" numbered 2021/14 and CBT correspondence dated 31.08.2022 numbered 1579, depending on the conversion rates and the share of Turkish Lira deposits in the total, commission over foreign currency reserve requirements might be applied.

Within the scope of the “Communiqué on the Establishment of Turkish Lira Securities for Foreign Currency Liabilities” numbered 2022/20; there is a practice of placing securities over foreign currency liabilities and assets (majorly based on loan allocation, loan growth and differentiation according to interest rate).

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****2. Information on financial assets at fair value through profit or loss**

As of 30 September 2022, there are no financial assets given as collateral/blocked among financial assets at fair value through profit or loss. (31 December 2021: None) There are no financial assets subject to repo transactions (31 December 2021: None).

Positive differences related to derivative financial assets

None.

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	221,055	238,964	34,149	1,212,418
Foreign banks	13,507	274,218	26,060	132,974
Branches and head office abroad	-	-	-	-
Total	234,562	513,182	60,209	1,345,392

Information on Expected Credit Losses Information on Expected Loss Provisions

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	1,284	-	-	1,284
Additions during the Period (+)	496	-	-	496
Disposal (-)	(1,214)	-	-	(1,214)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
Balances at End of Period	566	-	-	566

Prior period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	828	-	-	828
Additions during the Period (+)	1,252	-	-	1,252
Disposal (-)	(796)	-	-	(796)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
Balances at End of Period	1,284	-	-	1,284

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****4. Information on financial assets at fair value through other comprehensive income*****Information on transaction of repo and collateral/blocked financial assets (Net)***

The Bank does not have any financial assets at fair value through other comprehensive income that are subject to repo transactions.

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 2021: None).

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

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

Information on Financial assets at fair value through other comprehensive income

	Current Period	Prior Period
Debt Securities	1,365,078	1,223,206
Quoted in stock exchange	1,365,078	1,223,206
Not quoted in stock exchange	-	-
Share Certificates	7,588	5,572
Quoted in stock Exchange	-	-
Not quoted in stock Exchange	7,588	5,572
Impairment provision (-)	70,029	41,373
Total	1,302,637	1,187,405

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	2	31,726	-	41,328
Corporate Shareholders	2	31,726	-	41,328
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to the Bank’s personnel	5,848	1,256	2,218	904
Total	5,850	32,982	2,218	42,232

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

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled Loans with revised contract terms	Refinancing
Non-Specialized Loans	3,424,717	-	-	-
Commercial Loans	-	-	-	-
Export Loans	403,265	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,460,509	-	-	-
Consumer Loans	5,848	-	-	-
Credit Cards	-	-	-	-
Other	1,555,095	-	-	-
Specialized Lending	-	-	-	-
Other Receivables	-	-	-	-
Total	3,424,717	-	-	-

	Standard Loan (*)	Loans Under Close Monitoring (*)
12-Month expected credit losses	9,947	-
Significant increase in credit risk	-	392

(*) Includes lease receivables.

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

	Short Term	Middle and Long Term	Total
Consumer Loans-TL	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Loans- TL	672	5,176	5,848
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	672	5,176	5,848
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Deposits with Credit Limit-TL (Individual)	-	-	-
Deposits with Credit Limit-FC (Individual)	-	-	-
Consumer Loans-TL	672	5,176	5,848

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

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	-	9,875	9,875
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	9,875	9,875
Other	-	-	-
Commercial Installment Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Commercial Installment Loans - FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	-	9,875	9,875

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	3,189,953	2,645,585
Foreign loans	237,877	16,252
Total	3,427,830	2,661,837

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****5. Information on Loans (Continued)*****Specific provisions for loans***⁽¹⁾

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	-
Uncollectible loans and receivables	4,556	4,062
Total	4,556	4,062

(1) Includes Financial lease receivables

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

None.

Information on movement of total non-performing loans

	III. Group Loans and receivables with limited collectibles	IV. Group Loans and receivables with doubtful collectibles	V. Group Uncollectible loans and receivables
Balances at Beginning of Period	-	-	4,228
Additions (+)	-	-	2,217
Transfers from other categories of nonperforming loans (+)	-	-	-
Transfers to other categories of nonperforming loans (-)	-	-	-
Collections (-)	-	-	1,783
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
Balances at End of the Period	-	-	4,662
Specific provisions (-)	-	-	4,556
Net Balance on Balance Sheet	-	-	106

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

SECTION FIVE

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

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

5. Information on Loans (Continued)

Information on foreign currency non-performing loans

Bank does not have non-performing loan receivables in foreign currency. (31 January 2021: None).

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Non-performing loans and receivables
Current Period (Net)	-	-	106
Loans granted to real persons and legal entities (Gross)	-	-	4,662
Specific provisions (-)	-	-	4,556
Loans granted to real persons and legal entities (Net)	-	-	106
Banks (Gross) ⁽¹⁾	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
Prior Period (Net)	-	-	166
Loans granted to real persons and legal entities (Gross)	-	-	4,228
Specific provisions (-)	-	-	4,062
Loans granted to real persons and legal entities (Net)	-	-	166
Banks (Gross) ⁽¹⁾	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and receivables (Gross) ⁽²⁾	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

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

	III. Group Loans with Limited Collectability	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans
Current Period (Net)	-	13	-
Interest Accruals, Rediscounts and Valuation Differences	-	191	-
Provision Amount (-)	-	178	-
Prior Period (Net)	-	-	-
Interest Accruals, Rediscounts and Valuation Differences	-	-	-
Provision Amount (-)	-	-	-

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****5. Information on Loans (Continued)*****Collection policy on loans determined as loss and other receivables***

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

Information on write-off policy

The Group is in the effort to provide collections from loans under legal follow-up under the leadership of Corporate and Commercial Credits Monitor and Follow-up Department and Legal and Legislation Services Department and other related departments. However the absence of reasonable collection ability in any condition and manner regarding the recovery of the mentioned loans, determined as loss in which the bank monitors by allocate 100% provision under 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 do not have any written off loans (31 December 2021: TL 3,250).

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

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	7,862	-	3,297	11,159
Additions during the Period	6,031	-	-	6,031
Disposal	(5,702)	-	(184)	(5,886)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	8,191	-	3,113	11,304

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	9,090	-	4,733	13,823
Additions during the Period	5,189	-	-	5,189
Disposal	(6,417)	-	(1,436)	(7,853)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	7,862	-	3,297	11,159

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

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

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	1,136	858	765	2,759
Additions during the Period	1,065	48	1,047	2,160
Disposal	(475)	(465)	(387)	(1,327)
Transfer to Stage1	31	(31)	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	(18)	18	-
Write-offs	-	-	-	-
Balances at End of Period	1,757	392	1,443	3,592

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	1,006	1,830	1,894	4,730
Additions during the Period	761	356	3,414	4,531
Disposal	(674)	(1,276)	(1,302)	(3,252)
Transfer to Stage1	126	(126)	-	-
Transfer to Stage 2	(83)	83	-	-
Transfer to Stage 3	-	(9)	9	-
Write-offs	-	-	(3,250)	(3,250)
Balances at End of Period	1,136	858	765	2,759

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****6. Information on financial assets measured at amortised cost*****Information on transaction of repo and collateral/blocked financial assets (Net)***

The Bank have does not have any financial assets measured at amortised cost that are subject to repo transactions. (31 December 2021: None)

The Bank have TL 6,246 financial assets measured at amortised cost, which are given as collateral / blocked from assets (31 December 2021: TL 4,422).

Information on government financial assets measured at amortised cost

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	80,197	2,356,267	69,669	1,423,414
Treasury Bonds	-	-	-	-
Other Public Bonds	-	442,384	44,350	740,430
Total	80,197	2,798,651	114,019	2,163,844

Information on financial assets measured at amortised cost

	Current Period	Prior Period
Debt Instruments	2,878,848	2,277,863
Quoted at stock exchange	2,878,848	2,277,863
Not-quoted at stock exchange	-	-
Impairment loss provision (-)	-	-
Total	2,878,848	2,277,863

Movement of financial assets measured at amortised cost

	Current Period	Prior Period
Balances at the Beginning of the Period	2,277,863	1,198,969
Foreign Currency Gains / Losses on Monetary assets	618,554	929,378
Purchases during the Period	943,128	952,398
Disposals through sales and redemptions ⁽¹⁾	(960,697)	(802,882)
Impairment loss provision	-	-
Period end balance	2,878,848	2,277,863

⁽¹⁾ In the current period redemption amounting to TL 960,697 has been realized from the portfolio (31 December 2021: TL 802,882).

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

Current Period	Stage 1	Stage 2	Stage 3	Total
Balance at End of Prior Period	3,124	-	-	3,124
Additions during the Period	2,066	-	-	2,066
Disposals	(2,039)	-	-	(2,039)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balance at End of Period	3,151	-	-	3,151

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balance at End of Prior Period	3,271	-	-	3,271
Additions during the Period	1,334	-	-	1,334
Disposals	(1,481)	-	-	(1,481)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balance at End of Period	3,124	-	-	3,124

7. Information on associates

The Group does not have an associate.

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

	Current Period	Prior Period
CORE CAPITAL		
Paid in Capital	140,000	126,000
Capital Reserves	228	228
Legal Reserves	6,955	6,080
Extraordinary Reserves – Legal Reserve per General Legislation	1	1
Profit / Loss	11,370	15,543
<i>Net Profit</i>	10,702	12,669
<i>Prior Period Profit/Loss</i>	668	2,874
Intangible Assets (-)	1,634	531
Total Core Capital	156,920	147,321
SUPPLEMENTARY CAPITAL	-	-
CAPITAL	156,920	147,321
DEDUCTION FROM CAPITAL	-	-
NET AVAILABLE CAPITAL ⁽¹⁾	156,920	147,321

⁽¹⁾ There is no restriction on shareholders’ equity of subsidiary. After deduction from the capital, the total net available equity is TL 156,920.

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

Summary information on basic features of equity items

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

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

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

ARAP TÜRK BANKASI A.Ş.

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SECTION FIVE

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

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

8. Information on subsidiaries (Net) (Continued)

Summary information on basic features of equity items (Continued)

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

Information about the consolidated financial statements of the subsidiaries

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

Total Assets	Shareholders Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit / Loss	Fair Value (*)
810,722	162,525	11,664	46,863	-	10,702	668	-

(1) The related subsidiary has no fair value measurement as of 30 September 2022.

Movement related to subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	126,202	116,204
Movements during the Period	13,997	9,998
Purchases	-	-
Bonus Shares Received	13,997	9,998
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase, Effect of Inflation and F/X Difference	-	-
Impairment Provision (+)	-	-
Balance at the End of the Period	140,199	126,202
Capital Commitments	-	-
Share Percentage at the end of Period (%)	99.98	99.98

Valuation of investments in subsidiaries

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

Sectoral Information on the subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	140,199	126,202
Finance Companies	-	-
Other Affiliates	-	-

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SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****8. Information on subsidiaries (Net) (Continued)***Quoted Subsidiaries*

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

Subsidiaries sold and acquired in the current year

None.

9. Information on joint ventures

The Parent Bank has no joint ventures.

10. Information on Financial Lease Receivables (Net)

	Current Period	Prior Period
Gross Financial Lease Investment	771,840	537,848
Earned Financial Lease Income (-)	88,117	61,163
Cancelled Leasing Amounts	-	-
Net Investment on Leases	683,723	476,685

	Current Period	Prior Period
Stage 1	608,176	373,559
Stage 2	73,998	102,195
Stage 3	1,549	931
Total	683,723	476,685

Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	368,509	317,735	267,982	233,796
Between 1-4 years	403,331	365,988	269,866	242,889
Over 4 years	-	-	-	-
Total	771,840	683,723	537,848	476,685

11. Information on financial derivatives for hedging

The Bank has no financial derivatives for hedging.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED ASSETS (Continued)****12. Information on investment property**

The Group has no investment property.

13. Information on tax assets

The Bank's deferred tax assets calculated over tax deductions and exceptions as of 30 September 2022, and the amounts that arise between the book value of the assets or liabilities in the balance sheet and the tax base determined in accordance with the tax legislation and to be taken into account in the calculation of financial profit / loss in the following periods. The deferred tax assets calculated amounting to TL 50,868 and deferred tax liability amounting to TL 30,919 were netted off.

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

	Current Period		Prior Period	
	Accumulated temporary differences	Deferred tax asset/ (liability)	Accumulated temporary differences	Deferred tax asset/ (liability)
Provisions for employee rights	59,219	14,468	37,464	7,810
Unearned revenues	5,281	1,320	4,709	1,083
Interest rediscounts	95,797	23,950	60,031	13,807
Provisions	38,654	9,664	39,788	9,151
Other	6,263	1,466	2,696	610
Deferred tax asset	205,214	50,868	144,688	32,461
Revaluation differences on tangible assets	177,310	27,279	177,310	21,824
Other	15,091	3,640	9,047	1,905
Deferred tax liability	192,401	30,919	186,357	23,729
Deferred tax asset / (liability) net		19,949		8,732

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

	Current Period	Prior Period
Opening balance	8,732	(875)
Deferred tax income/(expense)(Net)	8,743	6,492
Deferred tax accounted under shareholder's equity	2,474	3,115
Net Deferred Tax Asset/(Liability)	19,949	8,732

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

	Current Period	Prior Period
Cost	1,000	1,210
Impairment (-)	-	-
Accumulated Depreciation (-)	-	-
Prior Period Net Book Value	1,000	1,210
Opening Balance	1,000	1,210
Additions	-	-
Disposals (-)	-	210
Accumulated Impairment (-)	-	-
Impairment (-)	-	-
Accumulated Depreciation (-)	-	-
Depreciation of disposals	-	-
Depreciation Expenses (-)	-	-
Closing Net Book Value	1,000	1,000

15. Information on other assets

Other assets is amounting to TL 125,397 and does not exceed 10% of total assets of balance sheet except off balance sheet commitments (31 December 2021: TL 60,999).

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

SECTION FIVE

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

II. INFORMATION ON DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulating Deposit Accounts	Total
Saving Deposits	29,044	-	1,678	16,902	3,764	-	-	-	51,388
Foreign Currency Deposits	2,633,057	-	236	67,599	29,375	24,987	51,041	-	2,806,295
Residents in Turkey	790,114	-	236	20,104	9,931	2,548	598	-	823,531
Residents Abroad	1,842,943	-	-	47,495	19,444	22,439	50,443	-	1,982,764
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	9,798	-	-	186,906	-	-	-	-	196,704
Other Ins. Deposits	13,492	-	-	-	-	-	-	-	13,492
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,097,030	-	28,587	181,557	-	-	183,054	-	1,490,228
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	70,241	-	-	181,557	-	-	-	-	251,798
Foreign Banks	1,026,789	-	28,587	-	-	-	183,054	-	1,238,430
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3,782,421	-	30,501	452,964	33,139	24,987	234,095	-	4,558,107

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulating Deposit Accounts	Total
Saving Deposits	29,610	-	1,556	2,110	3,444	-	-	-	36,720
Foreign Currency Deposits	2,209,444	-	583	51,178	20,249	28,571	11,970	-	2,321,995
Residents in Turkey	712,303	-	248	13,950	5,521	1,354	1,073	-	734,449
Residents Abroad	1,497,141	-	335	37,228	14,728	27,217	10,897	-	1,587,546
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	13,832	-	-	188	-	-	-	-	14,020
Other Ins. Deposits	7,418	-	-	-	-	-	-	-	7,418
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,053,431	-	75,473	301,854	133,427	-	-	-	1,564,185
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	1,053,431	-	75,473	301,854	133,427	-	-	-	1,564,185
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	3,313,735	-	77,612	355,330	157,120	28,571	11,970	-	3,944,338

Currency-protected deposit product, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against exchange rate changes in foreign currency, has started to be offered to bank customers. As of 30 September 2022, the total amount of deposits includes TL 198,615 (31 December 2021: None) deposits within this scope.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)****1. Information on maturity profile of deposits (Continued)****Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit**

	Covered by Deposit Insurance Fund		Not Covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	11,630	13,816	39,758	22,904
Foreign Currency Saving Deposits	346,313	216,779	998,681	718,607
Other Saving Deposits	-	-	-	-
Foreign Branches’ Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	357,943	230,595	1,038,439	741,511

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

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.

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

Individual deposits not covered by deposit insurance

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	-	-
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	22,132	12,960
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depository Banks established for Off-Shore Banking Activities in Turkey	-	-
Total	22,132	12,960

2. Information on derivative financial liabilities**Negative differences on derivative financial liabilities**

None.

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From CBRT	-	-	-	-
From Domestic Banks and Institutions	16,525	-	-	-
From Foreign Banks, Institutions and Funds	-	5,167,348	-	4,706,436
Total	16,525	5,167,348	-	4,706,436

Presentation of funds borrowed based on maturity profile

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	10,070	1,859,214	-	1,544,242
Long-Term	6,455	3,308,134	-	3,162,194
Total	16,525	5,167,348	-	4,706,436

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

Group's liabilities come from 39% of deposits.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)****4. Information on other liabilities**

Other liabilities in the balance sheet amounts to TL 162,638 and does not exceed 10% of the total balance sheet (31 December 2021: TL 78,833).

5. Information on financial lease obligations

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	1,155	916	464	461
Between 1 – 4 years	1,781	827	1,418	327
More than four years	1,970	592	3,052	1,245
Total	4,906	2,335	4,934	2,033

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

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

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

The Group reserved for employee severance indemnities in the accompanying consolidated financial statements using actuarial method in compliance with the updated “TAS 19 - Employee Benefits”. Accumulated all actuarial gains and losses in equity are recognized in other capital reserves. The unused vacation provision amount as at 30 September 2022 is TL 33,870 (31 December 2021: TL 22,841). In addition to this, the employee termination benefit liability amount is TL 25,349 (31 December 2021: TL 14,623).

Information on other provisions

As of 30 September 2022, the Group has free provisions for possible risks amounting to TL 15,000 (31 December 2021: TL 15,000).

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

	Current Period	Prior Period
Free provisions for possible risks	15,000	15,000
Expected credit losses for non-cash loans	33,907	31,790
Provisions for lawsuits	84	268
Other	470	1,840
Total	49,461	48,898

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SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)****8. Information on tax payables*****Information on current tax liability***

As of 30 September 2022, the Bank’s corporate tax payable is TL 28,278 (31 December 2021: TL 16,124) after offsetting prepaid corporate tax.

	Current Period	Prior Period
Corporate Taxes Payable	28,278	16,124
Banking Insurance Transaction tax (BITT)	3,135	1,780
Taxation on Securities Income	179	154
Value Added Tax Payable	764	1,021
Value Added Tax Payable (Limited taxpayer)	-	-
Foreign exchange transaction tax	-	-
Taxation on real estate income	13	13
Other	4,781	4,916
Total	37,150	24,008

Information on premium payables

	Current Period	Prior Period
Social Security Premiums-Employee	1,155	659
Social Security Premiums-Employer	1,776	1,012
Bank Pension Fund Premium-Employee	-	-
Bank Pension Fund Premium-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	77	44
Unemployment Insurance-Employer	155	88
Others	-	-
Total	3,163	1,803

Information on deferred tax liability

None.

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

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

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

The Parent Bank has no subordinated loans.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

SECTION FIVE

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

II. INFORMATION ON DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)

9. Information on Shareholders’ Equity

Presentation of Paid-in Capital

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

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

Registered share capital system is not implemented in the Parent Bank.

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

None.

Information on share capital increases from capital reserves

None.

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

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

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

None.

Explanations on dividend distribution

None.

SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES (Continued)****9. Information on Shareholders’ Equity (Continued)*****Information on the privileges given to stocks representing the capital***

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

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

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

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

Fractional shares shall be allocated by the Board of Directors.

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Valuation Differences	14,941	(49,029)	9,494	(32,970)
Exchange Rate Differences	-	-	-	-
Total	14,941	(49,029)	9,494	(32,970)

Information on legal reserve

In accordance with the decision taken at the 44rd Ordinary General Assembly Meeting held on 24 March 2022 and Article 519 of the Turkish Commercial Code No. 6102, full TL 8,016,804.26 was transferred from previous years' profits to legal reserves in the current period.

Information on Minority Shares

None.

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

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

The Group has TL 45,049 as irrevocable commitments (31 December 2021: TL 2,527).

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

As of the balance sheet date, the Group has allocated the provision amounting TL 10,848 over total non-cash loans (31 December 2021: TL 6,940).

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 2,310,792 (31 December 2021: TL 1,155,778).

Final guarantees, temporary guarantees, commitments and similar transactions

The total amount of the Group’s guarantee letters is TL 5,682,851 (31 December 2021: TL 5,236,381).

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 24 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

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	258,370	318,065
Less Than or Equal to One Year with Original Maturity	44,445	31,990
More Than One Year with Original Maturity	213,925	286,075
Other Non-Cash Loans	7,735,273	6,074,094
Total	7,993,643	6,392,159

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SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****III. INFORMATION AND DISCLOSURES RELATED TO CONSOLIDATED OFF-BALANCE SHEETS (Continued)****7. Information on Expected Loss Provisions**

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	24,850	-	6,940	31,790
Additions during the Period	11,548	-	3,908	15,456
Disposal	(13,339)	-	-	(13,339)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	23,059	-	10,848	33,907

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	19,634	-	1,145	20,779
Additions during the Period	10,308	-	5,795	16,103
Disposal	(5,092)	-	-	(5,092)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	24,850	-	6,940	31,790

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

SECTION FIVE**IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS****1. Information on interest income***Information on interest income received from loans*

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Received from Loans ⁽¹⁾				
Short- Term Loans	194,362	40,179	74,856	10,350
Medium and Long- Term Loans	5,340	44,365	6,679	29,227
Interest Received From Non-Performing Loans	955	-	-	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
Total	200,657	84,544	81,535	39,577

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank	-	-	-	-
From Domestic Banks	5,759	8,678	6,151	4,383
From Foreign Banks	3,701	429	524	60
From Foreign Headquarter and Branches	-	-	-	-
Total	9,460	9,107	6,675	4,443

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value Through Profit or Loss	-	-	716	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	2,529	50,243	1,115	23,222
Financial Assets Measured at Amortised Cost	13,228	93,921	13,827	45,925
Total	15,757	144,164	15,658	69,147

Information on interest income received from associates and subsidiaries

None.

2. Interest Expense*Information on interest paid for funds borrowed*

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1,132	78,746	504	30,734
Central Bank	-	-	-	-
Domestic Banks	1,132	8	504	721
Foreign Banks	-	78,738	-	30,013
Other Institutions	-	-	-	-
Total	1,132	78,746	504	30,734

Information on interest expense paid to subsidiaries and associates

None.

Information on interest expense given on securities issued

None.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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SECTION FIVE

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

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

2. Interest Expense (Continued)

Maturity structure of the interest expense on deposits

Current Period	Demand Deposit	Time Deposit					Cumulative Deposit	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Turkish Lira								
Interbank deposits	-	6,896	-	-	-	-	-	6,896
Saving deposits	-	99	461	359	6	66	-	991
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	155	1,669	6	-	-	-	1,830
Other deposits	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	-	7,150	2,130	365	6	66	-	9,717
Foreign Currency								
Foreign currency deposits	-	3	149	93	169	289	-	703
Interbank deposits	17	800	-	-	-	5,121	-	5,938
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	17	803	149	93	169	5,410	-	6,641
Grand Total	17	7,953	2,279	458	175	5,476	-	16,358

3. Information on trading gain/loss

	Current Period	Prior Period
Gain	44,245,048	26,847,352
Gain from money market transactions	-	-
Gain from financial derivative transactions	-	4
Gain from exchange transactions	44,245,048	26,847,348
Loss (-)	(44,228,474)	(26,843,239)
Loss from money market transactions	-	-
Loss from financial derivative transactions	(17)	(49)
Loss from exchange transactions	(44,228,457)	(26,843,190)
Net Trading Gain/Loss	16,574	4,113

4. Information on income from other operations

	Current Period	Prior Period
Provisions of prior year	2,376	10,661
Provision for communication expenses	2,834	2,366
Gain on sales of assets	328	246
Other income	2,028	271
Total	7,566	13,544

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SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)****IV. INFORMATION AND FOOTNOTES RELATED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)****5. Information on impairment in loans**

	Current Period	Prior Period
Expected Credit Loss Provisions	2,764	934
12 month expected credit loss (stage 1)	636	87
Significant increase in credit risk (stage 2)	-	32
Non-performing loans (stage 3)	2,128	815
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Subsidiaries, Associates and Entities under Common Control Provision	-	-
Expenses for Impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
Total	2,764	934

6. Information on Other Provision Expenses

	Current Period	Prior Period
Securities Depreciation Expenses	12,671	1,774
Free Provision	-	-
Provisions Lawsuits	-	-
Total	12,671	1,774

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

	Current Period	Prior Period
Employee Termination Benefits Expense	3,007	1,689
Tangible Fixed Asset Impairment Expense	-	-
Amortization Expenses of Tangible Assets	-	-
Intangible Fixed Asset Impairment Expense	2,721	2,216
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	2,239	2,064
Shareholders Equity Procedure Applied Equity Interest Impairment Expense	-	-
Disposable Fixed Asset Impairment Expense	-	-
Amortization Expense of Assets Held for Resale	-	-
Impairment Expense related to Fixed Assets held for sale and discontinued operations	-	-
Other Operating Expenses	38,478	22,188
<i>Operating Lease Expenses out of the scope of TFRS 16</i>	165	62
<i>Maintenance Expenses</i>	11,074	6,870
<i>Advertisement Expenses</i>	345	138
<i>Other Expenses</i>	26,894	15,118
Losses from sales of Assets	-	-
Other	35,185	21,160
Total	81,630	49,317

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

The pre-tax income amount from continued operations is TL 231,250 (30 September 2021: TL 166,936).

SECTION FIVE

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

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

9. Information on tax provision related to continued operations and discontinued operations

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

Current period, current taxation provision is TL 65,162 (30 September 2021: TL 41,739) and the net impact of deferred tax income is TL 8,743 (30 September 2021: TL 2,423 deferred tax income).

Deferred tax charge arising from origination or reversal of temporary differences

The deferred tax income arising from origination of temporary differences is TL 8,743 (30 September 2021: TL 2,423 deferred tax income).

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

The deferred tax income reflected in the income statement computed over temporary difference and tax deductions and exemptions is TL 8,743 (30 September 2021: TL 2,423 deferred tax income).

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

Current period profit from continued operations is TL 174,831 (30 September 2021: TL 127,620).

11. Information on net profit or loss of the period

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

None.

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

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

Profit/loss regarding minority rights

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

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

Other accounts which exceed the 10% of the income statement, other than other operating income and other operating expense, amounting to TL 63,098 consist of transfer commissions, letter of credit commissions and other. (30 September 2021: TL 38,128).

	Current Period	Prior Period
Letter of Credit Commissions	45,161	29,475
Transfer Commissions	13,783	7,223
Other	4,154	1,430
Total	63,098	38,128

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

SECTION FIVE

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

V. INFORMATION ON THE GROUP’S RISK GROUP

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

Information on the loans of the Group’s risk group

Current Period						
Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	-	-	41,328	401,095	233,601
Balance at the end of the period	-	-	2	31,726	34,507	430,361
Interest and Commission Income received ⁽²⁾	-	-	-	-	2,666	-

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

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

Prior Period						
Group’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	-	-	202,385	-	20,150
Balance at the end of the period	-	-	-	41,328	401,095	233,601
Interest and Commission Income received	-	-	-	-	17	-

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

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

The Group has a loan amounting to TL 2,703,730 (31 December 2021: TL 2,711,060) from the risk group. There was an interest expense of TL 55,720 in the current period related to the loans used. (30 September 2021: TL 29,316).

Information on deposits of the Group’s risk group

Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	-	-	48,551	19,697	677,846	1,026,132
Balance at the end of the period	-	-	138,243	48,551	298,671	677,846
Interest expense on deposits	-	-	1,764	669	3,165	18,620

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

Information on forward transactions, options and other contracts related to Group’s risk group

None.

Information on benefits provided for top level management:

For the 30 September 2022 ended, TL 32,191 has been paid to the top level management of the Group as salaries and fringe benefit (30 September 2021: TL 18,269).

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

SECTION FIVE

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

VI. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

SECTION SIX

INDEPENDENT AUDITOR’S REVIEW REPORT

I. INFORMATION ON INDEPENDENT AUDITOR’S REVIEW REPORT

As of 30 September 2022, consolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi and Independent Auditor’s Review Report is presented preceding the financial statements. The independent audit report dated 4 November 2022 is presented before the consolidated financial statements.

II. INFORMATION AND FOOTNOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

I. Evaluation of the Parent Bank’s Chairman and General Manager for the Period

The tightening steps of the Central Banks on the back of the concerns of high inflation and economic recession, developments regarding the war between Russia and Ukraine and rising energy prices continue to be the main agenda of the global markets in the third quarter of 2022.

According to the latest World Economic Outlook Report of the IMF; while global growth forecast for 2022 was kept as 3.2%, in parallel with the continuing deterioration in inflation indicators and the negative effects of geopolitical risks on economic activity, forecast for 2023 was lowered from 2.9% to 2.7%.

Macroeconomic data announced in the USA shows that the economy grew by 2.6% in the third quarter and annual inflation rose to 8.3% as of September. While the Euro Area economy grew by 4% in the second quarter of 2022, the inflation reached 9.9% in the same period. Moreover, both the US Federal Reserve and the European Central Bank increased interest rates by 75 basis points in the third quarter of the year. For the upcoming period, it is evaluated that the tightening monetary policies of the central banks of develop countries will continue to affect economic activity and growth rates on a global scale.

Following 7.5% growth in the first quarter, economic activity in Türkiye displayed a growth performance of 7.6% in the second quarter of the year with the contribution of both domestic demand and foreign trade. On the other hand, a significant increase in inflation was observed in the third quarter of the year due to the rapid rise in energy and food prices, as well as the global inflationary pressures. In this framework, the annual rate of increase in the consumer price index stood at 83.5% at the end of September 2022. In the upcoming period, in addition to the efforts to establish price stability, developments in the current account balance within the framework of the geopolitical developments and the steps to be taken by the central banks of developed countries are expected to be the main agenda items regarding the Türkiye’s economy.

The banking sector has continued to produce robust financial results and has supported Türkiye’s economy in the period we left in 2022. At end-August 2022, while the asset size of the sector grew by 37.8% compared to the previous year-end and reached TL 12.699 billion, loans and deposits climbed to the levels of TL 6.661 billion and TL 7.739 billion, respectively at end-August 2022. On profitability side, depending especially on a substantial increase in net interest income, term profit of the sector climbed seriously to the level of TL 252.2 billion, indicating a remarkable increase by 420% compared to the same period of the previous year. As a result, the return on equity ratio has also went up to 39% on annual basis.

In such a conjuncture, the asset size of the Group increased by 13.4% compared to the end of the previous year and reached TL 11.6 billion at end-September 2022. While the consolidated shareholders' equity stood at TL 1.512 million, consolidated net profit increased by 37.0% to TL 174,8 million. In addition, consolidated capital adequacy standard ratio of the Bank stood at 16,87% in the period examined.

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

Best regards,

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

Dr. Ertan ALTİKULAÇ
Chairman of Board of Directors

ARAP TÜRK BANKASI A.Ş.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

II. Financial Highlights of the Group

Assets (Thousand TL) (1)	30.09.2022	31.12.2021
Financial Assets (Net) (2)	4,221,634	4,513,158
Financial Assets Measured at Amortised Cost (Net) (3)	6,972,354	5,399,343
Property and Equip. Held for Sale Purpose and Related to Discontinued Opr. (Net)	1,000	1,000
Property and Equipment (Net)	219,134	217,794
Intangible Assets (Net)	8,558	4,275
Deferred Tax Assets	19,949	8,732
Other Assets (Net)	125,397	60,999
Total Assets	11,568,026	10,205,301

Liabilities (Thousand TL) (1)	30.09.2022	31.12.2021
Deposits	4,558,107	3,944,338
Funds Borrowed	5,183,873	4,706,436
Payables to Interbank Money Market	-	-
Lease Liabilities (Net)	2,335	2,033
Provisions	108,680	86,362
Current Tax Liability	40,313	25,811
Shareholders' Equity	1,512,080	1,361,488
Other Liabilities	162,638	78,833
Total Liabilities	11,568,026	10,205,301

Off Balance Sheet Commitments (Thousand TL)	30.09.2022	31.12.2021
Guarantees and Warranties	7,993,643	6,392,159
Commitments	168,673	77,315
Total Off Balance Sheet Commitments	8,162,316	6,469,474

Statement of Profit / Loss (Thousand TL)	30.09.2022	30.09.2021
Interest Income	512,664	295,672
Interest Expense (-)	114,363	45,945
Net Interest Income	398,301	249,727
Net Fees & Commission Income	79,941	49,925
Dividend Income	63	41
Trading Income / Loss (Net) (+/-)	16,574	4,113
Other Operating Income	7,566	13,544
Gross Operating Income	502,445	317,350
Expected Credit Loss (-)	2,764	934
Other Provisions Expenses (-)	12,671	1,774
Personnel Expense (-)	174,130	98,389
Other Operating Expenses (-)	81,630	49,317
Net Operating Income / Loss	231,250	166,936
Tax Provision (-)	56,419	39,316
Net Term Profit	174,831	127,620

(1) Rate sensitive assets and liabilities include rediscounts.

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

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

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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

- At end-September 2022, compared to the end of the previous year, total assets of the Group increased by 13.4 % and reached TL 11.568 million. The most significant investment instruments in consolidated assets included net financial assets measured at amortized cost by 60.3% share totaling TL 6.972 million and net financial assets by 36.5% share totaling TL 4.222 million and. Lease receivables totaling TL 684 million constituted 5.9% of consolidated assets.
- External sources constituted 86.9% of consolidated liabilities. Funds borrowed by TL 5.184 million and deposits by TL 4.558 million constituted the majority of the external sources. At end-September 2022, consolidated shareholders' equity stood at TL 1.512 million and constituted 13.1% of consolidated liabilities.
- Consolidated guarantees and suretyships, which include letters of guarantee, letters of credit, bank acceptances and other guarantees, increased 25.1% compared to the end of the previous year to TL 7.994 million.
- In the first nine-month period of 2022, compared to the same period of the previous year net term profit of the Group increased by 37.0% and realized as TL 174.8 million.

IV. Information on Subsidiary Subject to Consolidation

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

V. Other Issues

- There is no significant changes apart from the above mentioned explanations compared to the 2021 Annual Activity Report of the Bank, which has been prepared according to “the Regulations on the Principles and Procedures relating to the Preparation and Publication of the Annual Activity Report prepared by the Banks”.