

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

Arap Türk Bankası Anonim Şirketi

**Unconsolidated Financial Statements
As of and For The Nine-Month Period Ended 30 September 2021
With Auditor's Review Report**
*(Convenience Translation of Unconsolidated
Financial Statements and Related Disclosures and Footnotes
Originally Issued in Turkish)*

10 November 2021

This report contains "Independent Auditor's Review Report" comprising 2 pages and; "Unconsolidated Financial Statements and Related Disclosures and Footnotes" comprising 84 pages.



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

REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying unconsolidated balance sheet of Arap Türk Bankası A.Ş. (the “Bank”) as at 30 September 2021 and the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in shareholders’ equity, the unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial information for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of these 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 unconsolidated interim financial information do not present fairly, in all material respects, the financial position of Arap Türk Bankası A.Ş. at 30 September 2021, and its financial performance and its 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 financial information provided in the accompanying interim activity report in section seven, are not consistent with the reviewed unconsolidated 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 unconsolidated interim financial information is to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated 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 unconsolidated interim financial information and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Erdal Tıkmak, SMMM
Partner

10 November 2021
Istanbul, Turkey

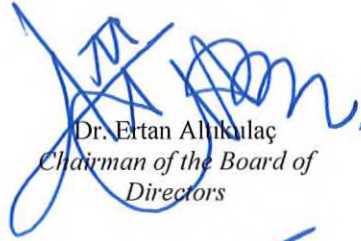
**ARAP TÜRK BANKASI A.Ş. UNCONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021**

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

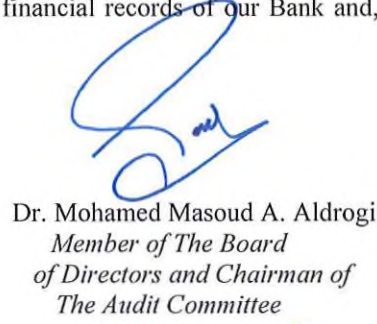
The unconsolidated interim financial report as of and for the nine month period ended 30 September 2021 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

The unconsolidated 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 Alkulaç
Chairman of the Board of Directors



Dr. Mohamed Masoud A. Aldrogi
Member of The Board of Directors and Chairman of The Audit Committee



Salah Bandi
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
Manager

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

Name / Title: F. Betül Yörel / Manager

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ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

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

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

As of 30 September 2021, the Bank’s share capital at the balance sheet date as follows:

Shareholders	Current Period	
	Share amounts	Share percentages ⁽¹⁾
Libyan Foreign Bank	274,426	62.37%
T. İş Bankası A.Ş.	90,534	20.58%
T.C. Ziraat Bankası	67,900	15.43%
Kuwait Investment	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 2020: 0,0000014% share and TL 6.20 (full digit in TL)).

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

Name	Job Title – Description
Dr. Ertan Altıkulaç	Chairman of the Board of Directors
Aflah Omar Magsi	Deputy Chairman of the Board of Directors
Wail J. A. Belgasem	Member of the Board of Directors and General Manager
Dr. Mohamed Masoud A. Aldrogi	Member of the Board of Directors and Chairman of Audit Committee
Salah Bandi	Member of the Board of Directors and Audit Committee
Dr. Sinan Şahin	Member of the Board of Directors and Audit Committee
Abdulkakim A. E. Khamag	Member of the Board of Directors
Hüseyin Serdar Yücel	Member of the Board of Directors
İmge Hilal Soyluoğlu Canlı	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 and Planning Division
Ahmed Fraj Abdullah Ferjani	Assistant General Manager - Information Technologies and Operations Division
Emel Güneş Atagün	Assistant General Manager - Treasury & Economic Research Division

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

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

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

The Bank was established to incorporate commercial activities among 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.

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

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

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

None.

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION TWO

Unconsolidated Financial Statements

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

ARAP TÜRK BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2021
(Thousands of Turkish Lira ("TL"))

ASSETS	Note	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD 30.09.2021			PRIOR PERIOD 31.12.2020		
		TL	FC	TOTAL	TL	FC	TOTAL
I. FINANCIAL ASSETS (Net)		289,192	2,995,805	3,284,997	409,117	1,969,885	2,379,002
1.1 Cash and Cash Equivalents	1	263,654	1,976,083	2,239,737	378,469	1,254,358	1,632,827
1.1.1 Cash and Balances with Central Bank		9,506	1,067,668	1,077,174	4,602	828,833	833,435
1.1.2 Banks	3	14,034	908,415	922,449	503	425,525	426,028
1.1.3 Money Markets		241,123	-	241,123	374,182	-	374,182
1.1.4 Expected Credit Loss (-)		1,009	-	1,009	818	-	818
1.2 Financial Assets Measured at Fair Value Through Profit or Loss	2	-	-	-	16,724	-	16,724
1.2.1 Government Securities		-	-	-	16,724	-	16,724
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	4	25,538	1,019,722	1,045,260	13,924	715,527	729,451
1.3.1 Government Securities		25,314	829,699	855,013	13,700	364,905	378,605
1.3.2 Equity Securities		224	3,555	3,779	224	2,961	3,185
1.3.3 Other Financial Assets		-	186,468	186,468	-	347,661	347,661
1.4 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)		836,235	2,612,525	3,448,760	560,273	2,346,183	2,906,456
2.1 Loans	5	646,900	1,143,694	1,790,594	569,573	1,155,008	1,724,581
2.2 Lease Receivables		-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortised Cost	6	201,153	1,468,831	1,669,984	7,794	1,191,175	1,198,969
2.4.1 Government Securities		11,048	920,658	931,706	7,794	758,375	766,169
2.4.2 Other Financial Assets		190,105	548,173	738,278	-	432,800	432,800
2.5 Expected Credit Loss (-)	5	11,818	-	11,818	17,094	-	17,094
III. ASSETS HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	14	1,000	-	1,000	1,210	-	1,210
3.1 Held for Sale Purpose		1,000	-	1,000	1,210	-	1,210
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		126,202	-	126,202	116,204	-	116,204
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	126,202	-	126,202	116,204	-	116,204
4.2.1 Unconsolidated Financial Subsidiaries		126,202	-	126,202	116,204	-	116,204
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)		145,084	-	145,084	143,086	-	143,086
VI. INTANGIBLE ASSETS (Net)		3,961	-	3,961	3,978	-	3,978
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		3,961	-	3,961	3,978	-	3,978
VII. INVESTMENT PROPERTY (Net)	12	-	-	-	-	-	-
VIII. CURRENT TAX ASSET	13	-	-	-	-	-	-
IX. DEFERRED TAX ASSET	13	2,227	-	2,227	-	-	-
X. OTHER ASSETS (Net)	15	22,956	7,919	30,875	18,567	7,823	26,390
TOTAL ASSETS		1,426,857	5,616,249	7,043,106	1,252,435	4,323,891	5,576,326

ARAP TÜRK BANKASI A.Ş.
UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AT 30 SEPTEMBER 2021

(Para birimi: Tutarlar Bin Türk Lirası olarak ifade edilmistir.)

LIABILITIES	Dipnot	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30.09.2021			31.12.2020		
		TL	FC	TOTAL	TL	FC	TOTAL
I. DEPOSITS	1	62,357	2,717,088	2,779,445	35,524	2,819,174	2,854,698
II. FUNDS BORROWED	3	-	2,844,862	2,844,862	-	1,457,806	1,457,806
III. MONEY MARKETS		-	-	-	-	-	-
IV. SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	2	-	-	-	-	-	-
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	6,288	299	6,587	6,954	415	7,369
X. PROVISIONS	7	63,355	1,573	64,928	58,710	1,145	59,855
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		32,148	-	32,148	23,687	-	23,687
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		31,207	1,573	32,780	35,023	1,145	36,168
XI. CURRENT TAX LIABILITY	8	17,763	-	17,763	9,877	-	9,877
XII. DEFERRED TAX LIABILITY		-	-	-	1,214	-	1,214
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	21,467	32,324	53,791	14,406	18,287	32,693
XVI. SHAREHOLDERS' EQUITY	9	1,271,991	3,739	1,275,730	1,143,787	9,027	1,152,814
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		92,089	-	92,089	94,169	-	94,169
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		285	3,739	4,024	(425)	9,027	8,602
16.5 Profit Reserves		43,709	-	43,709	38,880	-	38,880
16.5.1 Legal Reserves		43,709	-	43,709	38,880	-	38,880
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		-	-	-	-	-	-
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit or (Loss)		695,908	-	695,908	571,163	-	571,163
16.6.1 Prior Periods' Profit or (Loss)		566,334	-	566,334	474,588	-	474,588
16.6.2 Current Period Profit or (Loss)		129,574	-	129,574	96,575	-	96,575
16.7 Minority shares		-	-	-	-	-	-
TOTAL LIABILITIES		1,443,221	5,599,885	7,043,106	1,270,472	4,305,854	5,576,326

ARAP TÜRK BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS
AT 30 SEPTEMBER 2021

(Thousands of Turkish Lira ("TL"))

	Dipnot	THOUSANDS OF TURKISH LIRA (TL)					
		CURRENT PERIOD			PRIOR PERIOD		
		30.09.2021			31.12.2020		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		56,434	4,614,085	4,670,519	78,938	4,275,169	4,354,107
I. GUARANTEES AND WARRANTIES	2	50,377	4,608,413	4,658,790	77,167	4,264,349	4,341,516
1.1. Letters of Guarantee		50,377	3,566,281	3,616,658	77,167	3,695,760	3,772,927
1.1.1. Guarantees Subject to State Tender Law		7,179	-	7,179	7,329	-	7,329
1.1.2. Guarantees Given for Foreign Trade Operations		2,335	3,561,504	3,563,839	15	3,691,483	3,691,498
1.1.3. Other Letters of Guarantee		40,863	4,777	45,640	69,823	4,277	74,100
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	686,178	686,178	-	304,478	304,478
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	686,178	686,178	-	304,478	304,478
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		-	355,954	355,954	-	264,111	264,111
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	1	6,057	5,672	11,729	1,771	10,820	12,591
2.1. Irrevocable Commitments		6,057	5,672	11,729	1,771	10,820	12,591
2.1.1. Asset Purchase and Sale Commitments		5,668	5,672	11,340	-	10,820	10,820
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	1,500	-	1,500
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		389	-	389	271	-	271
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	-	-	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
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)		236,268	419,080	655,348	344,006	350,495	694,501
IV. ITEMS HELD IN CUSTODY		2,831	-	2,831	1,846	-	1,846
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Checks Received for Collection		2,831	-	2,831	1,846	-	1,846
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		233,437	419,080	652,517	342,160	350,495	692,655
5.1. Marketable Securities		-	-	-	-	-	-
5.2. Guarantee Notes		59,262	199,272	258,534	58,012	165,162	223,174
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		14,394	219,314	233,708	17,824	182,044	199,868
5.6. Other Pledged Items		159,781	494	160,275	266,324	3,289	269,613
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		292,702	5,033,165	5,325,867	422,944	4,625,664	5,048,608

İlişkideki açıklama ve dipnotlar bu finansal tabloların tamamlayıcı bir unsurudur.

ARAP TÜRK BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Thousands of Turkish Lira ("TL"))

STATEMENT OF PROFIT OR LOSS		Note	THOUSANDS OF TURKISH LIRA (TL)			
			CURRENT PERIOD (01/01/2021-30/09/2021)	CURRENT PERIOD (01/04/2021-30/09/2021)	PRIOR PERIOD (01/01/2020-30/09/2020)	PRIOR PERIOD (01/04/2020-30/09/2020)
I.	INTEREST INCOME	1	265,837	93,030	177,280	59,305
1.1	Interest on Loans		121,112	44,759	85,505	29,183
1.2	Interest on Reserve Requirements		372	155	-	-
1.3	Interest on Banks		4,869	1,915	3,621	264
1.4	Interest on Money Market Transactions		54,163	14,972	31,553	9,908
1.5	Interest on Marketable Securities Portfolio		84,805	31,228	56,598	19,949
1.5.1	Fair Value Through Profit or Loss		716	-	7,063	827
1.5.2	Fair Value Through Other Comprehensive Income		24,337	6,862	20,130	6,275
1.5.3	Measured at Amortised Cost		59,752	24,366	29,405	12,847
1.6	Financial Lease Income		-	-	-	-
1.7	Other Interest Income		516	1	3	1
II.	INTEREST EXPENSE (-)	2	41,483	14,989	26,865	9,385
2.1	Interest on Deposits		14,455	3,789	7,280	3,138
2.2	Interest on Funds Borrowed		25,971	10,892	16,702	5,266
2.3	Interest Expense on Money Market Transactions		-	-	-	-
2.4	Interest on Securities Issued		-	-	-	-
2.5	Lease Interest Expenses		805	263	256	98
2.6	Other Interest Expenses		252	45	2,627	883
III.	NET INTEREST INCOME (I - II)		224,354	78,041	150,415	49,920
IV.	NET FEES AND COMMISSIONS INCOME		49,086	11,211	43,209	13,309
4.1	Fees and Commissions Received		51,960	12,298	45,722	14,161
4.1.1	Non-cash Loans		14,825	4,133	15,688	2,899
4.1.2	Other		37,135	8,165	30,034	11,262
4.2	Fees and Commissions Paid		2,874	1,087	2,513	852
4.2.1	Non-cash Loans		9	3	7	3
4.2.2	Other		2,865	1,084	2,506	849
V.	DIVIDEND INCOME		10,039	-	8,031	-
VI.	TRADING INCOME/(LOSS) (Net)	3	3,921	760	4,767	964
6.1	Trading Gains / (Losses) on Securities		-	-	(62)	(336)
6.2	Gains / (Losses) on Derivative Financial Transactions		-	-	-	-
6.3	Foreign Exchange Gains / (Losses)		3,921	760	4,829	1,300
VII.	OTHER OPERATING INCOME	4	11,841	7,373	8,177	5,823
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)		299,241	97,385	214,599	70,016
IX.	EXPECTED CREDIT LOSS (-)	5	203	(45)	709	(4,568)
X.	OTHER PROVISION EXPENSE (-)	6	1,774	(1,717)	9,479	(815)
XI.	PERSONNEL EXPENSE (-)		91,339	30,506	79,649	25,608
XII.	OTHER OPERATING EXPENSES (-)	7	39,691	12,363	33,079	10,913
XIII.	NET OPERATING INCOME/(LOSS) (VIII-IX-X)		166,234	56,278	91,683	38,878
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	166,234	56,278	91,683	38,878
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	9	(36,660)	(14,030)	(18,574)	(8,408)
18.1	Current Tax Provision		(38,741)	(12,867)	(20,998)	(7,986)
18.2	Deferred Tax Income Effect (+)		4,958	2,513	6,105	2,706
18.3	Deferred Tax Expense Effect (-)		7,039	1,350	8,529	2,284
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	10	129,574	42,248	73,109	30,470
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 (XXI-XX)		-	-	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1	Current Tax Provision		-	-	-	-
23.2	Deferred Tax Expense Effect (+)		-	-	-	-
23.3	Deferred Tax Income Effect (-)		-	-	-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-	-	-
XXV.	NET PROFIT/(LOSS) (XVIII+XXIII)	11	129,574	42,248	73,109	30,470
	Earning/(Loss) per share (in TL full)		0.0029	0.0010	0.0017	0.0007

ARAP TÜRK BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Thousands of Turkish Lira ("TL"))

		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD	PRIOR PERIOD
		(01/01/2021-30/09/2021)	(01/01/2020-30/09/2020)
I.	CURRENT PERIOD PROFIT/LOSS	129,574	73,109
II.	OTHER COMPREHENSIVE INCOME	(6,658)	(4,929)
2.1	Not Reclassified to Profit or Loss	(2,080)	(327)
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	(2,600)	(409)
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	520	82
2.2	Reclassified to Profit or Loss	(4,578)	(4,602)
2.2.1	Foreign Currency Translation Differences	-	-
	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other		
2.2.2	Comprehensive Income	(5,418)	(6,106)
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	840	1,504
III.	TOTAL COMPREHENSIVE INCOME (I+II)	122,916	68,180

ARAP TÜRK BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Thousands of Turkish Lira ("TL"))

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in capital	Share premium	Share certificate cancel profits	Other capital reserves	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		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
					Tangible and Intangible Assets Revaluation Reserve	Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans	Exchange Differences on Translation	Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income							
PRIOR PERIOD															
30.09.2020															
I. Balance at the beginning of the period	440,000	-	-	-	99,699	5,317	-	-	5,067	30,632	316,409	166,427	1,052,917	-	1,052,917
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	-	-	-	99,699	5,317	-	-	5,067	30,632	316,409	166,427	1,052,917	-	1,052,917
IV. Total comprehensive income (loss)	-	-	-	-	-	-	-	-	4,602	-	-	73,109	68,180	-	68,180
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	-	-	-	-	-	-	-	-	-	8,248	158,179	166,427	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	8,248	158,179	166,427	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+.....+X+XI)	440,000	-	-	-	99,699	(5,644)	-	-	465	38,880	474,588	73,109	1,121,097	-	1,121,097
CURRENT PERIOD															
30.09.2021															
I. Balance at the beginning of the period	440,000	-	-	-	99,699	(5,530)	-	-	8,602	38,880	474,588	96,575	1,152,814	-	1,152,814
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	-	-	-	99,699	(5,530)	-	-	8,602	38,880	474,588	96,575	1,152,814	-	1,152,814
IV. Total comprehensive income (loss)	-	-	-	-	-	(2,080)	-	-	(4,578)	-	-	129,574	122,916	-	122,916
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	-	-	-	-	-	-	4,829	91,746	(96,575)	-	-	-
11.1 Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to legal reserves	-	-	-	-	-	-	-	-	-	4,829	91,746	(96,575)	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances (III+IV+.....+X+XI)	440,000	-	-	-	99,699	(7,610)	-	-	4,024	43,709	566,334	129,574	1,275,730	-	1,275,730

ARAP TÜRK BANKASI A.Ş.
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

(Thousands of Turkish Lira ("TL"))

		THOUSANDS OF TURKISH LIRA (TL)	
		CURRENT PERIOD (01/01/2021-30/09/2021)	PRIOR PERIOD (01/01/2020-30/09/2020)
	Notes		
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	244,036	286,596
1.1.1	Interest Received	262,346	173,841
1.1.2	Interest Paid	(52,098)	(22,063)
1.1.3	Dividend Received	-	-
1.1.4	Fees and Commissions Received	51,960	45,722
1.1.5	Other Income	12,374	8,712
1.1.6	Collections from Previously Written-off Loans and Other Receivables	1,436	3,167
1.1.7	Payments to Personnel and Service Suppliers	(102,536)	(92,444)
1.1.8	Taxes Paid	(32,215)	(20,384)
1.1.9	Other	102,769	190,045
1.2	Changes in Operating Assets and Liabilities	447,819	(374,379)
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	17,185	(51,615)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions	-	-
1.2.3	Net (increase) / decrease in loans	59,695	161,136
1.2.4	Net (increase) / decrease in other assets	(4,110)	(10,582)
1.2.5	Net increase / (decrease) in bank deposits	(527,377)	(51,458)
1.2.6	Net increase / (decrease) in other deposits	(35,660)	(2,729)
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8	Net increase / (decrease) in funds borrowed	1,072,302	(310,711)
1.2.9	Net increase / (decrease) in payables	-	-
1.2.10	Net increase / (decrease) in other liabilities	(134,216)	(108,420)
I.	Net Cash Provided from Banking Operations	691,855	(87,783)
B.	CASH FLOWS FROM INVESTMENT ACTIVITIES		
II.	Net Cash Provided from Investing Activities	(468,190)	(709,277)
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	(7,967)	(9,549)
2.4	Disposals of tangible assets	-	-
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(545,593)	(327,736)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	344,685	117,899
2.7	Purchase of Financial Assets Measured at Amortised Cost	(468,937)	(748,875)
2.8	Sale of Financial Assets Measured at Amortised Cost	211,604	260,947
2.9	Other	(1,982)	(1,963)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	(805)	(256)
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	(805)	(256)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	239,125	301,711
V.	Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)	461,985	(495,605)
VI.	Cash and Cash Equivalents at the Beginning of the Period	1,178,119	1,928,353
VII.	Cash and Cash Equivalents at the End of the Period	1,640,104	1,432,748

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS FOR BASIS OF PRESENTATION

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

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

Unconsolidated financial statements, other than property financial assets and liabilities that are presented with fair values, are prepared with cost value approach.

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

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

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2020 have no material effect on the financial statements, financial performance and on the Bank’s accounting policies. New and revised Turkish Accounting Standards issued but not yet effective as of the finalization date of the financial statements have no material effect on the financial statements, financial performance and on the Bank’s accounting policies.

The Indicator Interest Rates Reform, reference interest rates conversion will be effective from the beginning of 2021 and with the regulations published in September 2019 and December 2020 regarding the implementation of the reform, early implementation of the changes is allowed, while temporary exemption from practices related to the determination of cash flows of hedge accounting and termination of transactions has been granted The process for the Indicator Interest Rate Reform is expected to be completed on 31 December 2021 and in the current period, the BRSA requests a bank report to LIBOR all over the world and at what stage the preparatory work has been determined. In this context, the Bank did not make any transactions indexed to new reference rate with a maturity exceeding 2021.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS FOR BASIS OF PRESENTATION

Other

A new type of coronavirus (Covid-19) first emerging in China, has been classified as a pandemic among countries where the World Health Organization was global on 11 March 2020. The Covid-19 pandemic and the measures taken against it have impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues and remain uncertain about the future. These effects are regularly monitored by the Bank's equity management and capital adequacy, credit quality, credit risk, operational risk, currency risk, interest rate risk, liquidity risk, stock position risk under bank account values, and the Bank's Management.

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

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

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

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

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Subsidiaries are the entities that the Bank has the power to govern the financial and operating policies of those to obtain benefits from its activities. Subsidiaries are accounted in accordance with “TAS 27 - Individual Financial Statements” in the unconsolidated financial statements. Subsidiaries are recorded at fair value. Subsidiaries which are not traded in an active market and whose fair value cannot be reliably set are reflected in financial statements with their costs after deducting impairment losses, if any.

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 statement of profit or loss. The fair value of the derivative financial instruments is calculated using quoted market prices by using discounted cash flows model.

V. INFORMATION ON INTEREST INCOME AND EXPENSE

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

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

VI. INFORMATION ON FEES AND COMMISSION

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

VII. INFORMATION ON FINANCIAL ASSETS

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

a. Financial Assets at Fair Value through Profit or Loss

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

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

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

b. Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

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

The subsequent measurement of financial assets at fair value through other comprehensive income is based on fair value. However, when calculating the fair value for securities without a market price, any of the pricing models or discounted cash flow techniques are used in accordance with the type of the security.

Financial Assets Measured at Amortized Cost

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

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

d. Loans

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

Bank loans and receivables are initially carried at cost value. Bank loans are measured at amortized cost with internal rate of return. Fees paid for the assets received as collateral against loans, transaction costs and other costs such as transaction costs, it is a part of and charged to the customer.

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment

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

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

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

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

Significant increase in credit risk definition

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

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

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

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

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment For Expected Loss (Continued)

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

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

The Bank's loans have been evaluated and classified as of 30 September 2021 in line with the Regulation on the Classification of Loans and the Procedures and Principles Regarding Provisions to be Reserved for them and taking into account the effects of Covid-19; accordingly, a provision has been set aside.

The 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.

The Bank has possibilities in accordance with the BRSA Decisions on Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside numbered 8948 dated 17 March 2020, numbered 8970 dated 27 March 2020, numbered 9312 dated 8 December 2020 and numbered 9624 dated 17 June 2020 and numbered 9795 dated 16 September 2021 starting from 17 March 2020 , due to the disruptions in economic and commercial activities as a result of the Covid-19 pandemic;

As of 30 September 2021, the Bank does not have any loans in the framework of the above circular.

VIII. INFORMATION ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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 amount in the securities portfolio of the bank is very low. In addition, the asset should be actively marketed at a price that is consistent with the true value.

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

XI. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

XII. INFORMATION ON TANGIBLE ASSETS

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

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, the current year has been changed to the revaluation model in the valuation of the property in use. The property value in the appraisal report prepared by the appraisal company and the net book value the positive difference is monitored in equity accounts.

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

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

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

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

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

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

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

XIII. INFORMATION ON LEASING ACTIVITIES*Finance leasing activities as the lessor*

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON LEASING ACTIVITIES (Continued)

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 Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The computation of the liability is based upon the retirement pay ceiling announced. The applicable ceiling amount as at 30 September 2021 is TL 8,248.51 (full TL) (31 December 2020: TL 7,117.17 (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 Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the updated “TAS 19 - Employee Benefits”. Accumulated all actuarial gains and losses in equity are recognized in other capital reserves.

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

Other benefits to employees

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON TAX APPLICATIONS

Corporate tax

In Turkey, as per the regulation of Law numbered 7316 on "The Amendments of Certain Taxes and Laws and Other Acts" published in the official gazette numbered 31462 with the Article 11 of the Law, Corporate Tax Law No. 5520 Provisional and Article 13 added to the Corporate Tax Law No. The tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period, 23% for the corporate earnings for the 2022 taxation period, and 20% for the corporate earnings for the 2023 taxation period.

In Turkey, as of 30 September 2021 corporate income is subject to corporate tax at 25%. Corporate tax rate is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income and other allowances. No further tax is payable unless the profit is distributed.

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

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

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

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

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

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

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

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON TAX APPLICATIONS (Continued)

Deferred taxes

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

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

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

Transfer Pricing

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

The Bank did not issue any stocks convertible into bonds.

The Bank does not have borrowing instruments issued by itself.

XVIII. INFORMATION ON SHARE ISSUANCES

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

XIX. INFORMATION ON BILLS OF EXCHANGES AND ACCEPTANCES

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

There are no acceptances presented as liabilities against any assets.

XX. INFORMATION ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Bank as of 30 September 2021 and 31 December 2020.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXI. CASH AND CASH EQUIVALENTS

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

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

XXII. INFORMATION ON SEGMENT REPORTING

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

XXIII. OTHER DISCLOSURES

Profit reserves and profit distribution

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

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

Related parties

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

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK

I. INFORMATION ON SHAREHOLDER’S EQUITY

Information about Total Capital (Current Period)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
TIER II CAPITAL	1,275,730	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	440,000	
Share issue premiums	-	
Reserves	43,709	
Gains recognized in equity as per TAS	96,113	
Profit	695,908	
Current Period Profit	129,574	
Prior Period Profit	566,334	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	1,275,730	
Deductions from Common Equity Tier 1 Capital	4,098	
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	137	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,961	3,961
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	4,098	
Total Common Equity Tier 1 Capital	1,271,632	

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial	-	
Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,271,632	
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)	25,685	
Tier II Capital Before Deductions	25,685	
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	25,685	
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,297,317	
The sum of Tier I Capital and Tier II Capital (Total Capital)	1,297,317	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	-	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
TOTAL CAPITAL	1,297,317	
Total Capital	1,297,317	
Total risk weighted amounts	5,574,980	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	22.81	
Tier 1 Capital Adequacy Ratio (%)	22.81	
Capital Adequacy Ratio (%) ^(*)	23.27	
BUFFERS		
Total buffer requirement	2.744	
Capital conservation buffer requirement (%)	2.500	
Bank specific counter-cyclical buffer requirement (%)	0.244	
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	18.31	
Amounts below the Excess Limits as per the Deduction Principles	-	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	25,685	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	25,685	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

^(*) As of 30 September 2021 in accordance with BRSA's decision dated 8 December 2020 and numbered 9312 and dated 16 September 2021 and numbered 9795, the amount subject to credit risk in capital adequacy calculations calculated by taking into account the simple arithmetic average of the Central Bank foreign exchange buying rates for the last 252 business days before the calculation date.

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. INFORMATION ON SHAREHOLDER’S EQUITY (Continued)

Information about Total Capital (Prior Period)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
TIER II CAPITAL	1,152,814	
Paid-in capital following all debts in terms of claim in liquidation of the Bank	440,000	
Share issue premiums	-	
Reserves	38,880	
Gains recognized in equity as per TAS	102,771	
Profit	571,163	
Current Period Profit	96,575	
Prior Period Profit	474,588	
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	
Common Equity Tier 1 Capital Before Deductions	1,152,814	
Deductions from Common Equity Tier 1 Capital	4,125	
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	147	
Goodwill (net of related tax liability)	-	
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,978	3,978
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	4,125	
Total Common Equity Tier 1 Capital	1,148,689	

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. INFORMATION ON SHAREHOLDER’S EQUITY (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial	-	
Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total Deductions From Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	1,148,689	
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)	33,164	
Tier II Capital Before Deductions	33,164	
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	33,164	
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,181,853	
The sum of Tier I Capital and Tier II Capital (Total Capital)	1,181,853	
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	
Net Book Values of Movables and Immovable Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	
Other items to be defined by the BRSA (-)	-	
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Amount	Amounts related to treatment before 1/1/2014 ⁽¹⁾
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	
TOTAL CAPITAL	1,181,853	
Total Capital	1,181,853	
Total risk weighted amounts	4,275,455	
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	26.87	
Tier 1 Capital Adequacy Ratio (%)	26.87	
Capital Adequacy Ratio (%) ⁽²⁾	27.64	
BUFFERS		
Total buffer requirement	2.637	
Capital conservation buffer requirement (%)	2.500	
Bank specific counter-cyclical buffer requirement (%)	0.137	
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	22,37	
Amounts below the Excess Limits as per the Deduction Principles	-	
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	
Amount arising from deferred tax assets based on temporary differences	-	
Limits related to provisions considered in Tier II calculation	-	
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	33,164	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	33,164	
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	

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

⁽²⁾ As of 30 September, 2021 in accordance with BRSA's decision dated 8 December, 2020 and numbered 9312 and dated 16 September 2021 and numbered 9795, the amount subject to credit risk in capital adequacy calculations calculated by taking into account the simple arithmetic average of the Central Bank foreign exchange buying rates for the last 252 business days before the calculation date.

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

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

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

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

None.

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

Current Period	Balance sheet value	Amount of adjustment	Value at capital report
Paid-in capital	440,000	-	440,000
Other Capital Reserves	-	-	-
Bonus Shares which are not accounted in the current period profit or loss of Associates, Subsidiaries and Joint-Ventures	-	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS (-)	-	-	-
Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	92,089	-	92,089
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	4,024	-	4,024
Profit Reserves	43,709	-	43,709
Profit or Loss	695,908	-	695,908
Prior Periods’ Profit/Loss	566,334	-	566,334
Current Period Net Profit/Loss	129,574	-	129,574
Deductions from Common Equity Tier I Capital (*)	-	4,098	(4,098)
Common Equity Tier 1 capital	-	-	1,271,632
Tier 1 capital	-	-	1,271,632
Provisions	-	(25,685)	25,685
Tier 2 capital (**)	-	(25,685)	25,685
Shareholders’ Equity Adjustments (***)	-	-	-
Total Shareholders’ Equity	1,275,730	(21,587)	1,297,317

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

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

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

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

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

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

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

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

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

Foreign exchange risk management policy

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

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

Date	US Dollars	Euro
23 September 2021	8.6349	10.1291
24 September 2021	8.6584	10.1456
27 September 2021	8.8240	10.3526
28 September 2021	8.8355	10.3364
29 September 2021	8.8585	10.3486
30 September 2021	8.8433	10.3135

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

The basic arithmetical average of the Bank's foreign exchange bid rate for September 2021 is TL 8.4972 for USD, TL 10.0136 for EURO.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

SECTION FOUR**INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)****II. INFORMATION ON FOREIGN CURRENCY EXCHANGE RATE RISK (Continued)****Information on Currency Risk**

Current Period	Euro	US Dollars	Other	Total
Assets				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	556,841	510,515	312	1,067,668
Banks	140,752	752,316	15,347	908,415
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	523,993	495,729	-	1,019,722
Loans	829,134	314,560	-	1,143,694
Investments in Subsidiaries and Associates	-	-	-	-
Financial Assets Measured at Amortised Cost	776,533	692,298	-	1,468,831
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	5,631	2,288	-	7,919
Total Assets	2,832,884	2,767,706	15,659	5,616,249
Liabilities				
Bank Deposits	847,186	389,225	1,556	1,237,967
Foreign Currency Deposits	725,473	741,252	12,396	1,479,121
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	1,230,795	1,614,067	-	2,844,862
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	20,206	13,313	677	34,196
Total Liabilities ⁽¹⁾	2,823,660	2,757,857	14,629	5,596,146
Net Balance Sheet Position	9,224	9,849	1,030	20,103
Net Off Balance Sheet Position	(5,672)	-	-	(5,672)
Financial Derivatives (Assets)	-	-	-	-
Financial Derivatives (Liabilities)	(5,672)	-	-	(5,672)
Non-Cash Loans	2,327,213	1,812,241	468,959	4,608,413
Prior Period				
Total Assets	2,867,515	1,441,467	14,909	4,323,891
Total Liabilities	2,858,982	1,423,238	14,607	4,296,827
Balance Sheet Position, net	8,533	18,229	302	27,064
Off Balance Sheet Position, net	5,405	(5,415)	-	(10)
Financial Derivatives (Assets)	5,405	-	-	5,405
Financial Derivatives (Liabilities)	-	(5,415)	-	(5,415)
Non-Cash Loans	1,647,504	1,589,194	1,027,651	4,264,349

(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 3,739.

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

The possible increases or decreases in the shareholders' equity and the profit/loss as per an assumption of devaluation/appreciation by 10 percent of TL against currencies mentioned below as of 30 September 2021 and 31 December 2020 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis.

Assuming 10 percent appreciation of TL;

	Current Period		Prior Period	
	Statement of Profit or Loss	Shareholders' Equity ⁽¹⁾	Statement of Profit or Loss	Shareholders' Equity ⁽¹⁾
Euro	(355)	(300)	(1,394)	(1,904)
US Dollar	(985)	(1,414)	(1,281)	(1,674)
Other Currencies	(103)	(103)	(30)	(30)
Total	(1,443)	(1,817)	(2,705)	(3,608)

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

Assuming 10 percent depreciation of TL;

	Current Period		Prior Period	
	Statement of Profit or Loss	Shareholders' Equity ⁽¹⁾	Statement of Profit or Loss	Shareholders' Equity ⁽¹⁾
Euro	355	300	1,394	1,904
US Dollar	985	1,414	1,281	1,674
Other Currencies	103	103	30	30
Total	1,443	1,817	2,705	3,608

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

III. INFORMATION ON INTEREST RATE RISK

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

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

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

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

The 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.

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

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

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

III. INFORMATION ON INTEREST RATE RISK (Continued)

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

Based on re-pricing dates

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	1,077,174	1,077,174
Banks	922,449	-	-	-	-	-	922,449
Financial assets at fair value through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	241,123	-	-	-	-	-	241,123
Financial Assets at Fair Value Through Other Comprehensive Income	13,602	319,526	209,475	498,879	-	3,778	1,045,260
Loans	810,950	131,787	792,607	51,750	-	3,500	1,790,594
Financial Assets Measured at Amortized Cost	88,114	384,765	465,312	731,793	-	-	1,669,984
Other assets ⁽¹⁾	-	-	-	-	-	296,522	296,522
Total assets	2,076,238	836,078	1,467,394	1,282,422	-	1,380,974	7,043,106
Liabilities							
Bank Deposits	1,037,817	206,288	-	-	-	27	1,244,132
Other Deposits	41,238	36,302	10,578	-	-	1,447,195	1,535,313
Money Market Borrowings	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	485,718	517,818	1,664,391	176,935	-	-	2,844,862
Other Liabilities ⁽²⁾	190	388	1,419	4,590	-	1,412,212	1,418,799
Total liabilities	1,564,963	760,796	1,676,388	181,525	-	2,859,434	7,043,106
Long Position in the Balance Sheet	511,275	75,282	-	1,100,897	-	-	1,687,454
Short Position in the Balance Sheet	-	-	(208,994)	-	-	(1,478,460)	1,687,454
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
Total Position	511,275	75,282	(208,994)	1,100,897	-	(1,478,460)	-

⁽¹⁾ Other Assets: The amount of TL 296,522 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 145,084, Subsidiaries amounting to TL 126,202, Expected Credit Loss amounting to TL 12,827, Intangible Assets amounting to TL 3,961, Other Assets amounting to TL 30,875, Deferred Tax Assets amounting to 2,227 TL and Assets Held For Sale Purpose amounting to TL 1,000 of other undistributed amounts.

⁽²⁾ Other Liabilities: The amount of TL 1,412,212 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 1,275,730, Provisions amounting to TL 64,928, Current Tax Liability amounting to TL 17,763, and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 53,791.

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

III. INFORMATION ON INTEREST RATE RISK (Continued)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	833,435	833,435
Banks	426,028	-	-	-	-	-	426,028
Financial assets at fair value through Profit or Loss	-	5,691	11,033	-	-	-	16,724
Interbank Money Market Placements	374,182	-	-	-	-	-	374,182
Financial Assets at Fair Value Through Other Comprehensive Income	-	98,621	492,404	135,241	-	3,185	729,451
Loans	587,793	85,089	407,050	639,916	-	4,733	1,724,581
Financial Assets Measured at Amortized Cost	415	19,455	289,538	889,561	-	-	1,198,969
Other assets ⁽¹⁾	-	-	-	-	-	272,956	272,956
Total Assets	1,388,418	208,856	1,200,025	1,664,718	-	1,114,309	5,576,326
Liabilities							
Bank deposits	900,810	90,110	526,267	-	-	-	1,517,187
Other deposits	37,871	23,819	10,647	103	-	1,265,071	1,337,511
Money market borrowings	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	454,617	525,364	477,825	-	-	-	1,457,806
Other liabilities ⁽²⁾	206	484	1,059	5,620	-	1,256,453	1,263,822
Total Liabilities	1,393,504	639,777	1,015,798	5,723	-	2,521,524	5,576,326
Long Position in the Balance Sheet	-	-	184,227	1,658,995	-	-	1,843,222
Short Position in the Balance Sheet	(5,086)	(430,921)	-	-	-	(1,407,215)	(1,843,222)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
Total Position	(5,086)	(430,921)	184,227	1,658,995	-	(1,407,215)	-

⁽¹⁾ Other Assets: The amount of TL 272,956 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 143,086, Subsidiaries amounting to TL 116,204, Expected Credit Loss amounting to TL 17,912, Intangible Assets amounting to TL 3,978, Other Assets amounting to TL 26,390 and Assets Held For Sale Purpose amounting to TL 1,210 of other undistributed amounts.

⁽²⁾ Other Liabilities: The amount of TL 1,256,453 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 1,152,814, Provisions amounting to TL 59,855, Current Tax Liability amounting to TL 9,877, Deferred Tax Liability amounting to TL 1,214 and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 32,693.

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

Current Period	EURO	US Dollars	TL
Assets			
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	-	-	13.26
Banks	0.01	1.15	19.50
Financial Assets at Fair Value Through Profit or Loss	-	-	-
Money Market Placements	-	-	18.57
Financial Assets at Fair Value Through Other Comprehensive Income	2.90	5.98	9.86
Loans	4.27	5.15	20.10
Financial Assets Measured at Amortized Cost	3.20	6.35	19.02
Liabilities			
Interbank Deposits	0.52	0.42	16.84
Other Deposits	0.21	0.66	15.64
Money Market Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	0.82	2.53	-
Prior Period			
Assets			
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of Turkey.	-	-	7.27
Banks	0.02	0.20	-
Financial Assets at Fair Value Through Profit or Loss	-	-	-
Money Market Placements	-	-	17.87
Financial Assets at Fair Value Through Other Comprehensive Income	2.90	5.98	9.86
Loans	3.65	4.64	13.96
Financial Assets Measured at Amortized Cost	-	-	11.36
Liabilities			
Interbank Deposits	1.00	2.87	15.59
Other Deposits	0.33	0.56	8.70
Money Market Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	0.83	3.25	-

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

IV. INFORMATION ON STOCK POSITION RISK

Equity investment risk due from banking book

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

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

None.

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.

V. INFORMATION ON LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

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

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

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

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

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

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

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

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

The Bank is supported by well-established shareholders among most powerful financial institutions in Turkey, Middle East and the North African region. The Bank's largest shareholder is Libyan Foreign Bank which is 100% owned by the Central Bank of Libya has the Bank. Funds received from the Bank's risk group have a 34% share in liabilities.

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

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

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

A large portion of the Bank's liabilities consist of funds obtained from the parent Libyan Foreign Bank and group banks. 78% of these funds are USD, 22% are EUR.

Information regarding to the liquidity risk mitigation techniques used

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

Information regarding to the usage of Stress Tests

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

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

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

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

The 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 Bank’s liquidity need is in minimum level. Measures have been taken by the 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 unconsolidated foreign currency and total liquidity coverage ratio by weeks are as follows:

	Month	FC	Month	FC+TL
Lowest	17 September 2021	213	17 September 2021	291
Highest	06 August 2021	615	23 July 2021	660

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

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

Current Period	Consideration Ratio Not Applied Total Value ⁽¹⁾		Consideration Ratio Applied Total Value ⁽¹⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	3,481,823	3,147,657	2,897,993	2,563,826
CASH OUTFLOWS				
2 Real person deposits and retail deposits	647,141	609,631	62,908	60,963
3 Stable deposit	36,125	0	1,806	0
4 Deposit with low stability	611,016	609,631	61,102	60,963
5 Unsecured debts except real person deposits and retail deposits	2,239,048	2,092,103	1,690,900	1,552,556
6 Operational deposit	-	-	-	-
7 Non-operating deposits	2,079,440	2,057,245	1,531,292	1,517,698
8 Other unsecured debts	159,608	34,858	159,608	34,858
9 Secured debts	-	-	-	-
10 Other cash outflows	-	-	-	-
11 Derivative liabilities and margin obligations	-	-	-	-
12 Debt from structured financial instruments	-	-	-	-
13 Other off-balance sheet liabilities and commitments for the payment owed to financial markets	-	-	-	-
14 Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
15 Other irrevocable or provisory revocable off-balance sheet liabilities	4,585,393	4,534,738	255,221	249,692
16 TOTAL CASH OUTFLOW	7,471,582	7,236,472	2,009,029	1,863,211
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	1,520,677	1,064,466	1,380,300	1,060,776
19 Other cash inflows	48,573	4,737	48,573	4,737
20 TOTAL CASH INFLOWS	1,569,250	1,069,203	1,428,873	1,065,513
			Upper limit applied amounts	
21 TOTAL HQLA STOCK			2,897,993	2,563,826
22 TOTAL NET CASH OUTFLOWS			667,210	801,124
23 LIQUIDITY COVERAGE RATIO (%)			434.34	320.03

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

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

Prior Period	Consideration Ratio Not Applied Total Value ⁽¹⁾		Consideration Ratio Applied Total Value ⁽¹⁾		
	TL+FC	FC	TC+FC	FC	
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets	3,011,017	2,572,487	2,543,862	2,105,332
CASH OUTFLOWS					
2	Real person deposits and retail deposits	572,700	536,721	55,496	53,672
3	Stable deposit	35,480	-	1,774	-
4	Deposit with low stability	537,220	536,721	53,722	53,672
5	Unsecured debts except real person deposits and retail deposits	2,193,197	2,065,748	1,658,307	1,535,835
6	Operational deposit	-	-	-	-
7	Non-operating deposits	2,049,062	2,033,088	1,514,172	1,503,175
8	Other unsecured debts	144,135	32,660	144,135	32,660
9	Secured debts	-	-	-	-
10	Other cash outflows	-	-	-	-
11	Derivative liabilities and margin obligations	-	-	-	-
12	Debt from structured financial instruments	-	-	-	-
13	Other off-balance sheet liabilities and commitments for the payment owed to financial markets	-	-	-	-
14	Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
15	Other irrevocable or provisory revocable off-balance sheet liabilities	4,759,529	4,656,492	262,967	247,090
16	TOTAL CASH OUTFLOW	7,525,426	7,258,961	1,976,770	1,836,597
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured claims	1,098,795	684,966	941,807	655,838
19	Other cash inflows	4,306	4,306	4,306	4,306
20	TOTAL CASH INFLOWS	1,103,101	689,272	946,113	660,144
21	TOTAL HQLA STOCK			2,543,862	2,105,332
22	TOTAL NET CASH OUTFLOWS			1,030,657	1,176,454
23	LIQUIDITY COVERAGE RATIO (%)			246.82	178.96

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

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 35% of high-quality liquid assets of the Bank, while 64% comprised of debt instruments issued by the Treasury.

Sections Funding sources comprised of and their densities within all funds

A significant part of the funding sources are comprised of deposits received. 39% of the total liabilities are deposits received. 45% 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. 30 September 2021, the bank has no derivative transactions. Therefore, there is no net cash outflow arising from derivative transactions.

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

A significant part of the funding sources are comprised of deposits received. 39% of the liability is deposits and 45% of these deposits are from banks. All of these liabilities are warrantless.

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

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

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

None.

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

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

Presentation of assets and liabilities based on their outstanding maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Unallocated	Total
Assets								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	48,486	1,028,688	-	-	-	-	-	1,077,174
Banks	108,721	813,728	-	-	-	-	-	922,449
Financial Assets at Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	241,123	-	-	-	-	-	241,123
Financial Assets at Fair Value through Other Comprehensive Income	-	13,602	319,527	209,478	498,875	-	3,778	1,045,260
Loans	-	810,949	100,581	823,814	51,750	-	3,500	1,790,594
Financial Assets Measured at Amortized Cost	-	88,114	384,762	465,312	731,796	-	-	1,669,984
Other assets ⁽¹⁾	-	-	-	-	-	-	296,522	296,522
Total Assets	157,207	2,996,204	804,870	1,498,604	1,282,421	-	303,800	7,043,106
Liabilities								
Interbank Deposits	650,223	387,621	206,288	-	-	-	-	1,244,132
Other Deposits	1,447,195	41,239	36,306	10,573	-	-	-	1,535,313
Money market borrowings	-	-	-	-	-	-	-	-
Miscellaneous payables	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	485,718	517,818	1,664,391	176,935	-	-	2,844,862
Other liabilities ⁽²⁾	-	190	388	1,419	4,590	-	1,412,212	1,418,799
Total Liabilities	2,097,418	914,768	760,800	1,676,383	181,525	-	1,412,212	7,043,106
Net Liquidity Gap	(1,940,211)	2,081,436	44,070	(177,779)	1,100,896	-	(1,108,412)	-
Prior Period								
Total Assets	106,003	2,115,434	50,438	690,610	2,332,967	-	280,874	5,576,326
Total Liabilities	1,711,340	947,235	639,777	1,015,798	5,723	-	1,256,453	5,576,326
Net Liquidity Gap	(1,605,337)	1,168,199	(589,339)	(325,188)	2,327,244	-	(975,579)	-

1) Other Assets: The amount of TL 296,522 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 145,084, Subsidiaries amounting to TL 126,202, Intangible Assets amounting to TL 3,961, Expected Credit Loss amounting to TL 12,827, Deferred Tax Asset amounting to TL 2,227 Other Assets amounting to TL 30,875 and Assets Held For Sale Purpose amounting to TL 1,000 of other undistributed amounts.

2) Other Liabilities: The amount of TL 1,412,212 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 1,275,730, Provisions amounting to TL 64,928, Current Tax Liability amounting to TL 17,763, and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 53,791.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

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

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

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

Leverage ratio disclosure as follows

Balance sheet assets	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
1 Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	6,859,342	5,814,314
2 (Assets deducted from main capital)	(4,251)	(4,233)
3 Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	6,855,091	5,810,081
Derivative financial instruments and credit derivatives		
4 Replacement cost of derivative financial instruments and credit derivatives	-	-
5 Potential credit risk amount of derivative financial instruments and credit derivatives	-	-
6 Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	-	-
Security or secured financing transactions		
7 Risk amount of security or secured financing transactions (Except balance sheet)	35,550	86,997
8 Risk amount due to intermediated transactions	-	-
9 Total risk amount of security or secured financing transactions (Sum of 7th and 8th rows)	35,550	86,997
Off-balance sheet transactions		
10 Gross nominal amount of off-balance sheet transactions	4,518,244	4,647,710
11 (Adjustment amount resulting from multiplying by credit conversion rates)	-	-
12 Risk amount of the off-balance sheet transactions (Sum of 10th and 11th rows)	4,518,244	4,647,710
Equity and total risk		
13 Main capital	1,261,717	1,138,141
14 Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	11,408,885	10,544,788
Leverage ratio		
15 Leverage ratio	%11.07	%10.81

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

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

	Risk Weighted Amount		Minimum capital Requirement	
	Current Period	Prior Period	Current Period	
1	Credit risk (excluding counterparty credit risk) (CCR)	4,735,865	3,589,189	378,869
2	Standardised approach (SA)	4,735,865	3,589,189	378,869
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	152	466	12
5	Standardised approach for counterparty credit risk (SA-CCR)	152	466	12
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	260,438	153,975	20,835
17	Standardised approach (SA)	260,438	153,975	20,835
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	578,525	531,825	46,282
20	Basic Indicator Approach	578,525	531,825	46,282
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)	5,574,980	4,275,455	445,998

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

None.

RWA flow statements of market risk exposures under an IMA

None.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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SECTION FOUR

INFORMATION ON THE FINANCIAL POSITION OF THE BANK (Continued)

VIII. INFORMATION ON OPERATING SEGMENTS

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

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

Information on operational segments on 30 September 2021, 30 September 2020 and 31 December 2020 are presented in the table below:

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Interest Income (Net)	(579)	119,619	105,314	-	224,354
Commission Income (Net)	-	49,086	-	-	49,086
Unallocated Income/Expenses (Net)	-	-	-	(117,204)	(117,204)
Operating Income	(579)	168,705	105,314	(117,204)	156,236
Income from Subsidiaries	-	-	-	9,998	9,998
Income before tax	-	-	-	166,234	166,234
Tax Provision	-	-	-	(36,660)	(36,660)
Net Profit for the period				129,574	129,574

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Segment Assets	2,092	1,667,892	4,919,755	-	6,589,739
Associates and Subsidiaries	-	-	-	-	-
Unallocated assets	-	-	-	453,367	453,367
Total Assets	2,092	1,667,892	4,919,755	453,367	7,043,106
Segment Liabilities	686,597	845,754	4,091,956	-	5,624,307
Unallocated Liabilities	-	-	-	143,069	143,069
Equity	-	-	-	1,275,730	1,275,730
Total Liabilities	686,597	845,754	4,091,956	1,418,799	7,043,106

Prior Period (30 September 2020)	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Interest Income (Net)	(521)	80,090	70,846	-	150,415
Commission Income (Net)	-	43,209	-	-	43,209
Unallocated Income/Expenses (Net)	-	-	-	(109,939)	(109,939)
Operating Income	(521)	123,299	70,846	(109,939)	83,685
Income from Subsidiaries	-	-	-	7,998	7,998
Income before tax	-	-	-	91,683	91,683
Tax Provision	-	-	-	(18,574)	(18,574)
Net Profit for the period				73,109	73,109

Prior Period (30 September 2020)	Retail Banking	Corporate and Commercial Banking	Treasury	Unallocated	Total Operations
Segment Assets	1,574	1,152,313	3,596,969	-	4,750,856
Associates and Subsidiaries	-	-	-	-	-
Unallocated assets	-	-	-	825,470	825,470
Total Assets	1,574	1,152,313	3,596,969	825,470	5,576,326
Segment Liabilities	533,053	803,046	2,976,405	-	4,312,504
Unallocated Liabilities	-	-	-	111,008	111,008
Equity	-	-	-	1,152,814	1,152,814
Total Liabilities	533,053	803,046	2,976,405	1,263,822	5,576,326

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	1,610	38,980	1,801	28,867
Central Bank of Turkey	7,896	1,028,688	2,801	799,966
Other	-	-	-	-
Total	9,506	1,067,668	4,602	828,833

Information related to the account of Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposits ⁽¹⁾	7,896	-	2,801	-
Unrestricted Time Deposits	-	428,835	-	344,623
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	599,853	-	455,343
Total	7,896	1,028,688	2,801	799,966

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

The banks operating in Turkey keep reserve deposits for Turkish currency and foreign currency at the rates of between 3% and 8% (31 December 2020: rates between 1% and 6%) , and for USD or EUR at the rates of 5% and 23% respectively (31 December 2020: rates between 5% and 21%) according to their maturities as per the Communique no.2005/1 ‘‘Reserve Deposits’’ of the Central Bank of Turkey. CBRT, pays 12.5% (31 December 2020: 12%) interest for Reserve Deposits in Turkish Lira.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

As of the current period, there are no financial assets given as collateral/blocked among financial assets at fair value through profit or loss. (31 December 2020: 3,593 TL) There are no financial assets subject to repo transactions (31 December 2020: None).

Positive differences related to derivative financial assets;

None.

3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	529	802,789	503	357,141
Foreign banks	13,505	105,626	-	68,384
Branches and head office abroad	-	-	-	-
Total	14,034	908,415	503	425,525

Information on Expected Loss Provisions

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	818	-	-	818
Additions during the Period (+)	982	-	-	982
Disposal (-)	(791)	-	-	(791)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
Balances at End of Period	1,009	-	-	1,009
Prior period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	2,024	-	-	2,024
Additions during the Period (+)	804	-	-	804
Disposal (-)	(2,010)	-	-	(2,010)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
Balances at End of Period	818	-	-	818

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

As of 30 September 2021, the Bank does not have any financial assets at fair value through other comprehensive income that are subject to repo transactions. (31 December 2020: None).

As of 30 September 2021, 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 2020: 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	1,047,646	730,767
Quoted in stock exchange	1,047,646	730,767
Not quoted in stock exchange	-	-
Share Certificates	3,779	3,185
Quoted in stock exchange	-	-
Not quoted in stock exchange	3,779	3,185
Impairment provision (-)	6,165	4,501
Total	1,045,260	729,451

5. Information on Loans*Information on all types of loans and advances given to shareholders and employees of the Bank*

	Current period		Prior Period	
	Cash	Non- Cash	Cash	Non- Cash
Direct Loans Granted to Shareholders	9,635	120,530	-	-
Corporate Shareholders	9,635	120,530	-	202,385
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to the Bank’s personnel	2,092	600	1,574	131
Total	11,727	121,130	1,574	202,516

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****5. Information on Loans (Continued)****Information about the first and second group loans and other receivables including loans that have been restructured or rescheduled**

Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled Loans with revised contract terms	Refinancing
Non-Specialized Loans	1,787,094	-	-	-
Commercial Loans	-	-	-	-
Export Loans	20,280	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	761,793	-	-	-
Consumer Loans	2,092	-	-	-
Credit Cards	-	-	-	-
Other	1,002,929	-	-	-
Specialized Lending	-	-	-	-
Other Receivables	-	-	-	-
Total	1,787,094	-	-	-

	Standard Loans	Loans Under Close Monitoring
12-Month expected credit losses	4,956	-
Significant increase in credit risk	-	-

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

	Short Term	Middle and Long Term	Total
Consumer Loans-TL	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Loans- TL	114	1,978	2,092
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	114	1,978	2,092
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Deposits with Credit Limit-TL (Individual)	-	-	-
Deposits with Credit Limit-FC (Individual)	-	-	-
Total	114	1,978	2,092

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

	Short-Term	Medium and Long-Term	Total
Commercial Installment Loans-TL	-	27,700	27,700
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	27,700	27,700
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	-	27,700	27,700

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	1,712,064	1,713,073
Foreign loans	78,530	11,508
Total	1,790,594	1,724,581

Loans granted to subsidiaries and associates

None.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	-
Uncollectible loans and receivables	3,500	4,733
Total	3,500	4,733

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

None.

Information on movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and	Loans and	Uncollectible
	receivables with	receivables with	loans and
	limited	doubtful	receivables
	collectibles	collectibles	
Balances at Beginning of Period	-	-	4,733
Additions (+)	-	-	203
Transfers from other categories of nonperforming loans (+)	-	-	-
Transfers to other categories of nonperforming loans (-)	-	-	-
Collections (-)	-	-	1,436
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
Balances at End of the Period	-	-	3,500
Specific provisions (-)	-	-	3,500
Net Balance on Balance Sheet	-	-	-

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

There are non-performing loan receivables in foreign currency amounting TL 64 which is followed in Turkish Lira accounts (31 December 2020: TL 964).

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Non-performing Loans and receivables
Current Period (Net)	-	-	-
Loans granted to real persons and legal entities (Gross)	-	-	3,500
Specific provisions (-)	-	-	3,500
Loans granted to real persons and legal entities (Net)	-	-	-
Banks (Gross) ⁽¹⁾	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
Prior Period (Net)	-	-	-
Loans granted to real persons and legal entities (Gross)	-	-	4,733
Specific provisions (-)	-	-	4,733
Loans granted to real persons and legal entities (Net)	-	-	-
Banks (Gross) ⁽¹⁾	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and receivables (Gross) ⁽²⁾	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

⁽¹⁾ Contains Foreign Banks.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****5. Information on Loans (Continued)*****Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to TFRS 9***

None.

Collection policy on loans determined as loss and other receivables

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

Information on write-off policy

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

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

Within the scope of TFRS 9, the Bank does not have written off loans (31 December 2020: TL 78,601 and its effect on NPL ratio is 4.56%)

Expected credit loss for loans

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	9,090	-	4,733	13,823
Additions during the Period	1,507	-	-	1,507
Disposal	(5,641)	-	(1,233)	(6,874)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	4,956	-	3,500	8,456

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	10,700	-	84,219	94,919
Additions during the Period	5,673	-	-	5,673
Disposal	(7,283)	-	(885)	(8,168)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	(78,601)	(78,601)
Balances at End of Period	9,090	-	4,733	13,823

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

Among the financial assets valued at amortized cost, the Bank does not have financial assets subject to repo transactions in the current period (31 December 2020: None).

In the current period, the Bank has securities of TL 4,242 given as collateral/blocked from financial assets valued at amortized cost (31 December 2020: None).

Information on government financial assets measured at amortised cost

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	11,048	920,658	7,794	758,375
Treasury Bonds	-	-	-	-
Other Public Bonds	190,105	548,173	-	432,800
Total	201,153	1,468,831	7,794	1,191,175

	Current Period	Prior Period
Debt Instruments	1,669,984	1,198,969
Quoted at stock exchange	1,669,984	1,198,969
Not-quoted at stock exchange	-	-
Impairment loss provision (-)	-	-
Total	1,669,984	1,198,969

Movement of financial assets measured at amortised cost

	Current Period	Prior Period
Balances at the beginning of the period	1,198,969	478,737
Foreign currency gains / losses on monetary assets	213,682	248,519
Purchases during the period	468,937	748,875
Disposals through sales and redemptions ⁽¹⁾	(211,604)	(277,162)
Impairment loss provision	-	-
Period end balance	1,669,984	1,198,969

⁽¹⁾ In the current period redemption amounting to TL 211,604 has been realized from the portfolio (31 December 2020: TL 277,162).

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****6. Information on financial assets measured at amortised cost (Continued)****Expected credit loss for financial assets measured at amortised cost**

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	3,271	-	-	3,271
Additions during the Period	1,162	-	-	1,162
Disposal	(1,071)	-	-	(1,071)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	3,362	-	-	3,362

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	1,280	-	-	1,280
Additions during the Period	2,386	-	-	2,386
Disposal	(395)	-	-	(395)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	3,271	-	-	3,271

7. Information on associates

The Bank does not have an associate.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

Information on Shareholder’s Equity for A&T Finansal Kiralama A.Ş.		
	Current Period	Prior Period
CORE CAPITAL		
Paid in Capital	126,000	116,000
Capital Reserves	228	228
Legal Reserves	6,080	5,293
Extraordinary Reserves – Legal Reserve per General Legislation	1	1
Profit / Loss	10,918	13,661
<i>Net Profit</i>	<i>8,044</i>	<i>12,204</i>
<i>Prior Period Profit/Loss ⁽¹⁾</i>	<i>2,874</i>	<i>1,457</i>
Intangible Assets (-)	544	179
Total Core Capital	142,683	135,004
SUPPLEMENTARY CAPITAL	-	-
CAPITAL	142,683	135,004
DEDUCTION FROM CAPITAL	-	-
NET AVAILABLE CAPITAL ⁽¹⁾	142,683	135,004

⁽¹⁾ There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 142,683.

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

Summary information on basic features of equity items

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

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

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

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

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

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

Total Assets	Shareholder s’ Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit / Loss	Prior Period Profit/Loss	Fair value ⁽¹⁾
429,901	148,308	10,725	30,640	-	8,044	2,874	-

⁽¹⁾ The related subsidiary has no fair value measurement as of 30 September 2021.*Movement related to subsidiaries*

	Current Period	Prior Period
Balance at the Beginning of the Period	116,204	108,205
Movements during the Period	9,998	7,999
Purchases	-	-
Bonus Shares Received	9,998	7,999
Dividends from Current Year Profit	-	-
Sales	-	-
Revaluation Increase, Effect of Inflation and F/X Difference	-	-
Impairment Provision (+)	-	-
Balance at the End of the Period	126,202	116,204
Capital Commitments	-	-
Share Percentage at the end of Period (%)	99.98	99.98

Sectoral Information on the subsidiaries

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	126,202	116,204
Finance Companies	-	-
Other Affiliates	-	-

Quoted Subsidiaries

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

9. Information on joint ventures

The Bank has no joint ventures.

10. Information on Financial lease receivables (Net)

The Bank has no financial lease operation.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. INFORMATION ON DISCLOSURES AND FOOTNOTES OF ASSETS (Continued)****11. Information on financial derivatives for hedging**

The Bank has no financial derivatives for hedging.

12. Information on investment property

The Bank has no investment property.

13. Information on tax assets***Information on deferred tax asset***

As of 30 September 2021, the Bank calculated net deferred tax liability of TL 18,987 by netting off deferred tax asset of TL 16,760 and deferred tax liability of TL 2,227 on all tax deductible/taxable temporary differences arising between the carrying amounts and the tax base of assets and liabilities in the financial statements that will be considered in the calculation of taxable earnings in the future periods.

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

	Current Period		Prior Period	
	Accumulated temporary differences	Deferred tax asset/liability	Accumulated temporary differences	Deferred tax asset/liability
Provisions for employee rights	32,148	6,900	23,687	4,737
Unearned revenues	3,516	879	2,271	454
Interest rediscounts	19,174	4,793	18,516	3,703
Provisions	26,868	6,061	34,629	6,926
Other	1,477	354	1,085	217
Deferred tax asset	83,183	18,987	80,188	16,037
Tangible assets revaluation surplus	114,622	14,923	123,851	16,770
Other	7,949	1,837	2,404	481
Deferred tax liability	122,571	16,760	126,255	17,251
Deferred tax asset/(liability) (net)		2,227		(1,214)

Movement of deferred tax asset and liability:

	Current Period	Prior Period
Opening balance	(1,214)	(1,719)
Deferred tax income/(expense)(Net)	2,081	1,197
Deferred tax accounted under shareholder's equity	1,360	(692)
Net Deferred Tax Asset/(Liability)	2,227	(1,214)

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

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

15. Information on other assets

Other assets is amounting to TL 30,875 and does not exceed 10% of total assets of balance sheet except off balance sheet commitments (31 December 2020: TL 35,732).

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION FIVE

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

II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES

1. Information on maturity profile of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulating Deposit Accounts	Total
Saving Deposits	32,781	-	2,048	1,907	3,327	-	-	-	40,063
Foreign Currency Deposits	1,398,582	-	3,984	41,307	13,611	10,973	10,664	-	1,479,121
Residents in Turkey	389,289	-	3,984	9,068	4,605	901	3,398	-	411,245
Residents Abroad	1,009,293	-	-	32,239	9,006	10,072	7,266	-	1,067,876
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	10,127	-	-	297	-	-	-	-	10,424
Other Ins. Deposits	5,705	-	-	-	-	-	-	-	5,705
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	650,223	-	195,842	309,505	88,562	-	-	-	1,244,132
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	103,150	-	-	-	-	103,150
Foreign Banks	650,223	-	195,842	206,355	88,562	-	-	-	1,140,982
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	2,097,418	-	201,874	353,016	105,500	10,973	10,664	-	2,779,445

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	18,984	-	678	1,011	2,234	-	-	-	22,907
Foreign Currency Deposits	1,239,907	-	339	33,115	21,093	5,985	7,644	-	1,308,083
Residents in Turkey	396,166	-	339	11,227	5,279	752	3,032	-	416,795
Residents Abroad	843,741	-	-	21,888	15,814	5,233	4,612	-	891,288
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	4,465	-	170	171	-	-	-	-	4,806
Other Ins. Deposits	1,715	-	-	-	-	-	-	-	1,715
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	446,269	-	182,617	180,206	22,023	-	686,072	-	1,517,187
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	93,683	-	-	-	-	-	93,683
Foreign Banks	446,269	-	88,934	180,206	22,023	-	686,072	-	1,423,504
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	1,711,340	-	183,804	214,503	45,350	5,985	693,716	-	2,854,698

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

	Covered by Deposit Insurance Fund		Not covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	13,345	9,559	26,718	13,348
Foreign Currency Saving Deposits	196,605	145,694	449,929	364,452
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	209,950	155,253	476,647	377,800

Saving deposits not covered by deposit insurance

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

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

The Parent Bank's headquarter is located in Turkey.

Amounts not covered by deposit insurance

Individual deposits not covered by deposit insurance

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	-	-
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	10,065	5,941
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 December 2004	-	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	-	-
Total	10,065	5,941

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

None.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES (Continued)****3. Information on Funds Borrowed**

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	-	165,346	-	-
From Foreign Banks, Institutions and Funds	-	2,679,516	-	1,457,806
Total	-	2,844,862	-	1,457,806

Presentation of funds borrowed based on maturity profile

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	-	1,199,804	-	450,476
Long-Term	-	1,645,058	-	1,007,330
Total	-	2,844,862	-	1,457,806

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

39% of the Bank's liabilities consist of deposits.

4. Information on other foreign resources

Other liabilities is amounting to TL 53,791 and this amount does not exceed 10% of total the balance sheet (31 December 2020: 32,693).

5. Information on financial lease obligations

	Current Period		Prior period	
	Gross	Net	Gross	Net
Less than 1 Year	359	352	816	618
Between 1-4 Years	5,177	3,843	4,613	2,915
Longer than 4 Years	3,013	2,392	4,357	3,836
Total	8,549	6,587	9,786	7,369

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

None.

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

The Bank reserved for employee severance indemnities in the accompanying unconsolidated financial statements using actuarial method in compliance with the updated “TAS 19 - Employee Benefits”. Accumulated all actuarial gains and losses in equity are recognized in other capital reserves. The employee termination benefit liability of the Bank is the amount as at 30 September 2021 is TL 16,022 (31 December 2020: TL 10,698) In addition to this, the unused vacation provision and other employee benefits amount as at 30 September 2021 is TL 16,126 (31 December 2020: TL 12,989).

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES (Continued)****7. Information on other provisions**

As of 30 September 2021, the free provision for possible risks for the Bank is TL 15,000 (31 December 2020: 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
Provisions for non-cash loans	17,512	20,779
Provisions for lawsuits	268	389
Total	32,780	36,168

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

As of 30 September 2021, the Bank's corporate tax payable is TL 10,611 after offsetting prepaid corporate tax. (31 December 2020 : 4,679 TL)

	Current Period	Prior Period
Corporate Taxes Payable	10,611	4,679
Banking Insurance Transaction tax (BITT)	1,218	821
Taxation on Securities Income	2,085	419
Value Added Tax Payable	66	129
Value Added Tax Payable (Limited taxpayer)	-	-
Foreign exchange transaction tax	-	-
Taxation on real estate income	6	9
Other	2,129	2,469
Total	16,115	8,526

Information on premium payables

	Current Period	Prior Period
Social Security Premiums-Employee	611	502
Social Security Premiums-Employer	908	742
Bank Pension Fund Premium-Employees	-	-
Bank Pension Fund Premium-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	43	36
Unemployment Insurance-Employer	86	71
Others	-	-
Total	1,648	1,351

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

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

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

The Banks has no subordinated loans.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES (Continued)****9. Information on Shareholders’ Equity*****Presentation of Paid-in Capital***

	Current Period
Common Stock	440,000
Preferred Stock	-

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

Registered share capital system is not implemented in the Bank.

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

None.

Information on share capital increases from capital reserves

None.

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

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

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

None.

Explanations on dividend distribution

None.

Information on the privileges given to stocks representing the capital

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

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

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

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

Fractional shares shall be allocated by the Board of Directors.

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

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

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. INFORMATION ON DISCLOSURES AND FOOTNOTES OF LIABILITIES (Continued)****9. Information on Shareholders’ Equity (Continued)***Gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income*

	Current Period		Prior Period	
	TP	YP	TP	YP
Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Valuation Differences	285	3,739	(425)	9,027
Exchange Rate Differences	-	-	-	-
Total	285	3,739	(425)	9,027

Information on legal reserve

In accordance with the decision taken at the 43rd Ordinary General Assembly Meeting held on April 16, 2021, in accordance with Article 519 of the Turkish Commercial Code No. 6102, TL 4,829 was transferred from previous years' profits to legal reserves in the current period.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

The Bank has TL 11,729 TL as irrevocable commitments (31 December 2020: TL 12,591).

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

As of the balance sheet date, the Bank has allocated the provision amounting TL 1,573 over total Stage 3 non-cash loans. (31 December 2020: TL 1,145)

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

The total amount of non-cash loans including guarantees, bills of exchange and acceptances and sureties on letters of credits and other guarantees is TL 1,042,132 (31 December 2020: TL 568,589).

Final guarantees, temporary guarantees, commitments and similar transactions

The total amount of the Bank’s guarantee letters is TL 3,616,658 (31 December 2020: TL 3,772,927).

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

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	331,498	252,259
Less Than or Equal to One Year with Original Maturity	109,657	65,662
More Than One Year with Original Maturity	221,841	186,597
Other Non-Cash Loans	4,327,292	4,089,257
Total	4,658,790	4,341,516

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

SECTION FIVE**INFORMATION ON DISCLOSURES AND FOOTNOTES OF UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****III. INFORMATION AND DISCLOSURES RELATED TO OFF-BALANCE SHEETS (Continued)****3. Information on Expected Loss Provisions**

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	19,634	-	1,145	20,779
Additions during the Period	5,199	-	428	5,627
Disposal	(8,894)	-	-	(8,894)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	15,939	-	1,573	17,512

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	21,418	-	267	21,685
Additions during the Period	6,058	-	878	6,936
Disposal	(7,842)	-	-	(7,842)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	19,634	-	1,145	20,779

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Received from Loans ⁽¹⁾				
Short-Term Loans	74,856	10,350	37,832	16,681
Medium and Long-Term Loans	6,679	29,227	6,416	24,449
Interest Received From Non-Performing Loans	-	-	127	-
Premiums Received From Resource Utilization	-	-	-	-
Support Fund	-	-	-	-
Total	81,535	39,577	44,375	41,130

⁽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 CRBT	-	-	-	-
From Domestic Banks	13	4,272	195	3,204
From Foreign Banks	524	60	-	222
From Foreign Headquarter and Branches	-	-	-	-
Total	537	4,332	195	3,426

Information on interest income on marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	716	-	1,900	5,163
Financial Assets at Fair Value Through Other Comprehensive Income	1,115	23,222	635	19,495
Financial Assets Measured at Amortised Cost	13,827	45,925	506	28,899
Total	15,658	69,147	3,041	53,557

Information on interest income received from associates and subsidiaries

None.

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	-	25,971	-	16,702
Central Bank	-	-	-	-
Domestic Banks	-	554	-	33
Foreign Banks	-	25,417	-	16,669
Overseas Headquarters and Branches	-	-	-	-
Total	-	25,971	-	16,702

Information on interest expense paid to subsidiaries and associates

	Current Period	Prior Period
Interest Expense Given to Affiliates and Subsidiaries	805	-

Information on interest expense given on securities issued

None.

Maturity structure of the interest expense on deposits

Current Period	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
Turkish Lira								
Interbank deposits	-	698	-	-	-	-	-	698
Saving deposits	-	156	197	238	1	10	-	602
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	64	12	6	-	-	-	82
Other deposits	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Total	-	918	209	244	1	10	-	1,382
Foreign Currency								
Foreign currency deposits	-	6	67	34	34	131	-	272
Interbank deposits	26	5,098	5,372	2,305	-	-	-	12,801
Deposits with 7 days notification	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-
Total	26	5,104	5,439	2,339	34	131	-	13,073
Grand Total	26	6,022	5,648	2,583	35	141	-	14,455

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

	Current Period	Prior Period
Gain	26,765,311	17,541,298
Gain from money market transactions	-	-
Gain from financial derivative transactions	-	-
Gain from exchange transactions	26,765,311	17,541,298
Loss (-)	(26,761,390)	(17,536,531)
Loss from money market transactions	-	(62)
Loss from financial derivative transactions	-	-
Loss from exchange transactions	(26,761,390)	(17,536,469)
Net Trading Gain/Loss	3,921	4,767

4. Information on income from other operations

	Current Period	Prior Period
From reversal of provisions of prior year	9,148	5,689
Provision for communication expenses	2,366	2,435
Gain on sales of assets	246	-
Other income	81	53
Total	11,841	8,177

5. Information on expected credit loss expenses

	Current Period	Prior Period
Expected Credit Loss Provisions	203	709
<i>12 month expected credit loss (stage 1)</i>	-	-
<i>Significant increase in credit risk (stage 2)</i>	-	-
<i>Non-performing loans (stage 3)</i>	203	709
Marketable Securities Impairment Expenses	-	-
<i>Financial Assets at Fair Value through Profit or Loss</i>	-	-
<i>Financial Assets at Fair Value Through Other Comprehensive Income</i>	-	-
Subsidiaries, Associates and Entities under Common Control	-	-
Provision Expenses for Impairment	-	-
<i>Associates</i>	-	-
<i>Subsidiaries</i>	-	-
<i>Joint Ventures</i>	-	-
Other	-	-
Total	203	709

6. Information on Other Provision Expenses

	Current Period	Prior Period
Securities Depreciation Expenses	1,774	9,459
Free Provision	-	-
Provisions Lawsuits	-	20
Total	1,774	9,479

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

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

	Current Period	Prior Period
Employee Termination Benefits Expense	1,529	1,594
Tangible Asset Impairment Expense	-	-
Amortization Expenses of Tangible Assets	1,996	2,271
Intangible Asset Impairment Expense	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	2,022	1,994
Shareholders Equity Procedure Applied Equity Interest Impairment Expense	-	-
Disposable Tangible Asset Impairment Expense	-	-
Amortization Expense of Assets Held for Resale	-	-
Impairment Expense related to Tangible Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	18,165	15,955
<i>Operating Lease Expenses out of the scope of TFRS 16</i>	36	35
<i>Maintenance Expenses</i>	6,815	5,242
<i>Advertisement Expenses</i>	72	138
<i>Other Expenses</i>	11,242	10,540
Losses from sales of Assets	-	-
Other	15,979	11,265
Total	39,691	33,079

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

The pre-tax income amount from continued operations is TL 166,234 (30 September 2020: 91,683 TL).

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

As of 30 September 2021, current taxation expense is TL 38,741 (30 September 2020: TL 20,998 current tax expense) and the net impact of deferred tax income is TL 2,081 (30 September 2020: TL 2,424 deferred tax income).

Deferred tax charge arising from origination or reversal of temporary differences

The Bank has TL 2,081 as deferred tax income arising from origination of temporary differences (30 September 2020: TL 2,424 deferred tax income).

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

The Bank has TL 2,081 as deferred tax income reflected in the statement of profit or loss computed over temporary difference and tax deductions and exemptions (30 September 2020: TL 2,424 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 129,574 (30 September 2020: TL 73,109).

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION FIVE

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

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

11. Information on net profit or loss of the period

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

None.

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

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

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

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

	Current Period	Prior Period
Letter of Credit Commissions	29,475	20,680
Transfer Commissions	7,238	9,080
Other	422	274
Total	37,135	30,034

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION FIVE

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

V. INFORMATION ON THE BANK’S RISK GROUP

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

Information on the loans of the Bank’s risk group

Current Period						
Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	295	-	202,385	-	20,150
Balance at the end of the period	-	295	9,635	120,530	4,655	214,540
Interest and Commission Income received ⁽²⁾	-	-	-	-	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 Bank’s direct and indirect shareholders are composed of forfeiting and letter of credit transactions which the interest and commission income are obtained not from the risk group but from the exporting firms.

Prior Period						
Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-Cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	564	59,486	11,700	-	88,731
Balance at the end of the period	-	295	-	202,385	-	20,150
Interest and Commission Income received ⁽²⁾	-	-	-	-	38	-

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

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

The Bank has a loan amounting to TL 1,622,735 (31 December 2020: TL 547,183) from the risk group. There was an interest expense of TL 29,316 in the current period related to the loans used (30 September 2020: TL 14,298).

Information on deposits of the Bank’s risk group

Bank’s Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank’s Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	198	245	19,697	1,688	1,026,132	777,686
Balance at the end of the period	199	198	41,729	19,697	597,733	1,026,132
Interest expense on deposits	-	-	669	7	18,620	2,941

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

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

None.

Information on benefits provided for top level management:

As of 30 September 2021, TL 14,869 has been paid to the top-level management of the Bank as salaries and fringe benefit (30 September 2020: TL 11,342).

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

SECTION FIVE

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 2021, unconsolidated 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 10 November 2021 is presented before the unconsolidated financial statements.

II. INFORMATION AND FOOTNOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

SECTION SEVEN

EXPLANATIONS ON INTERIM ACTIVITY REPORT

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

For the global economy, which spent 2020 struggling with economic and financial depression due to the Covid-19 pandemic, 2021 was a year in which vaccinations accelerated and signs of recovery were observed at both growth rates and trade volumes. Considering loose monetary policies and support packages in many countries, as well as the improvement in global demand and the recovery in global economic activity, OECD increased its global economic growth forecasts. The institution forecasts that global economy will grow by 5.7% in 2021 and by 4.5% in 2022.

Spread rate of the delta variant, possibility of international restrictions again depending on the pandemic, timing of the FED's decision on reducing asset purchase program and actions of the Central Bank towards tight monetary policies will be on the top of the global agenda to be monitored in the coming period. It is expected that although the number of Covid-19 cases continue to increase in the worldwide, the impact of the pandemic on economic activity will be limited compared to 2020 due to increasing vaccination rates.

On domestic side, following 7.2% growth in the first quarter, GDP of Turkey increased by 21.7% in the second quarter of 2021 compared to the same period of the previous year. Leading indicators point out that the growth in economic activity will continue in the coming period, although it will lose momentum depending on the fluctuations in exchange rates, downward trend in loan growth and increasing funding cost. On the other hand, the upward trend in annual inflation since September 2020 continued during the year 2021 and the annual rate of increase in the consumer price index reached 19.58% at the end of September 2021. It is evaluated that depending on the rising global commodity prices, the fluctuation in exchange rates and high level of producer price index, the pressure on core inflation will continue in the coming period. The current account deficit, which was USD 26 billion in 'January-August' period of the previous year, decreased to USD 14 billion level in the same period of 2021. Positive performance of export figures as a result of the strong demand from the Eurozone economies, the normalization of net gold imports and the revival in tourism activities support the positive outlook in the current account balance. On monetary policy and interest rate side, the Central Bank of the Republic of Turkey decreased the policy rate by totally 300 base points to 16% in its September and October meetings.

In order to minimize the negative effects of all the challenging conditions and economic uncertainty on a global scale as well as geopolitical developments on economic activity in Turkey, the necessary measures have been taken in coordination by all relevant authorities. It is evaluated that under such conditions, the Turkish banking sector maintains its strong outlook on both liquidity and capital adequacy and continues its core function of 'lending' activities in a healthy way. Total cash lending and deposit volume of the sector reached TL 3.9 trillion at end-August 2021. In terms of profitability, net profit increased by 12.8% compared to the same period of the previous year and realized at TL 48.5 billion depending on the increase in non-interest income, although net interest income decreased due to the climbing interest expenses.

ARAP TÜRK BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021

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

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

The asset size of A&T Bank increased by 26.3% compared to the end of the previous year and reached TL 7 billion at the end of September 2021. In this period, while the Bank’s shareholders' equity went up to TL 1.276 million, net profit increased by 77.2% year on year basis to TL 129.6 million. In addition, capital adequacy standard ratio of the Bank maintains its strong outlook by 23.3%.

Our investments in digital banking and card payment systems have been continuing through closely following the developments in the banking sector and adopting these developments and new products to the conditions of our Bank and the needs of our customers. The efforts to add “debit card” product by the end of 2021 to internet banking and mobile banking applications, which are the milestones of our digital transformation, are among the most important issues in the business plan of this year. In this context, necessary permissions have been obtained from the Banking Regulation and Supervision Agency for the issuance of debit card and managing related activities. It is aimed that related operations will be completed by the end of 2021.

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

Best regards,

Wail J. A. BELGASEM
General Manager

Dr. Ertan ALTİKULAÇ
Chairman

ARAP TÜRK BANKASI A.Ş.**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2021**

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

II. Unconsolidated Financial Highlights

Assets (Thousand TL) (1)	31.12.2020	30.09.2021
Financial Assets (Net) (2)	2,379,002	3,284,997
Financial Assets Measured at Amortized Cost (Net) (3)	2,906,456	3,448,760
Property and Equipment Held for Sale Purpose and Related to Discontinued Opr. (Net)	1,210	1,000
Equity Investments	116,204	126,202
Property and Equipment (Net)	143,086	145,084
Intangible Assets (Net)	3,978	3,961
Deferred Tax Assets	0	2,227
Other Assets (Net)	26,390	30,875
Total Assets	5,576,326	7,043,106

Liabilities (Thousand TL) (1)	31.12.2020	30.09.2021
Deposits	2,854,698	2,779,445
Funds Borrowed	1,457,806	2,844,862
Lease Liabilities (Net)	7,369	6,587
Provisions	59,855	64,928
Current Tax Liability	9,877	17,763
Deferred Tax Liability	1,214	0
Shareholders' Equity	1,152,814	1,275,730
Other Liabilities	32,693	53,791
Total Liabilities	5,576,326	7,043,106

Off Balance Sheet Commitments (Thousand TL)	31.12.2020	30.09.2021
Guarantees and Warranties	4,341,516	4,658,790
Commitments	12,591	11,729
Total Off Balance Sheet Commitments	4,354,107	4,670,519

Statement of Profit / Loss (Thousand TL)	30.09.2020	30.09.2021
Interest Income	177,280	265,837
Interest Expense (-)	26,865	41,483
Net Interest Income	150,415	224,354
Net Fees & Commission Income	43,209	49,086
Dividend Income	8,031	10,039
Trading Income / Loss (Net) (+/-)	4,767	3,921
Other Operating Income	8,177	11,841
Gross Operating Income	214,599	299,241
Expected Credit Loss (-)	709	203
Other Provisions Expenses (-)	9,479	1,774
Personnel Expense (-)	79,649	91,339
Other Operating Expenses (-)	33,079	39,691
Net Operating Income / Loss	91,683	166,234
Tax Provision (-)	18,574	36,660
Net Term Profit	73,109	129,574

Unconsolidated Financial Ratios (%)	31.12.2020	30.09.2021
Return on Assets (4)	1.73	2.37
Return on Equity (4)	9.19	13.60
Loans / Total Assets	30.93	25.42
Deposits / Total Liabilities	51.19	39.46
Capital Adequacy Standard Ratio	27.64	23.27

(1) Rate sensitive assets and liabilities include rediscounts.

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

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

(4) The ratios are annualized.

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

- Compared to the end of the previous year, total assets of the Bank increased by 26.3% to TL 7 billion at end-September 2021. In the period examined, the most significant investment instruments of the Bank included financial assets (net) by 46.6% share totaling TL 3.285 million and financial assets measured at amortized cost (net) by 49% share totaling TL 3.449 million.
- External sources constituted 81.9% of the Bank's total liabilities. Funds borrowed by TL 2.845 million and deposits by TL 2.779 million constituted the majority of the external sources. Shareholders' equity stood at TL 1.276 million and has 18.1% share in total liabilities at the end of September 2021.
- Guarantees and warranties, which include letters of guarantee, letters of credit and other guarantees, went up by 7.3% compared to the previous year-end and stood at TL 4.659 million at end-September 2021.
- In the first 9-months of 2021, cumulative net term profit of A&T Bank realized as TL 129.6 million, indicating 77.2% increase compared with the same period of the previous year.

Net interest income and net fees & commissions income of the Bank climbed by 49.2% and 13.6%, respectively, in the period examined.

- Annualized return on assets and return on equity ratios at end-September 2021 are 2.37% and 13.6%, respectively.

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

- In the third quarter of 2021, no changes were made in the membership structure of the Board of Directors.
- As of 30.09.2021, the memberships of the Board of Directors are as follows:

Mr. Dr. Ertan ALTİKULAÇ	Chairman
Mr. Aflah Omar MAGSI	Deputy Chairman
Mr. Wail J. A. BELGASEM	Member (General Manager)
Mr. Abdulhakim A. E. KHAMAG	Member
Mr. Dr. Mohamed Masoud A. ALDROGI	Member
Mr. Salah BANDI	Member
Mr. Dr. Sinan ŞAHİN	Member
Ms. İmge Hilal Soyluoğlu CANLI	Member
Mr. Hüseyin Serdar YÜCEL	Member

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

- In the third quarter of 2021, no changes were made in the membership structure of the Audit Committee.
- As of 30.09.2021 the memberships of the Audit Committee are as follows:

Mr. Dr. Mohamed Masoud A. ALDROGI	Chairman
Mr. Salah BANDI	Member
Mr. Dr. Sinan ŞAHİN	Member
- During the period, there has been no change in the Managers of the Units responsible for the Internal Systems.

VI. Changes in the Membership Structure of Other Governance Committees

- In the third quarter of 2021 no changes were made in the membership structure of Other Governance Committees.

VII. Other Issues

There is no significant changes apart from the above-mentioned explanations compared to the 2020 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”.