

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND
RELATED DISCLOSURES AND FOOTNOTES
ORIGINALLY ISSUED IN TURKISH, SEE SECTION 3.1)**

ARAP TÜRK BANKASI ANONİM ŞİRKETİ

**CONSOLIDATED FINANCIAL STATEMENTS AS OF AND
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2023
WITH AUDITORS' REVIEW REPORT
(CONVENIENCE TRANSLATION OF CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED
DISCLOSURES AND FOOTNOTES
ORIGINALLY ISSUED IN TURKISH)**



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the General Assembly of Arap Türk Bankası Anonim Şirketi;

Introduction

We have reviewed the consolidated balance sheet of Arap Türk Bankası Anonim Şirketi ("the Bank") and its consolidated subsidiary (collectively referred to as "the Group") at 30 September 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

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



Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying consolidated financial information does not present fairly in all material respects the consolidated financial position of Arap Türk Bankası Anonim Şirketi and its consolidated subsidiary at 30 September 2023 and its consolidated financial performance and its consolidated cash flows for the nine-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other Matter

The consolidated financial statements of the Group as at 31 December 2022 and 30 September 2022 were audited and reviewed by another auditor which expressed an unqualified opinion and an unqualified conclusion in their reports issued on 23 February 2023 and 4 November 2022.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 September 2023. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Didem Demer Kaya, SMMM
Partner

Istanbul, 10 November 2023

**ARAP TÜRK BANKASI A.Ş. CONSOLIDATED INTERIM FINANCIAL REPORT
AS OF AND FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2023**

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

The consolidated interim financial report as of and for the nine month period ended 30 September 2023 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be Announced to Public” by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

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

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

Yasin Öztürk
*Chairman of the Board of
Directors*

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

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

Gülbin Çakır
*Member of The Board of
Directors and The Audit
Committee*

Wail J. A. Belgasem
General Manager

Salih Hatipoğlu
*Assistant General Manager
Responsible For Financial Reporting*

Feyzullah Küpeli
Manager

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

Name / Title: Betül Yörel /D. Manager

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ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

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

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

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

As of 30 September 2023, the Parent Bank’s share capital at the balance sheet date as follows:

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

⁽¹⁾ Emek İnşaat ve İşletme A.Ş. has 0,0000014 % share in the paid capital by TL 6.20 (full digit in TL) (31 December 2022: 0,0000014 % share and TL 6.20 (full digit in TL)).

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

Chairmen of the Board of Directors and Board Members

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

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

General Manager and Deputies

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

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

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

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

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

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

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

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

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

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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- VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
- VII. CONSOLIDATED STATEMENT OF CASH FLOWS

ARAP TÜRK BANKASI A.Ş.

**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 SEPTEMBER 2023**

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

I- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ASSETS		Note (Section Five I)	Reviewed			Audited		
			CURRENT PERIOD			PRIOR PERIOD		
			30/09/2023			31/12/2022		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	FINANCIAL ASSETS (NET)		396,801	5,656,962	6,053,763	143,764	4,127,106	4,270,870
1.1	Cash and Cash Equivalents	(1)	55,953	4,007,067	4,063,020	66,877	2,749,213	2,816,090
1.1.1	Cash and Balances with Central Bank		17,509	2,876,882	2,894,391	9,575	1,916,611	1,926,186
1.1.2	Banks	(4)	39,563	1,130,195	1,169,758	57,809	832,610	890,419
1.1.3	Money Markets		-	-	-	-	-	-
1.1.4	Expected Credit Loss (-)		1,119	10	1,129	507	8	515
1.2	Financial Assets Measured at Fair Value Through Profit or Loss	(2)	-	-	-	-	-	-
1.2.1	Government Securities		-	-	-	-	-	-
1.2.2	Equity Securities		-	-	-	-	-	-
1.2.3	Other Financial Assets		-	-	-	-	-	-
1.3	Financial Assets Measured at Fair Value Through Other Comprehensive Income	(5)	340,848	1,649,895	1,990,743	76,887	1,377,893	1,454,780
1.3.1	Government Securities		340,624	1,222,094	1,562,718	76,663	988,796	1,065,459
1.3.2	Equity Securities		224	10,939	11,163	224	7,472	7,696
1.3.3	Other Financial Assets		-	416,862	416,862	-	381,625	381,625
1.4	Derivative Financial Assets	(3)	-	-	-	-	-	-
1.4.1	Derivative Financial Assets Measured at Fair Value Through Profit or Loss		-	-	-	-	-	-
1.4.2	Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)		1,229,565	6,890,371	8,119,936	1,550,665	5,730,780	7,281,445
2.1	LOANS (NET)	(6)	1,064,579	2,767,871	3,832,450	1,282,166	2,122,686	3,404,852
2.2	Lease Receivables	(11)	139,785	985,022	1,124,807	139,009	640,544	779,553
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortized Cost	(7)	41,242	3,142,574	3,183,816	140,247	2,970,149	3,110,396
2.4.1	Government Securities		41,242	2,704,512	2,745,754	81,253	2,519,804	2,601,057
2.4.2	Other Financial Assets		-	438,062	438,062	58,994	450,345	509,339
2.5	Expected Credit Loss (-)	(7)	16,041	5,096	21,137	10,757	2,599	13,356
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(15)	-	-	-	1,000	-	1,000
3.1	Held for Sale Purpose		-	-	-	1,000	-	1,000
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		-	-	-	-	-	-
4.1	Associations (Net)	(8)	-	-	-	-	-	-
4.1.1	Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2	Subsidiaries (Net)	(9)	-	-	-	-	-	-
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3	JOINT VENTURES (Net)	(10)	-	-	-	-	-	-
4.3.1	Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	PROPERTY AND EQUIPMENT (Net)		588,079	-	588,079	579,519	-	579,519
VI.	INTANGIBLE ASSETS (Net)		14,143	-	14,143	4,372	-	4,372
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		14,143	-	14,143	4,372	-	4,372
VII.	INVESTMENT PROPERTY (Net)	(13)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET	(14)	-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(14)	20,480	-	20,480	-	-	-
X.	OTHER ASSETS	(16)	76,663	61,523	138,186	44,792	46,876	91,668
TOTAL ASSETS			2,325,731	12,608,856	14,934,587	2,324,112	9,904,762	12,228,874

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

ARAP TÜRK BANKASI A.Ş.

**CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
AS OF 30 SEPTEMBER 2023**

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

II- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) LIABILITIES	Note(Section Five II)	Reviewed CURRENT PERIOD 30/09/2023			Audited PRIOR PERIOD 31/12/2022		
		TL	FC	TOTAL	TL	FC	TOTAL
I. DEPOSITS	(1)	81,136	7,122,331	7,203,467	154,641	5,364,033	5,518,674
II. FUNDS BORROWED	(3)	3,787	5,358,112	5,361,899	20,580	4,444,471	4,465,051
III. MONEY MARKETS		245,423		245,423	37,162		37,162
IV. SECURITIES ISSUED (Net)							
4.1 Bills							
4.2 Asset Backed Securities							
4.3 Bonds							
V. FUNDS							
5.1 Borrower Funds							
5.2 Other							
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS							
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)		3,083	3,083			
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss							
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income			3,083	3,083	3-		
VIII. FACTORING LIABILITIES							
IX. LEASE LIABILITIES (Net)	(5)	5,875	1,259	7,134	2,272		2,272
X. PROVISIONS	(7)	122,169	17,347	139,516	134,844	10,871	145,715
10.1 Restructuring Provisions							
10.2 Reserve for Employee Benefits		91,331		91,331	96,042		96,042
10.3 Insurance Technical Provisions (Net)							
10.4 Other Provisions		30,838	17,347	48,185	38,802	10,871	49,673
XI. CURRENT TAX LIABILITY	(8)	23,054		23,054	25,315		25,315
XII. DEFERRED TAX LIABILITY		1,648		1,648	36,536		36,536
XIII. LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)							
13.1 Held for Sale Purpose							
13.2 Related to Discontinued Operations							
XIV. SUBORDINATED DEBT INSTRUMENTS							
14.1 Loans							
14.2 Other Debt Instruments							
XV. OTHER LIABILITIES	(4)	40,094	104,984	145,078	36,366	89,567	125,933
XVI. SHAREHOLDERS' EQUITY	(9)	1,803,967	(318)	1,804,285	1,886,900	(14,684)	1,872,216
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		428,074		428,074	433,220		433,220
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		(127,674)	318	(127,356)	6,338	(14,684)	(8,346)
16.5 Profit Reserves		70,425		70,425	58,681		58,681
16.5.1 Legal Reserves		70,424		70,424	58,680		58,680
16.5.2 Status Reserves							
16.5.3 Extraordinary Reserves		1		1	1		1
16.5.4 Other Profit Reserves							
16.6 Profit or (Loss)		933,142		933,142	948,661		948,661
16.6.1 Prior Periods' Profit or (Loss)		936,917		936,917	733,323		733,323
16.6.2 Current Period Profit or (Loss)		56,225		56,225	215,338		215,338
16.7 Minority shares							
TOTAL LIABILITIES		2,327,153	12,607,434	14,934,587	2,334,616	9,894,258	12,228,874

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

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 30 SEPTEMBER 2023

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

III- CONSOLIDATED STATEMENT OFF-BALANCE SHEET COMMITMENTS	Note(Section Five III)	Reviewed CURRENT PERIOD 30/09/2023			Audited PRIOR PERIOD 31/12/2022		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		729,590	11,881,109	12,610,699	190,704	7,740,130	7,930,834
I. GUARANTEES AND WARRANTIES	(2)	722,332	11,357,832	12,080,164	183,971	7,644,929	7,828,900
1.1. Letters of Guarantee		722,332	8,738,510	9,460,842	181,283	5,746,647	5,927,930
1.1.1. Guarantees Subject to State Tender Law		28,714	-	28,714	7,179	-	7,179
1.1.2. Guarantees Given for Foreign Trade Operations		242,174	8,649,363	8,891,537	130,482	5,737,686	5,868,168
1.1.3. Other Letters of Guarantee		451,444	89,147	540,591	43,622	8,961	52,583
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	2,451,280	2,451,280	-	1,327,841	1,327,841
1.3.1. Documentary Letters of Credit		-	-	-	-	-	-
1.3.2. Other Letters of Credit		-	2,451,280	2,451,280	-	1,327,841	1,327,841
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	168,042	168,042	2,688	570,441	573,129
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(1)	7,258	229,865	237,123	6,733	95,201	101,934
2.1. Irrevocable Commitments		600	45,031	45,631	389	11,312	11,701
2.1.1. Asset Purchase and Sale Commitments		-	-	-	-	-	-
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		600	-	600	389	-	389
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	45,031	45,031	-	11,312	11,312
2.2. Revocable Commitments		6,658	184,834	191,492	6,344	83,889	90,233
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		6,658	184,834	191,492	6,344	83,889	90,233
III. DERIVATIVE FINANCIAL INSTRUMENTS		-	293,412	293,412	-	-	-
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		-	293,412	293,412	-	-	-
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		-	293,412	293,412	-	-	-
3.2.2.1. Foreign Currency Swap-Buy		-	145,153	145,153	-	-	-
3.2.2.2. Foreign Currency Swap-Sell		-	148,259	148,259	-	-	-
3.2.2.3. Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.5. 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)		2,105,121	11,952,364	14,057,485	1,798,634	8,535,439	10,334,073
IV. ITEMS HELD IN CUSTODY		8,483	-	8,483	4,164	-	4,164
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Checks Received for Collection		8,483	-	8,483	4,164	-	4,164
4.4. Commercial Notes Received for Collection		-	-	-	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		2,096,638	11,952,364	14,049,002	1,794,470	8,535,439	10,329,909
5.1. Marketable Securities		-	-	-	-	-	-
5.2. Guarantee Notes		18,820	594,627	613,447	19,120	411,418	430,538
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		14,394	662,516	676,910	14,394	452,499	466,893
5.6. Other Pledged Items		2,063,424	10,695,221	12,758,645	1,760,956	7,671,522	9,432,478
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		2,834,711	23,833,473	26,668,184	1,989,338	16,275,569	18,264,907

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

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 30 SEPTEMBER 2023

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

IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS	Footnote (V-IV)	Reviewed	Non-Reviewed	Reviewed	Non-Reviewed
		Current Period 01/01-30/09/2023	Current Period 01/07-30/09/2023	Prior Period 01/01-30/09/2022	Prior Period 01/07-30/09/2022
I. PROFIT SHARE INCOME	(1)	664,682	274,518	512,664	198,308
1.1 Profit Share on Loans		291,122	130,674	285,201	121,506
1.2 Profit Share on Reserve Deposits		2,508	641	131	19
1.3 Profit Share on Banks		32,256	16,611	18,567	9,004
1.4 Profit Share on Money Market Placements		-	-	6,266	334
1.5 Profit Share on Marketable Securities Portfolio		259,853	93,982	159,921	51,877
1.5.1 Financial Assets Measured at Fair Value Through Profit/Loss		-	-	-	-
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income		117,766	40,261	52,772	12,675
1.5.3 Financial Assets Measured at Amortized Cost		142,087	53,721	107,149	39,202
1.6 Financial Lease Income		77,945	31,727	42,572	15,565
1.7 Other Profit Share Income		998	883	6	3
II. PROFIT SHARE EXPENSE	(2)	243,881	108,167	114,363	49,802
2.1 Profit Share Expense on Participation Accounts		53,965	19,961	16,358	5,453
2.2 Profit Share Expense on Funds Borrowed		130,759	63,141	79,878	32,285
2.3 Profit Share Expense on Money Market Borrowings		7,415	5,970	2,259	1,038
2.4 Expense on Securities Issued		-	-	-	-
2.5 Lease Profit Share Expense		-	-	-	-
2.6 Other Profit Share Expenses		51,742	19,095	15,868	11,026
III. NET PROFIT SHARE INCOME/EXPENSE (I - II)		420,801	166,351	398,301	148,506
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		99,212	41,207	79,941	30,061
4.1 Fees and Commissions Received		107,933	45,781	84,079	31,396
4.1.1 Non-cash Loans		24,599	8,567	20,981	5,814
4.1.2 Other		83,334	37,214	63,098	25,582
4.2 Fees and commissions paid		8,721	4,574	4,138	1,335
4.2.1 Non-cash Loans		19	5	11	5
4.2.2 Other		8,702	4,569	4,127	1,330
V. DIVIDEND INCOME		32	32	63	-
VI. NET TRADING INCOME (Net)	(3)	10,020	(1,936)	16,574	9,799
6.1 Capital Market Transaction Gains / Losses		(13,218)	(5,113)	-	-
6.2 Gains/ Losses From Derivative Financial Instruments		(9,180)	(8,776)	(17)	-
6.3 Foreign Exchange Gains / Losses		32,418	11,953	16,591	9,799
VII. OTHER OPERATING INCOME	(4)	30,096	2,505	7,566	2,312
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		560,161	208,159	502,445	190,678
IX. EXPECTED CREDIT LOSSES (-)	(5)	8,127	215	2,764	(1,955)
X. OTHER PROVISIONS (-)	(6)	30,228	4,010	12,671	(1,505)
XI. PERSONNEL EXPENSES (-)		296,668	110,989	174,130	68,102
XII. OTHER OPERATING EXPENSES (-)	(7)	152,373	59,361	81,630	30,670
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		72,765	33,584	231,250	95,366
XIV. INCOME RESULTED FROM MERGERS		-	-	-	-
XV. INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-	-	-
XVI. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATION(XIII+...+XVI)	(8)	72,765	33,584	231,250	95,366
XVII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(16,540)	(7,601)	(56,419)	(23,896)
18.1 Current Tax Provision		(15,367)	(4,640)	(65,162)	(28,414)
18.2 Expense Effect of Deferred Tax (+)		89,422	16,027	15,473	1,840
18.3 Income Effect of Deferred Tax (-)		88,249	13,066	24,216	6,358
XIX. NETOPERATING PROFIT/LOSS AFTER TAXES(XVII±XVIII)	(10)	56,225	25,983	174,831	71,470
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses on Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Expenses from Other Discontinued Operations		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Current Tax Charge		-	-	-	-
23.2 Expense Effect of Deferred Tax (+)		-	-	-	-
23.3 Income Effect of Deferred Tax (-)		-	-	-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	(11)	56,225	25,983	174,831	71,470
25.1 Profit/(Loss) from the Group		56,225	25,983	174,831	71,470
25.2 Profit/(Loss) from Minority Interest		-	-	-	-
Earnings per share income/loss (Full TL)		0.0013	0.0003	0.0040	0.0016

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

ARAP TÜRK BANKASI A.Ş.**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 30 SEPTEMBER 2023**

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

V. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Reviewed	Reviewed
	Current Period 01/01/2023 - 30/09/2023	Prior Period 01/01/2022 - 30/09/2022
I. CURRENT PERIOD PROFIT/LOSS	56,225	174,831
II. OTHER COMPREHENSIVE INCOME	(124,156)	(24,239)
2.1 Other Income/Expense Items not to be Reclassified to Profit or Loss	(5,146)	(13,627)
2.1.1 Tangible Assets Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	(8,292)	(11,528)
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	3,146	(2,099)
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	(119,010)	(10,612)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(172,405)	(15,185)
2.2.3 Gains/losses from Cash Flow Hedges	-	-
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	53,395	4,573
III. TOTAL COMPREHENSIVE INCOME (I+II)	(67,931)	150,592

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

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED AT 30 SEPTEMBER 2023

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or Loss	Total Equity Excluding Minority Shares	Minority Shares	Total Equity	
					1	2	3	4	5	6							
Reviewed Current Period 30 September 2023																	
I. Prior Period End Balance	440,000	-	-	-	460,923	(27,703)	-	-	(8,346)	-	58,681	733,323	215,338	1,872,216	-	1,872,216	
II. Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. Adjusted Beginning Balance (I+II)	440,000	-	-	-	460,923	(27,703)	-	-	(8,346)	-	58,681	733,323	215,338	1,872,216	-	1,872,216	
IV. Total Comprehensive Income	-	-	-	-	-	(5,146)	-	-	(119,010)	-	-	-	56,225	(67,931)	-	(67,931)	
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase/Decrease by Other Changes (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	11,744	-	203,594	(215,338)	-	-	-	
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	11,744	-	203,594	(215,338)	-	-	-	
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period End Balance (III+IV+.....+X+XI)	440,000	-	-	-	460,923	(32,849)	-	-	(127,356)	-	70,425	936,917	56,225	1,804,285	-	1,804,285	

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve.
2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Not Reclassified Through Profit or Loss Differences on Translation)
4. Exchange Differences on Translation.
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income
6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Reclassified Through Profit or Loss)

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

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED AT 30 SEPTEMBER 2022

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves
					1	2	3	4	5	6						
					Reviewed Prior Period 30 September 2022											
I. Prior Period End Balance	440,000	-	-	-	160,466	(7,506)	-	-	(23,476)	-	49,790	579,207	163,007	1,361,488	-	1,361,488
II. Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	440,000	-	-	-	160,466	(7,506)	-	-	(23,476)	-	49,790	579,207	163,007	1,361,488	-	1,361,488
IV. Total Comprehensive Income	-	-	-	-	(5,456)	(8,171)	-	-	(10,612)	-	-	-	174,831	150,592	-	150,592
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	8,891	154,116	(163,007)	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	8,891	154,116	(163,007)	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+.....+X+XI)	440,000	-	-	-	155,010	(15,677)	-	-	(34,088)	-	58,681	733,323	174,831	1,512,080	-	1,512,080

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve.
2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Not Reclassified Through Profit or Loss Differences on Translation)
4. Exchange Differences on Translation.
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income
6. Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Reclassified Through Profit or Loss)

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

ARAP TÜRK BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AT 30 SEPTEMBER 2023

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

	Note	Reviewed CURRENT PERIOD (01/01/2023-30/09/2023)	Reviewed PRIOR PERIOD (01/01/2022-30/09/2022)
A. VII. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating Profit Before Changes in Operating Assets and Liabilities		(1,034,743)	407,118
1.1.1 Interest Received		622,637	518,562
1.1.2 Interest Paid		(232,782)	(140,379)
1.1.3 Dividend Received		-	63
1.1.4 Fees and Commissions Received		107,933	84,079
1.1.5 Other Income		43,509	28,048
1.1.6 Collections from Previously Written-off Loans and Other Receivables		275	1,783
1.1.7 Payments to Personnel and Service Suppliers		(382,284)	(245,450)
1.1.8 Taxes Paid		(74,169)	(53,134)
1.1.9 Other		(1,119,862)	183,546
1.2 Changes in Operating Assets and Liabilities		40,876	(1,867,622)
1.2.1 Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		210,406	6,192
1.2.2 Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3 Net (increase) / decrease in loans		154,803	(493,304)
1.2.4 Net (increase) / decrease in other assets		(45,543)	(64,541)
1.2.5 Net increase / (decrease) in bank deposits		(342,047)	(490,565)
1.2.6 Net increase / (decrease) in other deposits		(93,518)	(160,317)
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		812,583	(665,762)
1.2.9 Net increase / (decrease) in payables		-	-
1.2.10 Net increase / (decrease) in other liabilities		(655,808)	675
I. Net Cash Provided from Banking Operations		(993,867)	(1,460,504)
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		-	-
II. Net Cash Provided from Investing Activities		866,478	234,979
2.1 Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2 Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3 Purchases of property and equipment		(105,501)	(11,686)
2.4 Disposals of property and equipment		5,377	-
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1,062,300)	(146,875)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		829,061	378,210
2.7 Purchase of Financial Assets Measured at Amortized Cost		(510,808)	(943,128)
2.8 Sale of Financial Assets Measured at Amortized Cost		1,713,338	960,697
2.9 Other		(2,689)	(2,239)
C. CASH FLOWS FROM FINANCING ACTIVITIES		-	-
III. Net Cash Provided from Financing Activities		(1,188)	(773)
3.1 Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3 Issued Equity Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(1,188)	(773)
3.6 Other		-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		715,638	533,117
V. Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)		587,061	(693,181)
VI. Cash and Cash Equivalents at the Beginning of the Period		1,637,040	2,356,638
VII. Cash and Cash Equivalents at the End of the Period		2,224,101	1,663,457

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS FOR BASIS OF PRESENTATION

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

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

On January 20, 2022, POA made a statement on whether to Apply Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it is stated that there is no need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies in the financial statements of the companies applying TFRS at the relevant date. As of the preparation date of the financial statements, no new announcement has been made by the Public Oversight Authority in this context, and no inflation adjustment has been made within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies in the unconsolidated financial statements dated September 30, 2023.

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

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

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

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

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

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

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

The major principles applied in the consolidation of subsidiaries

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

IV. INFORMATION ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

Derivative financial instruments of the Bank are classified under "IFRS 9 Financial Instruments" ("IFRS 9"), "Derivative Financial Assets Designated at Fair Value through Profit or Loss".

Derivatives are initially recorded at their purchase costs including the transaction costs. The notional amounts of derivative transactions are recorded in off-balance sheet accounts based on their contractual amounts.

The derivative transactions are measured at fair value subsequent to initial recognition and if the fair value of a derivative financial instrument is positive, it is disclosed under trading derivative financial assets and if the fair value difference is negative, it is disclosed under trading derivative financial liabilities.

Gains and losses arising from a change in fair value of trading derivatives after the re measurement are accounted in the income statement. The fair value of the derivative financial instruments is calculated using quoted market prices by using discounted cash flows model.

V. INFORMATION ON INTEREST INCOME AND EXPENSE

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

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

VI. INFORMATION ON FEES AND COMMISSION

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

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 Bank is a legal party to these instruments.

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

a. Financial Assets at Fair Value through Profit or Loss

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

b. Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

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

c. Financial Assets Measured at Amortized Cost

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

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

d. Loans

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

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

Bank's loans measured at amortized cost account.

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment

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

As of 1 January 2018, the Bank recognize provisions for impairment in accordance with IFRS 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 IFRS 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) that are not measured at fair value through profit or loss, credit commitments and financial guarantee contracts.

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

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

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

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

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

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

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

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

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

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

Individual Evaluation

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment (Continued)

Definition of Default

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

These conditions have stated below:

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

Significant increase in credit risk definition

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

In this context, in the criteria applied for the loans classified in the first Group; the issue of future payment issues is not expected and the credit worthiness of the borrower of the loan has not weakened. In accordance with IFRS 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 IFRS 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 IFRS 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 IFRS 9 regulation and specified in the monitoring policies.

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

In accordance with IFRS 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. INFORMATION ON FINANCIAL ASSETS (Continued)

e. Impairment (Continued)

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

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 main macroeconomic independent variables used in these forecasts are the changes in "USDTRY, Consumer Price Index and Gross Domestic Product". 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.

VIII. INFORMATION ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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 (IFRS 5)".

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. To have a high possibility of sale, a plan should have been made for the sale of the asset (or the asset group to be disposed) and an active program should have been started by the management, aiming to complete the plan and determine the buyers. The related amount is very low. In addition, the asset should be actively marketed at a price that is consistent with the true value.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XI. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS

There is no goodwill in the accompanying financial statements related to the acquisition of a subsidiary.

The Group’s intangible assets consist of software.

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

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

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

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 Parent 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 income statement of the period.

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

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

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. INFORMATION ON LEASING ACTIVITIES

Tangible assets acquired through financial leasing are recognized as assets and the related liabilities as lease payables in the Group's assets and liabilities, respectively. Financing costs arising from the leasing are spread over the period to form a fixed interest rate throughout the lease term. Interest and foreign exchange expenses related to financial leasing are reflected in the profit or loss statement. Depreciation is calculated for the assets acquired through financial leasing in accordance with the principles applied for tangible fixed assets.

As of the end of the reporting period, the Group does not have the authority to make financial leasing, like a financial leasing company.

Explanations on IFRS 16 Leases

Group - as a tenant

The group assesses at the inception of a contract whether the contract is or contains a lease. If the contract transfers the right to control the use of the identified asset for a specified period of time, the contract is or includes a lease. The Group reflects a right-of-use asset and a lease liability in its financial statements at the commencement date of the lease.

Right-of-use asset

The right-of-use asset is initially accounted for using the cost method and includes:

- a) The initial measurement amount of the lease liability,
- b) The amount obtained by deducting all lease incentives received from all lease payments made on or before the actual commencement of the lease,
- c) All initial direct costs incurred by the group

When applying the group cost method, the right-of-use entity:

- a) Accumulated depreciation and accumulated impairment losses are deducted; and
- b) Measures at cost adjusted for remeasurement of the lease liability.

While depreciating right-of-use assets, the Group applies the depreciation provisions of TAS 16 Tangible Fixed Assets.

Rental liability

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

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

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. INFORMATION ON PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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.

XV. INFORMATION ON LIABILITIES REGARDING EMPLOYEE BENEFITS

Reserve for other benefits to employees

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The Bank calculates and accounts in financial statements by estimating the present value of the future probable obligation regarding severance pay in accordance with the provisions of "TAS 19-Employee Benefits". The resulting actuarial losses and gains are accounted for under equity in accordance with TAS 19.

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

	Current Year	Prior Year
Discount Rate	% 10.62	% 12.10
Inflation Rate	% 10.08	% 9.90

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

Other benefits to employees

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON TAX APPLICATIONS

Corporate tax

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

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.

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.

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 Türkiye through their operations or permanent representatives and the resident institutions is 15%. By the Decision of the President published in the Official Gazette dated 22 December 2021 and numbered 31697, this ratio has changed to 10%. 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.

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

The Law No. 7352, dated January 20, 2022, on the amendment of the Tax Procedure Law and the Corporate Tax Law was enacted with the Official Gazette numbered 31734 on January 29, 2022. It has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met.

Deferred taxes

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

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

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. INFORMATION ON TAX APPLICATIONS (Continued)

Transfer pricing

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

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

XVII. ADDITIONAL INFORMATION ON BORROWINGS

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

The Group did not issue any stocks convertible into bonds.

The Group does not have borrowing instruments issued by itself.

XVIII. INFORMATION ON SHARE ISSUANCES

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

XIX. INFORMATION ON BILLS OF EXCHANGES AND ACCEPTANCES

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

There are no acceptances presented as liabilities against any assets.

XX. INFORMATION ON GOVERNMENT INCENTIVES

None.

XXI. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturities of three 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXII. INFORMATION ON SEGMENT REPORTING

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

I. INFORMATION ON SHAREHOLDER'S EQUITY

The Group's capital adequacy standard ratio is 15.02% (December 31, 2022: 20.42%). Capital adequacy standard ratio is calculated based on the Regulation on Equity of Banks, Regulation on Measurement and Assessment of Capital Adequacy of Banks, BRSA decisions dated December 21, 2021, numbered 9996 and January 31, 2023, numbered 10496 and other related legal regulations. Within the framework of the aforementioned Board decisions, the amount subject to credit risk is calculated by using the foreign exchange buying rates of the Central Bank of the Republic of Turkey as of December 30, 2022, and the equity item is calculated without taking into account the negative net valuation differences of the securities acquired before the Board decision dated December 21, 2021 and included in the "Securities at Fair Value Through Other Comprehensive Income" portfolio.

Informations about Total Capital

	Current Period	Prior Period
COMMON EQUITY TIER 1 CAPITAL	1,804,285	1,872,216
Paid-in capital following all debts in terms of claim in liquidation of the Bank	440,000	440,000
Share issue premiums	0	-
Reserves	70,425	58,681
Gains recognized in equity as per TAS	300,718	424,874
Profit	993,142	948,661
Current Period Profit	56,225	215,338
Prior Period Profit	936,917	733,323
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Minorities' shares	-	-
Common Equity Tier 1 Capital Before Deductions	1,804,285	1,872,216
Deductions from Common Equity Tier 1 Capital	14,218	4,424
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	75	52
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	14,143	4,372
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	14,218	4,424
Total Common Equity Tier 1 Capital	1,790,067	1,867,792

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Current Period	Prior Period
ADDITIONAL TIER I CAPITAL	-	-
Debt instruments and premiums approved by BRSA	-	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I Capital	-	-
Third parties' share in the Additional Tier I Capital (Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	1,790,067	1,867,792
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	-	-
TIER II CAPITAL	-	-
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Shares of third parties in additional capital	-	-
Shares of third parties in the contribution capital (Those within the scope of Temporary Article 3)	51,453	44,001
Provisions (Article 8 of the Regulation on the Equity of Banks)	51,453	44,001
Tier II Capital Before Deductions	-	-
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
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	51,453	44,001
Total Tier II Capital	1,841,520	1,911,793
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,841,520	1,911,793
The sum of Tier I Capital and Tier II Capital (Total Capital)	-	-
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	-	-
Elements that will continue to be deducted from the Total Tier 1 Capital and Contribution Capital (from the Capital) in the Transition Period	-	-

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

	Amount	
The Portion of the Total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	-
TOTAL CAPITAL	1,841,520	1,911,793
Total Capital (The sum of Tier I Capital and Tier II Capital)	1,841,520	1,911,793
Total risk weighted amounts	12,339,391	9,458,002
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	14.61	19.95
Consolidated Tier 1 Capital Adequacy Ratio (%)	14.61	19.95
Consolidated Capital Adequacy Ratio (%) ^(*)	15.02	20.42
BUFFERS		
Total buffer requirement	2,777	2,74
Capital conservation buffer requirement (%)	2,500	2,50
Bank specific counter-cyclical buffer requirement (%)	0,277	0,24
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	10.11	15.45
Amounts below the Excess Limits as per the Deduction Principles	-	-
Portion of the total of net long positions of investments in equity items of consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	51,453	44,001
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	51,453	44,001
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	-	-
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4		
(to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

I. INFORMATION ON SHAREHOLDER'S EQUITY (Continued)

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

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

Explanations Related to Debt Instruments included in Equity Calculation

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	428,074	-	428,074
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	(127,356)	-	(127,356)
Profit Reserves	70,425	-	70,425
Profit or Loss	993,142	-	993,142
Prior Periods' Profit/Loss	936,917	-	936,917
Current Period Net Profit/Loss	56,225	-	56,225
Deductions from Common Equity Tier Capital ⁽¹⁾	-	14,218	(14,218)
Common Equity Tier 1 capital	-	-	1,790,067
Tier 1 capital	-	-	1,790,067
Provisions	-	(51,453)	51,453
Tier 2 capital ⁽²⁾	-	(51,453)	51,453
Shareholders' Equity Adjustments ⁽³⁾	-	-	-
Total Shareholders' Equity	1,804,285	(37,235)	1,841,520

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

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

⁽³⁾ The regulations cover Shareholders' Equity adjustments within the framework of paragraphs 9-8-ç.

II. INFORMATION ON CONSOLIDATED FOREIGN CURRENCY EXCHANGE RATE RISK

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

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

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

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

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

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

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

Foreign exchange risk management policy

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

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

Date	USD Dollars	Euro
22 September 2023	27.0020	28.7571
25 September 2023	27.1039	28.8483
26 September 2023	27.1751	28.9027
27 September 2023	27.2108	28.8183
28 September 2023	27.2640	28.7853
29 September 2023	27.3752	28.8083
Balance Sheet Valuation Rate	27.3752	28.8083

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

The basic arithmetical average of the Bank’s foreign exchange bid rate for September 2023 is TL 26.9409 for USD, TL 28.8205 for EURO.

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

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

Information on Currency Risk of the Group ⁽¹⁾

Current Period	Euro	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Türkiye	1,663,514	1,212,969	399	2,876,882
Banks	1,008,628	76,978	44,589	1,130,195
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Comprehensive Income	800,925	848,970	-	1,649,895
Loans	2,106,276	661,595	-	2,767,871
Investments in Subsidiaries and Associates	-	-	-	-
Financial Assets Measured at Amortized Cost	1,101,478	2,041,096	-	3,142,574
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	992,057	49,382	-	1,041,439
Total Assets	7,672,878	4,890,990	44,988	12,608,856
Liabilities				
Bank Deposits	1,287,319	1,199,636	4,138	2,491,093
Foreign Currency Deposits	2,522,790	2,069,084	39,364	4,631,238
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	3,938,178	1,419,934	-	5,358,112
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities ⁽²⁾	69,573	52,321	1,696	123,590
Total Liabilities	7,817,860	4,740,975	45,198	12,604,033
Net Balance Sheet Position	(144,982)	150,015	(210)	4,823
Net Off Balance Sheet Position	145,153	(148,259)	-	(3,106)
Financial Derivatives (Assets)	145,153	-	-	145,153
Financial Derivatives (Liabilities)	-	(148,259)	-	(148,259)
Non-Cash Loans	4,132,200	5,863,166	1,362,466	11,357,832
Prior Period				
Total Assets	5,564,721	4,297,704	42,337	9,904,762
Total Liabilities	5,625,584	4,240,771	42,587	9,908,942
Balance Sheet Position, net	(60,863)	56,933	(250)	(4,180)
Off Balance Sheet Position, net	-	-	-	-
Financial Derivatives (Assets)	-	-	-	-
Financial Derivatives (Liabilities)	-	-	-	-
Non-cash Loans	2,947,173	3,756,941	940,815	7,644,929

(1) In accordance with the "Regulation on Calculation and Application of Foreign Currency Net General Position/Shareholders' Equity Standard Ratio on a Consolidated and Unconsolidated Basis", shareholders' equity amounting to TL 318 and derivative financial liabilities amounting to TL 3,083 are not taken into consideration in the calculation of currency risk.

(2) Includes financial lease receivables.

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

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

Exposed currency risk

The possible increases or decreases in the shareholders' equity and the profit/loss as per an assumption of devaluation/appreciation by 10 percent of TL against currencies mentioned below as of 30 September 2023, 30 September 2022 and 31 December 2022 are presented in the below table. The other variables, especially the interest rates, are assumed to be fixed in this analysis. Assuming 10 percent appreciation of TL;

	Current Period		Prior Period	
	Profit and Loss Statement	Shareholders' Equity ⁽¹⁾	Profit and Loss Statement	Shareholders' Equity ⁽¹⁾
Euro	484	318	(1,816)	(4,860)
US Dollar	285	420	(451)	5,693
Other Currencies	21	21	(119)	25
Total	790	759	(2,386)	858

⁽¹⁾ The effect on shareholders' equity also includes the effect on the profit/loss. Assuming 10 percent depreciation of TL;

	Current Period		Prior Period	
	Profit and Loss Statement	Shareholders' Equity ⁽¹⁾	Profit and Loss Statement	Shareholders' Equity ⁽¹⁾
Euro	(484)	(318)	1,816	4,860
US Dollar	(285)	(420)	451	(5,693)
Other Currencies	(21)	(21)	119	(25)
Total	(790)	(759)	2,386	(858)

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

III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK

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

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

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

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

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

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

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK (Continued)

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

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

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Türkiye	-	-	-	-	-	2,894,391	2,894,391
Banks	1,106,837	-	-	-	-	62,921	1,169,758
Financial assets at fair value through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	284,304	80,132	233,117	1,322,361	59,668	11,161	1,990,743
Loans	1,568,512	652,201	1,604,443	4,381	-	2,913	3,832,450
Financial Assets Measured at Amortized Cost	91,317	63,987	456,594	2,571,918	-	-	3,183,816
Other assets ^{(1) (3)}	42,880	101,483	362,498	602,976	-	753,592	1,863,429
Total assets	3,093,850	897,803	2,656,652	4,501,636	59,668	3,724,978	14,934,587
Bank Deposits	2,077,054	137,632	276,400	-	-	15	2,491,101
Other Deposits	152,604	59,682	54,054	-	-	4,446,026	4,712,366
Money Market Borrowings	245,423	-	-	-	-	-	245,423
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	1,623,385	705,388	3,033,126	-	-	-	5,361,899
Other liabilities ⁽²⁾	413	811	3,685	2,225	-	2,116,664	2,123,798
Total liabilities	4,098,879	903,513	3,367,265	2,225	-	6,562,705	14,934,587
Long Position in the Balance Sheet	-	-	-	4,499,411	59,668	-	4,559,079
Short Position in the Balance Sheet	(1,005,029)	(5,710)	(710,613)	-	-	(2,837,727)	(4,559,079)
Long Position in the Off-balance Sheet	145,153	-	-	-	-	-	145,153
Short Position in the Off-balance Sheet	(148,259)	-	-	-	-	-	(148,259)
Total Position	1,008,135	(5,710)	(710,613)	4,499,411	59,668	(2,837,727)	(3,106)

⁽¹⁾ Other Assets: The amount of TL 753,592 in other assets non-interest bearing column consists of Tangible Fixed Assets amounting to TL 588,079, Provisions for Expected Losses amounting to TL 22,266, Intangible Fixed Assets amounting to TL 14,143, Deferred Tax Assets amounting to TL 20,480, Other non-interest bearing amounts amounting to TL 153,156 and other unallocated amounts.

⁽²⁾ Other Liabilities: The amount of TL 2,116,664 in the other liabilities non-interest bearing column consists of TL 1,804,285 in Shareholders' Equity, TL 139,516 in Provisions, TL 23,054 in Current Tax Liability, TL 1,648 in Deferred Tax Liability, TL 3,083 in Derivative Financial Liabilities and TL 145,078 in Other Liabilities.

⁽³⁾ Includes financial lease receivables

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK (Continued)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing	Total
Assets							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Türkiye	-	-	-	-	-	1,926,186	1,926,186
Banks	867,375	-	-	-	-	23,044	890,419
Financial assets at fair value through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	120,070	136,068	650,759	540,187	-	7,696	1,454,780
Loans	1,932,896	887,898	546,015	35,030	-	3,013	3,404,852
Financial Assets Measured at Amortized Cost	189,535	74,447	1,148,076	1,698,338	-	-	3,110,396
Other assets ^{(1) (3)}	33,118	119,246	225,427	391,800	-	672,650	1,442,241
Total assets	3,142,994	1,217,659	2,570,277	2,665,355	-	2,632,589	12,228,874
Liabilities							
Bank Deposits	1,680,287	56,311	202,071	-	-	-	1,938,669
Other Deposits	62,734	67,850	73,408	-	-	3,376,013	3,580,005
Money Market Borrowings	37,162	-	-	-	-	-	37,162
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	495,772	1,642,085	2,238,555	88,639	-	-	4,465,051
Other liabilities ⁽²⁾	274	697	1,707	(406)	-	2,205,715	2,207,987
Total liabilities	2,276,229	1,766,943	2,515,741	88,233	-	5,581,728	12,228,874
Long Position in the Balance Sheet	866,765	-	54,536	2,577,122	-	-	3,498,423
Short Position in the Balance Sheet	-	(549,284)	-	-	-	(2,949,139)	(3,498,423)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
Total Position	866,765	(549,284)	54,536	2,577,122	-	(2,949,139)	-

⁽¹⁾ Other Assets: The amount of TL 672,650 in other assets non-interest bearing column consists of Property, Plant and Equipment amounting to TL 579,519, Provisions for Expected Losses amounting to TL 13,871, Intangible Assets amounting to TL 4,372, Assets Held for Sale amounting to TL 1,000, Other non-interest bearing amounts amounting to TL 101,630 and other unallocated amounts.

⁽²⁾ Other Liabilities: The amount of TL 2,205,715 in other liabilities non-interest bearing column consists of TL 1,872,216 in Shareholders' Equity, TL 145,715 in Provisions, TL 25,315 in Current Tax Liability, TL 36,536 in Deferred Tax Liability and TL 125,933 in Other Liabilities.

⁽³⁾ Includes financial lease receivables.

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

III. INFORMATION ON CONSOLIDATED INTEREST RATE RISK (Continued)

Average interest rates applied to monetary financial instruments (%)

Current Period	EURO	USD	TL
Assets			
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Türkiye	-	-	8.50
Banks	3.51	0.56	2.66
Financial Assets at Fair Value through Profit or Loss	-	-	-
Money Market Placements	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	5.14	6.46	10.10
Loans	10.41	11.21	40.21
Financial Assets Measured at Amortized Cost	4.23	7.60	19.22
Financial Lease Receivables	8.02	7.02	34.10
Liabilities			
Interbank Deposits	-	7.10	-
Other Deposits	0.47	2.59	30.86
Money Market Borrowings	-	-	31.50
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	4.33	6.49	46.31
Prior Period			
Assets			
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Türkiye.	-	-	8.50
Banks	2.44	4.49	20.30
Financial assets at Fair Value through Profit or Loss	-	-	-
Money Market Placements	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	2.93	4.92	8.92
Loans	6.95	8.90	18.62
Financial Assets Measured at Amortized Cost	3.41	7.22	20.90
Financial Lease Receivables	6.04	7.00	25.87
Liabilities			
Interbank Deposits	2.86	6.45	12.07
Other Deposits	0.62	1.65	11.46
Money Market Borrowings	-	-	9.00
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	2.20	3.41	22.88

IV. INFORMATION ON CONSOLIDATED STOCK POSITION RISK

Equity investment risk due from banking book

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

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

None.

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

None.

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

None.

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

The Parent Bank is supported by well-established shareholders among most powerful financial institutions in Türkiye, Middle East and the North African region. The Parent Bank's largest shareholder is Libyan Foreign Bank which is 100% owned by the Central Bank of Libya has A&T Bank. Funds received from the Group's risk group have a 11% share in liabilities.

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

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

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)**V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)****Currencies constituting minimum five percent of the Bank’s total liabilities**

A large portion of the Parent Bank’s liabilities consist of funds obtained from the parent Libyan Foreign Bank and group banks 87% of these funds are US Dollars, and 13% are EUR.

Information regarding to the liquidity risk mitigation techniques used

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

Information regarding to the usage of Stress Tests

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

General information on the emergency and contingency plan of Liquidity

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

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

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 last 3 months calculated lowest and highest values of consolidated foreign currency and total liquidity coverage ratio by weeks are as follows:

	Month	FC	Month	FC+TL
Lowest	August	258	September	305
Highest	July	307	July	395

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)

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

Current Period	Consideration Ratio Not Applied		Consideration Ratio Applied	
	Total Value ⁽¹⁾		Total Value ⁽¹⁾	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
1 High quality liquid assets	8,979,567	8,529,306	7,290,173	6,839,913
CASH OUTFLOWS				
2 Real person deposits and retail deposits	1,999,825	1,340,085	168,346	134,009
3 Stable deposit	632,734	0	31,637	0
4 Deposit with low stability	1,367,091	1,340,085	136,709	134,009
5 Unsecured debts except real person deposits and retail deposits	5,796,640	5,485,909	4,445,500	4,166,762
6 Operational deposit	0	0	0	0
7 Non-operating deposits	5,443,348	5,341,244	4,092,208	4,022,097
8 Other unsecured debts	353,292	144,665	353,292	144,665
9 Secured debts	0	0	0	0
10 Other cash outflows	11,074,442	10,527,466	676,722	595,091
11 Derivative liabilities and margin obligations	2,570	2,570	2,570	2,570
12 Debt from structured financial instruments	0	0	0	0
13 Other off-balance sheet liabilities and commitments for the payment owed to financial markets	0	0	0	0
14 Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	0	0	0	0
15 Other irrevocable or provisory revocable off-balance sheet liabilities	11,071,872	10,524,896	674,152	592,521
16 TOTAL CASH OUTFLOW	18,870,907	17,353,460	5,290,568	4,895,862
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured claims	3,278,863	2,421,135	2,811,113	2,113,730
19 Other cash inflows	40,722	37,311	40,722	37,311
20 TOTAL CASH INFLOWS	3,319,585	2,458,446	2,851,835	2,151,041
			Upper Limit Applied Amounts	
21 TOTAL HQLA STOCK			7,290,173	6,839,913
22 TOTAL NET CASH OUTFLOWS			2,438,733	2,744,821
23 LIQUIDITY COVERAGE RATIO (%)			298.93	249.19

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)

Prior Period	Consideration Ratio Not Applied		Consideration Ratio Applied		
	Total Value (1)		Total Value (1)		
	TL+FC	FC	TL+FC	FC	
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets	6,792,352	6,698,937	5,608,973	5,515,559
CASH OUTFLOWS					
2	Real person deposits and retail deposits	1,460,506	1,410,418	143,640	141,042
3	Stable deposit	48,206	-	2,410	-
4	Deposit with low stability	1,412,300	1,410,418	141,230	141,042
5	Unsecured debts except real person deposits and retail deposits	3,970,926	3,528,025	2,840,362	2,507,104
6	Operational deposit	-	-	-	-
7	Non-operating deposits	3,646,599	3,427,954	2,516,035	2,407,033
8	Other unsecured debts	324,327	100,071	324,327	100,071
9	Secured debts	-	-	-	-
10	Other cash outflows	-	-	-	-
11	Derivative liabilities and margin obligations	-	-	-	-
12	Debt from structured financial instruments	-	-	-	-
13	Other off-balance sheet liabilities and commitments for the payment owed to financial markets	-	-	-	-
14	Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
15	Other irrevocable or provisory revocable off-balance sheet liabilities	8,111,114	8,008,228	438,142	430,903
16	TOTAL CASH OUTFLOW	13,542,546	12,946,671	3,422,144	3,079,049
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured claims	1,565,910	948,379	1,362,537	815,941
19	Other cash inflows	11,986	6,716	11,986	6,716
20	TOTAL CASH INFLOWS	1,577,896	955,095	1,374,523	822,657
21	TOTAL HQLA STOCK			5,608,973	5,515,559
22	TOTAL NET CASH OUTFLOWS			2,047,621	2,256,392
23	LIQUIDITY COVERAGE RATIO (%)			273.93	244.44

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

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

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

The content of high-quality liquid assets

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 Parent Bank, while 63% comprised of debt instruments issued by the Treasury and 2% of cash and effectives.

Sections Funding sources comprised of and their densities within all funds

A significant part of the funding sources are comprised of deposits received. 48% of the total liabilities are deposits received. 35% of these deposits are deposits obtained from banks.

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

V. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)

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

Cash outflows due to derivative contracts occur during periods when the bank's derivative liabilities exceed its derivative receivables. As of September 30, 2023, the Bank's net cash outflow from derivative transactions is TL 2.570 thousand.

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

A significant part of the funding sources are comprised of deposits received. 48% of the liability is deposits and 35% of these deposits are from banks. All of these liabilities are warrantless.

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

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

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

None.

Display of assets and liabilities according to their remaining 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	122,127	2,772,264	-	-	-	-	-	2,894,391
Banks	338,657	831,101	-	-	-	-	-	1,169,758
Financial Assets at Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	284,304	80,130	233,121	1,322,359	59,668	11,161	1,990,743
Loans	-	1,568,512	632,201	1,624,443	4,381	-	2,913	3,832,450
Investment securities held-to-maturity	-	91,317	63,987	456,594	2,571,918	-	-	3,183,816
Other assets ^{(1) (3)}	12	64,927	98,727	362,885	605,343	-	731,535	1,863,429
Total Assets	460,796	5,612,425	875,045	2,677,043	4,504,001	59,668	745,609	14,934,587
Liabilities								
Interbank Deposits	1,611,516	465,553	137,632	276,400	-	-	-	2,491,101
Other Deposits	4,446,026	152,604	59,682	54,054	-	-	-	4,712,366
Funds provided from other financial institutions	-	245,423	-	-	-	-	-	245,423
Money market borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	1,511,241	19,904	3,090,123	740,631	-	-	5,361,899
Other liabilities ⁽²⁾	-	2,277	2,295	3,279	2,631	-	2,113,316	2,123,798
Total Liabilities	6,057,542	2,377,098	219,513	3,423,856	743,262	-	2,113,316	14,934,587
Net Liquidity Gap	(5,596,746)	3,235,327	655,532	(746,813)	3,760,739	59,668	(1,367,707)	-
Prior Period								
Total Assets	588,106	4,532,607	1,118,543	2,627,450	2,707,299	-	654,869	12,228,874
Total Liabilities	4,645,107	906,274	1,634,970	2,210,607	630,306	-	2,201,610	12,228,874
Net Liquidity Gap	(4,057,001)	3,626,333	(516,427)	416,843	2,076,993	-	(1,546,741)	-

(1) Other Assets: The amount of TL 731,535 in other assets unallocated column consists of TL 588,079 Tangible Fixed Assets, TL 22,266 Provisions for Expected Losses, TL 14,143 Intangible Fixed Assets, TL 20,480 Deferred Tax Assets, TL 131,099 other non-interest bearing amounts and other unallocated amounts.

(2) Other Liabilities: The amount of TL 2,113,316 in other liabilities unallocated column consists of Equity amounting to TL 1,804,285, Provisions amounting to TL 139,516, Current Tax Liability amounting to TL 23,054, Deferred Tax Liability amounting to TL 1,648, Derivative Financial Liabilities amounting to TL 3,083 and other non-interest bearing amounts amounting to TL 141,730.

(3) Includes financial lease receivables.

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

VI. EXPLANATIONS ON LEVERAGE RATIO

Leverage Ratio

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

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

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

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

	Current Period ⁽²⁾	Prior Period
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ⁽¹⁾	23,128	11,195
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements”	-	-
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	427,482	-
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	4,727,599	4,016,004
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	624,006	147,023
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	-	-
Total Risk Amount	5,802,215	4,174,222

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

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

Leverage ratio disclosure as follows:

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
Balance sheet assets		
1 Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	12,567,424	11,567,881
2 (Assets deducted from main capital)	(11,564)	(5,597)
3 Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	12,555,860	11,562,284
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)	-	9,609
8 Risk amount due to intermediated transactions	-	-
9 Total risk amount of security or secured financing transactions (Sum of 7th and 8th rows)	-	9,609
Off-balance sheet transactions		
10 Gross nominal amount of off-balance sheet transactions	9,656,375	7,704,419
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)	9,656,375	7,704,419
Equity and total risk		
13 Main capital	1,832,560	1,487,537
14 Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	22,212,235	19,276,312
Leverage ratio		
15 Leverage ratio	%8.44	7.74%

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

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

VII. EXPLANATIONS ON RISK MANAGEMENT

Overview of Risk Weighted Amount

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	9,455,889	7,130,852	756,471
2	Standardized approach (SA)	9,455,889	7,130,852	756,471
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	64	-	5
5	Standardized approach for counterparty credit risk (SA-CCR)	64	-	5
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 12.50% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	1,980,175	1,605,487	158,414
17	Standardized approach (SA)	1,980,175	1,605,487	158,414
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	903,263	721,663	72,261
20	Basic Indicator Approach	903,263	721,663	72,261
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)	12,339,391	9,458,002	987,151

RWA changes for CCR under the according to the internal model approach

None.

Market risk RWA (Risk Weighted Assets) change table according to the internal model approach

None.

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INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

VIII. INFORMATION ON CONSOLIDATED OPERATING SEGMENTS

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

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

Information on operational segments on 30 September 2023, 31 September 2022 and 30 September 2022 are presented in the table below:

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations
Interest Income(Net)	(2,362)	288,924	88,140	46,099	-	420,801
Commission Income (Net)	-	96,221	-	2,991	-	99,212
Revenue/Costs (Net)	-	-	-	(42,719)	(404,561)	(447,280)
Income from Subsidiaries- Dividend Income	-	-	-	-	32	32
<i>Dividend Income</i>	-	-	-	-	-	-
<i>Other dividend Income</i>	-	-	-	-	32	32
Operating Income (Net)	(2,362)	385,145	88,140	6,371	(404,529)	72,765
Income before Tax	-	-	-	-	72,765	72,765
Tax Provision	-	-	-	-	(16,540)	(16,540)
Net Profit for the Period	-	-	-	-	56,225	56,225

Current Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations
Segment Assets	10,060	3,173,756	9,446,349	1,295,568	-	13,925,733
Unallocated assets	-	-	-	-	1,008,854	1,008,854
Total Assets	10,060	3,173,756	9,446,349	1,295,568	1,008,854	14,934,587
Segment Liabilities	2,382,231	2,327,146	7,061,139	1,078,489	-	12,849,005
Unallocated Liabilities	-	-	-	-	281,297	281,297
Equity	-	-	-	-	1,804,285	1,804,285
Total Liabilities	2,382,231	2,327,146	7,061,139	1,078,489	2,085,582	14,934,587

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations
Interest Income(Net)	(835)	280,772	82,481	35,883	-	398,301
Commission Income (Net)	-	77,518	-	2,423	-	79,941
Revenue/Costs (Net)	-	-	-	(23,800)	(223,255)	(247,055)
Income from Subsidiaries- Dividend Income	-	-	-	-	63	63
<i>Dividend Income</i>	-	-	-	-	-	-
<i>Other dividend Income</i>	-	-	-	-	63	63
Operating Income (Net)	(835)	358,290	82,481	14,506	(223,192)	231,250
Income before Tax	-	-	-	-	231,250	231,250
Tax Provision	-	-	-	-	(56,419)	(56,419)
Net Profit for the Period	-	-	-	-	174,831	174,831

Prior Period	Retail Banking	Corporate and Commercial Banking	Treasury	Leasing	Other	Total Operations
Segment Assets	5,778	3,104,618	6,958,650	932,475	-	11,001,521
Unallocated assets	-	-	-	-	1,227,353	1,227,353
Total Assets	5,778	3,104,618	6,958,650	932,475	1,227,353	12,228,874
Segment Liabilities	1,581,492	1,668,299	6,067,413	747,197	-	10,064,401
Unallocated Liabilities	-	-	-	-	292,257	292,257
Equity	-	-	-	-	1,872,216	1,872,216
Total Liabilities	1,581,492	1,668,299	6,067,413	747,197	2,164,473	12,228,874

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	2,297	104,618	2,008	64,994
Central Bank of Türkiye	15,212	2,772,264	7,567	1,851,617
Other	-	-	-	-
Total	17,509	2,876,882	9,575	1,916,611

Information related to the account of Central Bank of Türkiye

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand ⁽¹⁾	15,212	-	7,567	-
Unrestricted Time	-	932,378	-	672,331
Restricted Time Deposits	-	-	-	-
Reserve Deposits	-	1,839,886	-	1,179,286
Total	15,212	2,772,264	7,567	1,851,617

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

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

Banks establish required reserves at the Central Bank of the Republic of Turkey for their Turkish Lira and foreign currency liabilities specified in the aforementioned communiqué. Establishment of required reserves begins on Friday, two weeks after the liability calculation date, and lasts for 14 days. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the “Communiqué on Required Reserves” at the Central Bank of the Republic of Turkey. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 3% and 8% for Turkish Lira deposits and other liabilities, and between 5% and 29% for foreign currency deposits and other liabilities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

Information on Reserve Deposits

As of September 2, 2022, the rate of commission to be collected from banks whose conversion rate could not reach 20% separately for real and legal persons, was 5%.

Within the scope of the Communiqué Amending the Communiqué No. 2022/17 on Required Reserves (Number: 2013/15) published in the Official Gazette dated 23 April 2022 and numbered 31818; Required reserves at the rate of 20% on Turkish Lira assets began to be established.

Within the scope of the "Communiqué on the Establishment of Turkish Lira Securities for Foreign Currency Liabilities" numbered 2022/20; 24 June 2022 liability As of 29 July 2022, TL security has started to be established for foreign currency liabilities.

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

None.

3. Positive differences related to derivative financial assets

None.

4. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic banks	39,563	897,624	34,785	349,410
Foreign banks	-	232,571	23,024	483,200
Branches and head office abroad	-	-	-	-
Total	39,563	1,130,195	57,809	832,610

Information on Expected Credit Losses Information on Expected Loss Provisions

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	515	-	-	515
Additions during the Period (+)	1,038	-	-	1,038
Disposal (-)	(424)	-	-	(424)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
Balances at End of Period	1,129	-	-	1,129

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

4. Information on banks (Continued)

Prior period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	1,284	-	-	1,284
Additions during the Period (+)	454	-	-	454
Disposal (-)	(1,223)	-	-	(1,223)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
Balances at End of Period	515	-	-	515

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

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

The Parent Bank has financial assets at fair value through other comprehensive income subject to repurchase agreements amounting to TL 148,188 in the current period (December 31, 2022: None).

In the current period, the Parent Bank has no securities at fair value through other comprehensive income given as collateral/blocked (December 31, 2022: TL 74,936).

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

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

Information on Financial assets at fair value through other comprehensive income

	Current Period	Prior Period
Debt Securities	2,207,418	1,494,611
Quoted in stock exchange	2,207,418	1,494,611
Not quoted in stock exchange	-	-
Share Certificates	11,163	7,696
Quoted in stock Exchange	-	-
Not quoted in stock Exchange	11,163	7,696
Impairment provision (-)	227,838	47,527
Total	1,990,743	1,454,780

6. Information on Loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	77,142	-	3,753
Corporate Shareholders	-	77,142	-	3,753
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to the Bank's personnel	10,060	1,511	5,778	1,256
Total	10,060	78,653	5,778	5,009

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

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

6. 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	Loans with revised contract terms	Rescheduled Refinancing
Non-Specialized Loans	3,829,537	-	-	-
Commercial Loans	-	-	-	-
Export Loans	672,760	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,863,385	-	-	-
Consumer Loans	10,060	-	-	-
Credit Cards	-	-	-	-
Other	1,283,332	-	-	-
Specialized Lending	-	-	-	-
Other Receivables	-	-	-	-
Total	3,829,537			-

	Standard Loan ^(*)	Loans Under Close Monitoring ^(*)
12-Month expected credit losses	12,846	-
Significant increase in credit risk	-	1,981

^(*) Includes lease receivables.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

6. Information on Loans (Continued)

	Short Term	Middle and Long Term	Total
Consumer Loans-TL	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Individual Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Loans- TL	2,669	7,391	10,060
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	2,669	7,391	10,060
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Personnel Credit Cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Deposits with Credit Limit-TL (Individual)	-	-	-
Deposits with Credit Limit-FC (Individual)	-	-	-
Total	2,669	7,391	10,060

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

6. Information on Loans (Continued)

Information on installment commercial loans and commercial credit cards

Allocation of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	3,832,450	3,339,519
Foreign loans	-	65,333
Total	3,832,450	3,404,852

Loans given to subsidiaries and affiliates

	Current Period	Prior Period
Direct Loans Given to Subsidiaries and Affiliates	27,957	-
Indirect Loans Given to Subsidiaries and Affiliates	-	-
Total	27,957	-

Specific provisions for loans ⁽¹⁾

	Current Period	Prior Period
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	-
Uncollectible loans and receivables	3,174	3,365
Total	3,174	3,365

(1) Includes Financial lease receivables.

Information related to non-performing loans (Net)

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

None.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

6. Information on Loans (Continued)

Information on movement of total non-performing loans⁽¹⁾

	III. Group	IV. Group	V. Group
	<i>Loans and receivables with limited collectibles</i>	<i>Loans and receivables with doubtful collectibles</i>	<i>Uncollectible loans and receivables</i>
Balances at Beginning of Period	-	-	3,368
Additions (+)	-	-	509
Transfers from other categories of nonperforming loans (+)	-	-	-
Transfers to other categories of nonperforming loans (-)	-	-	100
Collections (-)	-	-	275
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
Balances at End of the Period	-	-	3,502
Specific provisions (-)	-	-	3,174
Net Balance on Balance Sheet	-	-	328

⁽¹⁾ Includes Financial lease receivables.

Information on foreign currency non-performing loans

None.

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

	III. Group	IV. Group	V. Group
	<i>Loans and receivables with limited collectability</i>	<i>Loans and receivables with doubtful collectability</i>	<i>Non-performing loans and receivables</i>
Current Period (Net)	-	-	328
Loans granted to real persons and legal entities (Gross)	-	-	3,502
Specific provisions (-)	-	-	3,174
Loans granted to real persons and legal entities (Net)	-	-	328
Banks (Gross) ⁽¹⁾	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
Prior Period (Net)	-	-	3
Loans granted to real persons and legal entities (Gross)	-	-	3,368
Specific provisions (-)	-	-	3,365
Loans granted to real persons and legal entities (Net)	-	-	3
Banks (Gross) ⁽¹⁾	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and receivables (Gross) ⁽²⁾	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

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

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

6. Information on Loans (Continued)

Information on accruals, valuation differences and related provisions calculated for non-performing loans for Banks which are providing expected credit loss according to IFRS 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 Group is in the effort to provide collections from loans under legal follow-up under the leadership of Corporate and Commercial Credits Monitor and Follow-up Department and Legal and Legislation Services Department and other related departments. However the absence of reasonable collection ability in any condition and manner regarding the recovery of the mentioned loans, determined as loss in which the bank monitors by allocate 100% provision under 5th group (3rd group in IFRS) in accordance with IFRS 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 IFRS 9, the Bank have written off TL loans (31 December 2022: None).

Expected credit loss for loans

Information on Expected Credit Loss

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	4,385	-	3,013	7,398
Additions during the Period	7,729	-	-	7,729
Disposal	(3,013)	-	(100)	(3,113)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	9,101	-	2,913	12,014
Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	7,862	-	3,297	11,159
Additions during the Period	3,503	-	-	3,503
Disposal	(6,980)	-	(284)	(7,264)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	4,385	-	3,013	7,398

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

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

6. Information on Loans (Continued)

Information on Expected Loss provisions for Receivables from leasing transactions

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	2,284	531	352	3,167
Additions during the Period	2,146	1,713	165	4,024
Disposal	(656)	(277)	(271)	(1,204)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(29)	29	-	-
Transfer to Stage 3	-	(15)	15	-
Write-offs	-	-	-	-
Balances at End of Period	3,745	1,981	261	5,987
Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	1,136	858	765	2,759
Additions during the Period	1,663	228	1	1,892
Disposal	(481)	(589)	(414)	(1,484)
Transfer to Stage 1	(34)	34	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	2,284	531	352	3,167

7. Information on financial assets measured at amortized cost

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

As of 30 September 2023, The Bank has not financial assets measured at amortized cost that are subject to repo transactions. (31 December 2022: TL 39,612)

As of 30 September 2023, the Bank have TL 6,783, financial assets measured at amortized cost, which are given as collateral / blocked from assets (31 December 2022: TL 6,520).

Information on government financial assets measured at amortized cost

	Current Period		Prior Period	
	TP	YP	TP	YP
Government Bonds	41,242	2,704,512	81,253	2,519,804
Treasury Bonds	-	-	-	-
Other Public Bonds	-	434,893	58,994	450,345
Total	41,242	3,142,574	140,247	2,970,149

Information on financial assets measured at amortized cost

	Current Period	Prior Period
Debt Instruments	3,183,816	3,110,396
Quoted at stock exchange	3,183,816	3,110,396
Not-quoted at stock exchange	-	-
Impairment loss provision (-)	-	-
Total	3,183,816	3,110,396

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

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

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

Movement of financial assets measured at amortized cost

	Current Period	Prior Period
Balances at the Beginning of the Period	3,110,396	2,277,863
Foreign Currency Gains / Losses on Monetary assets	1,276,732	793,486
Purchases during the Period	510,026	999,744
Disposals through sales and redemptions ⁽¹⁾	(1,713,338)	(960,697)
Impairment loss provision	-	-
Period end balance	3,183,816	3,110,396

(1) In the current period redemption amounting to TL 1,713,338 has been realized from the portfolio (31 December 2022: TL 960,697).

Information on Expected Credit Loss

Current Period	Stage 1	Stage 2	Stage 3	Total
Balance at End of Prior Period	2,791	-	-	2,791
Additions during the Period	1,322	-	-	1,322
Disposals	(977)	-	-	(977)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balance at End of Period	3,136	-	-	3,136

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balance at End of Prior Period	3,124	-	-	3,124
Additions during the Period	2,125	-	-	2,125
Disposals	(2,458)	-	-	(2,458)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balance at End of Period	2,791	-	-	2,791

8. Information on associates

The Group does not have an associate.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

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

9. Information on subsidiaries (Net)

Information on subsidiaries

A&T Finansal Kiralama A.Ş. Information on Shareholder's Equity

	Current Period	Prior Period
CORE CAPITAL		
Paid in Capital	153,500	140,000
Capital Reserves	228	228
Legal Reserves	8,024	6,955
Extraordinary Reserves – Legal Reserve per General Legislation	1	1
Profit / Loss	6,097	16,511
<i>Net Profit</i>	4,155	15,843
<i>Prior Period Profit/Loss</i>	1,942	668
Intangible Assets (-)	4,960	1,621
Total Core Capital	162,890	162,074
SUPPLEMENTARY CAPITAL	-	-
DEDUCTION FROM CAPITAL	-	-
NET AVAILABLE CAPITAL ⁽¹⁾	162,890	162,074

(1) There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 162,890.

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.

Information about the consolidated financial statements of the subsidiaries

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

Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from marketable securities portfolio	Current Period Profit Loss	Prior Period Profit / Loss	Fair Value ^(*)
1,295,568	184,030	34,127	85,858	-	4,155	1,942	-

(1) The financial statement information of the Subsidiary for the current period is taken from the unaudited financial statements dated September 30, 2023 and the profit/loss figures for the previous period are taken from the audited financial statements dated September 30, 2022 .

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

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

9. Information on subsidiaries (Net) (Continued)

Movement related to subsidiaries

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

Valuation of investments in subsidiaries

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

Sectoral Information on the subsidiaries

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

Subsidiaries in the scope of consolidation quoted on the stock exchange

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

Consolidated subsidiaries disposed of in the current period

None.

Consolidated subsidiaries purchased in the current period

None.

10. Information on joint ventures

The Parent Bank has no joint ventures.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

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

11. Information on Financial Lease Receivables (Net)

	Current Period	Prior Period
Gross Financial Lease Investment	1,284,819	886,795
Earned Financial Lease Income (-)	160,012	107,242
Cancelled Leasing Amounts	-	-
Net Investment on Leases	1,124,807	779,553

	Current Period	Prior Period
Stage 1	976,048	703,695
Stage 2	148,170	75,503
Stage 3	589	355
Total	1,124,807	779,553

Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	610,926	519,464	403,683	345,805
Between 1-4 years	673,893	605,343	483,112	433,748
Over 4 years	-	-	-	-
Total	1,284,819	1,124,807	886,795	779,553

12. Information on financial derivatives for hedging

The Bank has no financial derivatives for hedging.

13. Information on investment property

The Group has no investment property.

14. Information on tax assets

Information on deferred tax liabilities

The Bank's deferred tax asset amounting to TL 103,909 and deferred tax liability amounting to TL 85,077, which are calculated over the deferred tax asset calculated over tax deductions and exemptions as of the current period and the deferred tax asset calculated over the amounts arising between the book value of the assets or liabilities in the balance sheet and the tax base value determined in accordance with the tax legislation and which will be taken into consideration in the calculation of the financial profit / loss in the following periods, are recognized by netting off.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

14. Information on tax assets (Continued)

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

	Current Period		Prior Period	
	Accumulated temporary differences	Deferred tax assets/ (liabilities)	Accumulated temporary differences	Deferred tax assets/ (liabilities)
Provision for employee benefits	91,331	27,401	84,042	21,012
Unearned income	4,971	1,491	4,682	1,170
Interest accruals	189,351	56,805	46,993	11,748
Provisions	47,037	14,111	43,341	10,835
Other	13,670	4,101	3,535	885
Deferred tax assets	346,360	103,909	182,593	45,650
Increase in revaluation of property, plant and equipment	535,171	79,228	535,171	79,228
Other	19,493	5,849	11,825	2,958
Deferred tax liability	554,664	85,077	546,996	82,186
Deferred tax assets / (liabilities) net		18,832		(36,536)

The movement of deferred tax (asset)/liability is as follows;

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	(36,536)	8,732
Deferred Tax Income / (Expense) (Net)	(1,173)	8,946
Deferred Tax Recognized Under Equity	56,541	(54,214)
Net Deferred Tax Assets/(Liabilities)	18,832	(36,536)

15. Information about fixed assets held for sale

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

16. Information on other assets

Other assets is amounting to TL 138,186 and does not exceed 10% of total assets of balance sheet except off balance sheet commitments (31 December 2022: TL 91,668).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

II. INFORMATION ON DISCLOSURES RELATED TO CONSOLIDATED LIABILITIES

1. Information on maturity profile of deposits

Current Period	Demand	7 Days' Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Accumulating Deposit Accounts	Total
Saving Deposits	24,109	-	3,497	5,825	2,837	-	-	-	36,268
Foreign Currency Deposits	4,377,394	-	1,501	127,865	52,466	32,875	39,137	-	4,631,238
Residents in Türkiye	1,233,566	-	533	46,078	26,814	4,071	932	-	1,311,994
Residents Abroad	3,143,828	-	968	81,787	25,652	28,804	38,205	-	3,319,244
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	17,608	-	164	173	-	-	-	-	17,945
Other Ins. Deposits	26,915	-	-	-	-	-	-	-	26,915
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,611,516	-	465,552	137,633	-	276,400	-	-	2,491,101
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	465,552	-	-	-	-	-	465,552
Foreign Banks	1,611,516	-	-	137,633	-	276,400	-	-	2,025,549
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	6,057,542	-	470,714	271,496	55,303	309,275	39,137	-	7,203,467

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	23,989	-	1,842	17,547	2,613	-	-	-	45,991
Foreign Currency Deposits	3,313,307	-	32	59,768	29,548	30,013	52,266	-	3,484,934
Residents in Türkiye	1,175,352	-	32	19,472	10,503	2,607	604	-	1,208,570
Residents Abroad	2,137,955	-	-	40,296	19,045	27,406	51,662	-	2,276,364
Public Sector Deposits	-	-	-	-	-	-	-	-	-
Commercial Deposits	22,975	-	-	10,363	-	-	-	-	33,338
Other Ins. Deposits	15,742	-	-	-	-	-	-	-	15,742
Precious Metal Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	1,269,094	-	411,190	56,311	-	-	202,074	-	1,938,669
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	157,968	-	-	-	-	-	157,968
Foreign Banks	1,269,094	-	253,222	56,311	-	-	202,074	-	1,780,701
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	4,645,107	-	413,064	143,989	32,161	30,013	254,340	-	5,518,674

Currency-protected deposit product, the operating rules of which are determined by the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against exchange rate changes in foreign currency, has started to be offered to bank customers. As of the current period, there are no deposits in this scope (31 December 2022: TL 23,076)

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

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

1. Information on maturity profile of deposits (Continued)

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

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

	Covered by Deposit Insurance Fund		Not Covered by Deposit Insurance Fund	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	14,594	12,023	21,674	33,968
Foreign Currency Saving Deposits	917,617	383,586	1,428,346	1,151,915
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	932,211	395,609	1,450,020	1,185,883

Saving deposits not covered by deposit insurance

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

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

The Parent Bank's headquarter is located in Türkiye.

Amounts not covered by deposit insurance

Individual deposits not covered by deposit insurance

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	-	-
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	33,693	23,119
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Türkiye	-	-
Total	33,693	23,119

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

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

2. Information on derivative financial liabilities

Negative differences on derivative financial liabilities

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	-	-	-	-
Swap Transactions	-	3,083	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	3,083	-	-

3. Information on Funds Borrowed

Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
From CBRT	-	-	-	-
From Domestic Banks and Institutions	3,787	-	20,580	-
From Foreign Banks, Institutions and Funds	-	5,358,112	-	4,444,471
Total	3,787	5,358,112	20,580	4,444,471

Presentation of funds borrowed based on maturity profile

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	3,787	4,605,830	14,840	2,169,328
Long-Term	-	752,282	5,740	2,275,143
Total	3,787	5,358,112	20,580	4,444,471

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

Group's liabilities come from 48% of deposits.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

4. Information on other liabilities

Other liabilities in the balance sheet amounts to TL 145,078 and does not exceed 10% of the total balance sheet (31 December 2022: TL125,933).

5. Information on debts from lease transactions

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	928	1,048	2,243	1,499
Between 1 – 4 years	2,085	3,914	2,429	1,083
More than four years	1,688	2,172	974	(310)
Total	4,701	7,134	5,646	2,272

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

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

7. Information on provisions

Reserve for employee termination benefits

The Group reserved for employee severance indemnities in the accompanying consolidated financial statements using actuarial method in compliance with the updated "TAS 19 - Employee Benefits". Accumulated all actuarial gains and losses in equity are recognized in other capital reserves. The unused vacation provision amount as at 30 September 2023 is TL 58,263 (31 December 2022: TL 53,778). In addition to this, the employee termination benefit liability amount is TL 33,068 (31 December 2022: TL 42,264).

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

	Current Period	Prior Period
Free provisions for possible risks	-	6,000
Expected credit losses for non-cash loans	48,177	43,590
Provisions for lawsuits	8	83
Other Provision	-	-
Total	48,185	49,673

8. Information on tax payables

Information on current tax liability

As of 30 September 2022 the Bank's corporate tax payable is TL 4,091 (31 December 2022: TL10,832) after offsetting prepaid corporate tax.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

8. Information on tax payables (Continued)

Information on taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	4,091	10,832
Banking Insurance Transaction tax (BITT)	2,073	1,092
Taxation on Securities Income	789	334
Value Added Tax Payable	1,517	1,812
Value Added Tax Payable (Limited taxpayer)	412	202
Foreign exchange transaction tax	-	-
Taxation on real estate income	23	14
Other	7,961	7,764
Total	16,866	22,050

Information on premium payables

	Current Period	Prior Period
Social Security Premiums-Employee	2,095	1,198
Social Security Premiums-Employer	3,730	1,824
Bank Pension Fund Premium-Employee	-	-
Bank Pension Fund Premium-Employer	-	-
Pension Fund Membership Fee and Provisions-Employee	-	-
Pension Fund Membership Fee and Provisions-Employer	-	-
Unemployment Insurance-Employee	121	81
Unemployment Insurance-Employer	242	162
Others	-	-
Total	6,188	3,265

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

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

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

The Parent Bank has no subordinated loans.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

9. Information on Shareholders' Equity

Presentation of Paid-in Capital

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

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

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

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

None.

Information on share capital increases from capital reserves

None.

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

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

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

None.

Explanations on dividend distribution

None.

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.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

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

9. Information on Shareholders' Equity (Continued)

Fractional shares shall be allocated by the Board of Directors.

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

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Valuation Differences	(127,674)	318	6,338	(14,684)
Exchange Rate Differences	-	-	-	-
Total	(127,674)	318	6,338	(14,684)

Information on legal reserve

In accordance with the decision taken at the 44th Ordinary General Assembly Meeting held on 21 March 2023 and Article 519 of the Turkish Commercial Code No. 6102, full TL 10,675 thousands was transferred from previous years' profits to legal reserves in the current period.

Information on Minority Shares

None.

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

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

Type and amount of irrevocable commitments

The Group has TL 45,631 as irrevocable commitments (31 December 2022: TL 11,701).

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

As of the balance sheet date, the Group has allocated the provision amounting TL 17,347 over total non-cash loans of on the 3rd stage(31 December 2022: TL 10,871).

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

The total amount of non-cash loans including guarantees, bills of exchange and acceptances and sureties on letters of credits and other guarantees is TL 2,619,322 (31 December 2022: TL 1,900,970).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

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

1. Information on contingent liabilities in the off-balance sheets (Continued)

Final guarantees, temporary guarantees, commitments and similar transactions

The total amount of the Group's guarantee letters is TL 9,460,842 (31 December 2022: TL 5,927,930).

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

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Cash Loan Assurance	1,228,654	359,406
Less Than or Equal to One Year with Original Maturity	44,059	44,876
More Than One Year with Original Maturity	1,184,595	314,530
Other Non-Cash Loans	10,851,510	7,469,494
Total	12,080,164	7,828,900

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

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	32,719	-	10,871	43,590
Additions during the Period	13,555	-	6,476	20,031
Disposal	(15,444)	-	-	(15,444)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	30,830	-	17,347	48,177
Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of Period	24,850	-	6,940	31,790
Additions during the Period	18,364	-	3,931	22,295
Disposal	(10,495)	-	-	(10,495)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
Balances at End of Period	32,719	-	10,871	43,590

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

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

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	149,030	78,062	194,362	40,179
Medium and Long- Term Loans	3,238	60,626	5,340	44,365
Interest Received From Non-Performing Loans	166	-	955	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
Total	152,434	138,688	200,657	84,544

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

Information on interest income received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
From Central Bank	-	-	-	-
From Domestic Banks	6,663	19,882	5,759	8,678
From Foreign Banks	2,411	3,300	3,701	429
From Foreign Headquarter and Branches	-	-	-	-
Total	9,074	23,182	9,460	9,107

Information on interest income on marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	44,817	72,949	2,529	50,243
Financial Assets Measured at Amortized Cost	11,475	130,612	13,228	93,921
Total	56,292	203,561	15,757	144,164

Information on interest income received from associates and subsidiaries

None.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

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

2. Interest Expense

Information on interest paid for funds borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	2,706	128,053	1,132	78,746
Central Bank	-	-	-	-
Domestic Banks	2,706	33	1,132	8
Foreign Banks	-	128,020	-	78,738
Other Institutions	-	-	-	-
Total	2,706	128,053	1,132	78,746

Information on interest expense paid to subsidiaries and associates

None.

Information on interest expense given on securities issued

None.

Maturity structure of the interest expense on deposits

Account Name	Demand Deposit	Up to 1 Month	Time Deposit			Up to 1 Year	More than 1 Year	Cumulative Deposit	Total
			Up to 3 Months	Up to 6 Months					
Turkish Lira									
Interbank deposits	-	5,973	-	-	-	-	-	-	5,973
Saving deposits	-	279	752	704	-	57	-	-	1,792
Public sector deposits	-	-	-	-	-	-	-	-	-
Commercial deposits	-	359	212	269	-	-	-	-	840
Other deposits	-	-	-	-	-	-	-	-	-
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Total	-	6,611	964	973	-	57	-	-	8,605
Foreign Currency									
Foreign currency deposits	-	4	634	494	442	973	-	-	2,547
Interbank deposits	12	1	14,227	-	28,573	-	-	-	42,813
Deposits with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal deposits	-	-	-	-	-	-	-	-	-
Total	12	5	14,861	494	29,015	973	-	-	45,360
Grand Total	12	6,616	15,825	1,467	29,015	1,030	-	-	53,965

3. Information on trading gain/loss

	Current Period	Prior Period
Gain	53,611,770	44,245,048
Gain from money market transactions	528	-
Gain from financial derivative transactions	14,538	-
Gain from exchange transactions	53,596,704	44,245,048
Loss (-)	(53,601,750)	(44,228,474)
Loss from money market transactions	(13,746)	-
Loss from financial derivative transactions	(23,718)	(17)
Loss from exchange transactions	(53,564,286)	(44,228,457)
Net Trading Gain/Loss	10,020	16,574

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

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

4. Information on income from other operations

	Current Period	Prior Period
Provisions of prior year	7,903	2,376
Provision for communication expenses	4,521	2,834
Gain on sales of assets	9,444	328
Other income	8,228	2,028
Total	30,096	7,566

5. Information on impairment in loans

	Current Period	Prior Period
Expected Credit Loss Provisions	8,127	2,764
12 month expected credit loss (stage 1)	5,196	636
Significant increase in credit risk (stage 2)	1,450	-
Non-performing loans (stage 3)	1,481	2,128
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive	-	-
Income	-	-
Subsidiaries, Associates and Entities under Common Control	-	-
Provision Expenses for Impairment	-	-
Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
Total	8,127	2,764

6. Information on Other Provision Expenses

	Current Period	Prior Period
Securities Depreciation Expenses	30,228	12,671
Free Provision	-	-
Provisions Lawsuits	-	-
Total	30,228	12,671

7. Information on other operating expense

	Current Period	Prior Period
Employee Termination Benefits Expense	4,188	3,007
Employee Benefits Expense	29,520	21,518
Tangible Fixed Asset Impairment Expense	-	-
Amortization Expenses of Tangible Assets	-	-
Intangible Fixed Asset Impairment Expense	5,246	2,721
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	2,689	2,239
Shareholders Equity Procedure Applied Equity Interest Impairment Expense	-	-
Disposable Fixed Asset Impairment Expense	-	-
Amortization Expense of Assets Held for Resale	-	-
Impairment Expense related to Fixed Assets held for sale and discontinued operations	-	-
Other Operating Expenses	75,282	38,478
<i>Operating Lease Expenses out of the scope of IFRS 16</i>	454	165
<i>Maintenance Expenses</i>	24,126	11,074
<i>Advertisement Expenses</i>	790	345
<i>Other Expenses</i>	49,906	26,894
Losses from sales of Assets	6	-
Other ⁽¹⁾	35,448	18,879
Total	152,373	81,630

(1) Other operating expenses consist of taxes, duties, fees and funds amounting to TL 10,374, audit and consultancy fees amounting to TL 9,703, TMSF expenses amounting to TL 4,902 and other operating expenses amounting to TL 10,469. (30 September 2022: Other operating expenses consist of taxes, duties, fees and funds amounting to TL 6,422, audit and consultancy fees amounting to TL 2,785, TMSF expenses amounting to TL 2,205 and other operating expenses amounting to TL 7,467).

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

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

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

The pre-tax income amount from continued operations is TL 72,765 (30 September 2022: TL 231,250).

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

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

Current period, current taxation provision amount from continued 15,367. (30 September 2022: TL 65,162) and the net impact of deferred tax income is TL 1,173 (30 September 2022: TL 8,743 deferred tax income).

Deferred tax charge arising from origination or reversal of temporary differences

The deferred tax income arising from origination of temporary differences is TL 1,173 (30 September 2022: TL 8,743 deferred tax income).

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

The deferred tax income reflected in the income statement computed over temporary difference and tax deductions and exemptions is TL 1,173 (30 September 2022: TL 8,743 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 56,225 (30 September 2022: TL 174,831).

11. Information on net profit or loss of the period

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

None.

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

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

Profit/loss regarding minority rights

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

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

Other accounts which exceed the 10% of the income statement, other than other operating income and other operating expense, amounting to TL 83,334 consist of transfer commissions, letter of credit commissions and other. (30 September 2022: TL 63,098).

	Current Period	Prior Period
Letter of Credit Commissions	57,999	45,161
Transfer Commissions	19,596	13,783
Other	5,739	4,154
Total	83,334	63,098

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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

V. INFORMATION ON THE GROUP'S RISK GROUP

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

Information on the loans of the Group's risk group

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	-	-	-	3,753	54,034	469,456
Balance at the end of the period	-	-	-	77,142	427	834,158
Interest and Commission						
Income received ⁽²⁾	-	-	-	-	340	-

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

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

Prior Period

Group's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and Other Receivables						
Balance at the beginning of the period	-	-	-	41,328	401,095	233,601
Balance at the end of the period	-	-	-	3,753	54,034	469,456
Interest and Commission						
Income received ⁽²⁾	-	-	-	-	2,666	-

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

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

The Group has not a loan from the risk group. There was an interest expense of TL 14,383 in the current period related to the loans used. (30 September 2022: TL 55,720).

Information on deposits of the Group's risk group

Bank's Risk Group ⁽¹⁾	Associates, Subsidiaries and Joint Ventures		Bank's Direct and Indirect Shareholders		Other Components in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the beginning of the period	-	-	145,737	48,551	742,284	677,846
Balance at the end of the period	-	-	1,773,359	145,737	938,117	742,284
Interest expense on deposits	-	-	4,204	1,764	12,236	3,165

⁽³⁾ Stated at the 2nd clause of the 49 nth article of the Law No. 5411 of Bank's Act.

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

None.

Information on benefits provided for top level management:

For the accounting period ending on September, 2023, TL 47,012 has been paid to the top level management of the Group as salaries and fringe benefit (30 September 2022: TL32,191).

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 2023, unconsolidated financial statements and explanatory notes of the Bank disclosed herein were reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Independent Auditor’s Review Report is presented preceding the financial statements. The independent audit report dated 10 November 2023 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 Parent Bank's Chairman and General Manager for the Period

In the third quarter of the year, monetary policy decisions of major central banks were closely monitored in foreign markets. In this period, the European Central Bank (ECB) continued to tighten monetary policy by raising its benchmark interest rates by 25 basis points each to 4.5%, while the Federal Reserve left its policy rate unchanged at 5.50-5.75% as inflation fell to 3.7%. In its Mid-Term Economic Assessment Report published in September, the OECD raised its global economic growth forecast for 2023 from 2.7% in June to 3%. The organization stated that the global economy remained more resilient than expected in the first half of the year, while the growth outlook remained weak. In addition, the organization raised its growth forecast for the Turkish economy from 3.6% to 4.3% for 2023, while lowering it from 3.7% to 2.6% for 2024.

On the domestic front, the Medium-Term Program for the 2024-2026 period, which includes targets and policies regarding the main aggregates of the Turkish economy, was published. The program emphasized price stability and financial stability and set growth forecasts at 4.4% for 2023 and 4.0% for 2024. According to the program, the current account deficit to GDP ratio is projected to be 4.0% in 2023. Meanwhile, the budget deficit to GDP ratio is projected to decline after rising to 6.4% in 2023 and 2024 due to earthquake-related expenditures. The most important development of this period was that Fitch Ratings, the international credit rating agency, affirmed Turkey's credit rating as "B" and raised the rating outlook from "negative" to "stable" on September 8. CBRT raised the policy rate by 500 basis points in September, maintaining its policy of interest rate hikes and raising the policy rate to 30%. In the text of the decision, it was stated that inflation realized higher than expected in July and August. Headline inflation rose to 61.5% in the first nine months of the year. In addition, CPI inflation forecasts for the 2024-2026 period were realized as 33.0%, 15.2% and 8.5%, respectively.

Operating within the framework of the macroprudential measures introduced since the second quarter of last year to support financial stability and strengthen monetary transmission mechanisms, as well as the regulations and new rule sets introduced under the liralization strategy, the banking sector continued to support the Turkish economy in 2023. As of end-August, the sector's asset size increased by 41.7 percent year-on-year to TL 20,332 billion, while loan and deposit volumes reached TL 10,450 billion and TL 12,932 billion, respectively. The increases seen in profitability figures last year displayed a more moderate outlook in the first eight months of 2023 with the effect of the regulations put into effect, and the sector's net profit for the period increased by 39.0 percent compared to the same period of the previous year and reached TL 350,6 billion. As a result of these results, the return on equity ratio was realized at 41.6 percent on an annual basis.

At the end of the first half of 2023, our Bank's asset size and total equity stood at TL 12,9 billion and TL 1,8 billion, respectively, and our capital adequacy standard ratio maintained its strong outlook with 18.64 percent.

At the end of Q3 2023, the Bank's total assets and shareholders' equity amounted to TL 13,8 billion and TL 1,8 billion, respectively, while our capital adequacy standard ratio remained strong at 15.92%.

As A&T Bank, we will continue to shape our banking activities in the light of our nearly half a century of experience in the North African market. While focusing on making more use of our regional expertise, utilizing our resources efficiently and improving our operational efficiency, we will continue to increase the effectiveness of all our contact channels and expand financial access through our technology-oriented transformation projects. In this context, we have completed our Debit Card project, which marks our entry into the world of card payment systems. This product, which enables financial transactions anywhere in the world, was put into the service of our retail customers in August.

Maintaining the contribution to the national economy with the goal of "sustainable healthy growth in corporate banking" without compromising effective risk and liquidity management will continue to be our basic working principle in the coming period as it has been until today.

Best regards,

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

Yasin ÖZTÜRK
Chairman of Board of Directors

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

II. Financial Highlights of the Group

Assets (Thousand TL) (1)	30.09.2023	31.12.2022
Financial Assets (Net) (2)	6,053,763	4,270,870
Financial Assets Measured at Amortized Cost (Net) (3)	8,119,936	7,281,445
Property and Equipment Held for Sale Purpose and Related to Discontinued Operations (Net)	0	1,000
Property and Equipment (Net)	588,079	579,519
Intangible Assets (Net)	14,143	4,372
Deferred Tax Assets	20,480	0
Other Assets (Net)	138,186	91,668
Total Assets	14,934,587	12,228,874
Liabilities (Thousand TL) (1)	30.09.2023	31.12.2022
Deposits	7,203,467	5,518,674
Funds Borrowed	5,361,899	4,465,051
Payables to Interbank Money Market	245,423	37,162
Derivative Financial Liabilities	3,083	0
Lease Liabilities (Net)	7,134	2,272
Provisions	139,516	145,715
Current Tax Liability	23,054	25,315
Deferred Tax Liability	1,648	36,536
Shareholders' Equity	1,804,285	1,872,216
Other Liabilities	145,078	125,933
Total Liabilities	14,934,587	12,228,874
Off Balance Sheet Commitments (Thousand TL)	30.09.2023	31.12.2022
Guarantees and Warranties	12,080,164	7,828,900
Commitments	237,123	101,934
Derivative Financial Instruments	293,412	0
Total Off Balance Sheet Commitments	12,610,699	7,930,834
Statement of Profit / Loss (Thousand TL)	30.09.2023	30.09.2022
Interest Income	664,682	512,664
Interest Expense (-)	243,881	114,363
Net Interest Income	420,801	398,301
Net Fees & Commission Income	99,212	79,941
Dividend Income	32	63
Trading Income / Loss (Net) (+/-)	10,020	16,574
Other Operating Income	30,096	7,566
Gross Operating Income	560,161	502,445
Expected Credit Loss (-)	8,127	2,764
Other Provisions Expenses (-)	30,228	12,671
Personnel Expense (-)	296,668	174,130
Other Operating Expenses (-)	152,373	81,630
Net Operating Income / Loss	72,765	231,250
Tax Provision (-)	16,540	56,419
Net Term Profit	56,225	174,831

- (1) Rediscounts have been added to all interest related items.
- (2) Cash and Cash Equivalents, Financial Assets Measured at Fair Value through Profit or Loss, Financial Assets Measured at Fair Value through other Comprehensive Income and Derivative Financial Assets.
- (3) Loans, Lease Receivables, Factoring Receivables, Financial Assets Measured at Amortized Cost and Allowance for Expected Credit Losses.

ARAP TÜRK BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

EXPLANATIONS ON INTERIM ACTIVITY REPORT (Continued)

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

- At the end of September 2023, the Group's asset size realized as TL 14,9 billion. In the period examined, the major items of the Bank's placements consist of net financial assets amounting to TL 6,054 million with 40.5% share and net financial assets as measured by the amortized cost of TL 8,120 million with 54.4% share.
- 87.9% of the consolidated liabilities are comprise of foreign sources. The most important part of external resources is deposits at the level of 7,203 million TL and loans received at the level of 5,362 million TL. The shareholders' equity, which constitutes 12.1% of the total liabilities, was realized as TL 1,804 million at the end of September 2023.
- Guarantees and warranties, which include letters of guarantee, letters of credit and other guarantees, increased by 54.3% compared to the previous year-end and stood at TL 12,080 million at end-September 2023.
- At the end of the third quarter of 2023, the Group's net term profit realized as TL 56,2 million.

IV. Information on Subsidiary Subject to Consolidation

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

V. Other Issues

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

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