

**ARAP TÜRK BANKASI ANONİM ŞİRKETİ**

**CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2023  
WITH AUDITORS' REPORT**

**(CONVENIENCE TRANSLATION OF CONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES  
AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**



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

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

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

**1. Opinion**

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards (“TFRS”) for those matters not regulated by the aforementioned regulations.

**2. Basis for Opinion**

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



### 3. Key Audit Matters

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

<b><i>Key Audit Matters</i></b>	<b><i>How the key audit matter was addressed in the audit</i></b>
<p><b>Expected credit losses for loans and receivables</b></p> <p>The Group has total expected credit losses for loans and receivables amounting to TL 20.682 thousand in respect to total loans and receivables amounting to TL 4.479.999 thousand which represent a significant portion of the Group’s total assets in its consolidated financial statements as at 31 December 2023.</p> <p>Explanations and notes related to expected credit losses for loans and receivables are presented in Section Three Part VII., Section Four Part II and X., Section Five Part 1.6 in the accompanying consolidated financial statements as at 31 December 2023.</p> <p>The Group recognizes provision for impairment in accordance with “IFRS 9 Financial Instruments” (“IFRS 9”) requirements and the “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided” as published in the Official Gazette dated 22 June 2016 numbered 29750. The Group exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.</p> <p>To determine expected credit losses as of 31 December 2023 the Group determines stage classification of loans by identifying significant increase in credit risk with quantitative and qualitative assessments disclosed in Section Three Part 8 in the accompanying consolidated financial statements and identification of default events disclosed in Section Four Part 2 in the accompanying consolidated financial statements.</p>	<p>With respect to stage classification of loans and receivables and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Group within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>We checked appropriateness of matters considered in methodology applied by the Group with IFRS 9 for calculation of the provision amount through stage classification of loans and receivables. For forward looking assumptions made by the Group’s management in its expected credit losses calculations, we held discussions with management, evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested model segmentation, lifetime probability of default model, exposure at default model, loss given default model and the approaches to reflecting reasonable and supportable forward looking expectations (including macroeconomic factors) with our financial risk experts. Our procedures also included the following:</p> <ul style="list-style-type: none"> <li>• Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used and results of validation studies.</li> </ul>



<b><i>Key Audit Matters</i></b>	<b><i>How the key audit matter was addressed in the audit</i></b>
<p data-bbox="274 499 764 558"><b>Expected credit losses for loans and receivables (Continued)</b></p> <p data-bbox="274 594 902 846">The Group uses complex models that requires data to be derived from multiple systems for determining significant increase in credit risk and calculation of TFRS 9 expected credit losses. These models contain judgement and estimations in regard to forward looking estimations, scenarios of macro-economic conditions and weighing of scenarios based on expert opinion.</p> <p data-bbox="274 882 883 1037">Information used in the individually or collectively assessment of expected credit loss such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate.</p> <p data-bbox="274 1073 898 1577">Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences, development and weighting of macro-economic scenarios; the significance of the loans and receivables balances; the classification of loans and receivables as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans and receivables. Therefore, this area is considered as key audit matter.</p>	<ul data-bbox="927 594 1498 1644" style="list-style-type: none"> <li>• We have checked selected Probability of Default (PD) models used in determination of provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis.</li> <li>• For a sample of exposures, we checked the accuracy of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the resultant arithmetical calculations. We checked the calculation of the Loss Given Default (LGD) used by the Group in the expected credit losses calculation methodology, and tested collaterals.</li> <li>• We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</li> <li>• We checked accuracy of resultant expected credit losses calculations.</li> <li>• To assess appropriateness of the Group’s determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</li> <li>• We evaluated the adequacy of the disclosures made in the consolidated financial statements regarding the provision for impairment of loans and receivables.</li> </ul>



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

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

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

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

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

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

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

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

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



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

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

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



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

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

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

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

#### **Additional Paragraph for Convenience Translation**

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

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

Didem Demer Kaya, SMMM  
Independent Auditor

Istanbul, 21 February 2024

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

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

The consolidated financial report as of and for the year period ended 31 December 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 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 FINANCIAL STATEMENTS
- OTHER DISCLOSURES
- INDEPENDENT AUDITOR'S REPORT

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

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

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

Yasin Öztürk  
*Chairman of the Board of  
Directors*

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

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

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

Wail J. A. Belgasem  
*General Manager*

Salih Hatipoğlu  
*Assistant General Manager  
Responsible For Financial Reporting*

Feyzullah Küpeli  
*Manager*

Contact information of the personnel for addressing questions regarding this financial report  
Name / Title: F.Betül Yörel /D. Manager  
Phone No : 0 212 225 05 00  
Fax No : 0 212 225 05 26



**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	1
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	1
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	2
IV.	Information on people and entities who have qualified share in the parent bank	2
V.	Information about the services and nature of activities of the parent bank	2
VI.	Differences between the communicate 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	3
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	3

**SECTION TWO**  
**Consolidated Interim Financial Statements**

I.	Consolidated Balance Sheet-Assets	5
II.	Consolidated Balance Sheet-Liabilities	6
III.	Consolidated Off balance Sheet Commitments	7
IV.	Consolidated Statement of Profit or Loss	8
V.	Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
VI.	Consolidated Statement of Changes in Shareholders' Equity	10-11
VII.	Consolidated Statement of Cash Flows	12
VIII.	Statement of Profit Distribution	13

**SECTION THREE**  
**Explanations on Accounting Policies**

I.	Explanations for basis of presentation	14
II.	Information on strategy for the use of financial instruments and foreign currency transactions	15
III.	Explanations on investments in associates and subsidiaries	15
IV.	Information on forward transactions, options and derivative instruments	16
V.	Information on interest income and expense	16
VI.	Information on fees and commission	16
VII.	Information on financial assets	17-20
VIII.	Information on offsetting financial instruments	20
IX.	Information on sale and repurchase agreements and lending of financial assets	20
X.	Information on assets held for sale and related to discontinued operations and explanations on liabilities related with these assets	21
XI.	Information on goodwill and other intangible assets	21
XII.	Information on tangible assets	21-22
XIII.	Information on leasing activities	22-23
XIV.	Information on provisions, contingent liabilities and contingent assets	23
XV.	Information on liabilities regarding employee benefits	24
XVI.	Information on tax applications	24-25
XVII.	Additional information on borrowings	25
XVIII.	Information on share issuances	26
XIX.	Information on bills of exchanges and acceptances	26
XX.	Information on government incentives	26
XXI.	Cash and cash equivalents	26
XXII.	Information on segment reporting	26
XXIII.	Other disclosures	26

**SECTION FOUR**  
**Information on the Financial Position of the Group**

I.	Information on Shareholder's equity	27-30
II.	Information on credit risk	31-41
III.	Information on consolidated foreign currency exchange rate risk	42-44
IV.	Information on consolidated interest rate risk	44-47
V.	Information on consolidated stock position risk	48
VI.	Information on consolidated liquidity risk management	48-53
VII.	Explanations on leverage ratio	54-55
VIII.	Information on fair values of financial assets and liabilities	55-57
IX.	Transactions On Behalf And Account Of Others And Faith-Based Transactions	57
X.	Information on risk management	58-68
XI.	Information on consolidated operating segment	69

**SECTION FIVE**  
**Information on Disclosures and Footnotes of Consolidated Financial Statements**

I.	Information on disclosures and footnotes of consolidated assets	70-83
II.	Information and disclosures related to consolidated liabilities	84-89
III.	Information and disclosures related to consolidated off-balance sheets	90-92
IV.	Information and footnotes related to consolidated statement of profit or loss	92-96
V.	Information and disclosures related to statement of changes in shareholders' equity	97
VI.	Information and footnotes related to cash flows statement	98
VII.	Information on the group's risk group	99
VIII.	Domestic, foreign and off shore branches or investment and foreign representative offices	100
IX.	Fees related with the services provided by independent auditors/independent audit agencies	100
X.	Explanations and notes related to subsequent events	100

**SECTION SIX**  
**Independent Auditors' Review Report**

I.	Information on independent auditors' review report	101
II.	Information and footnotes prepared by the independent auditor	101

# ARAP TÜRK BANKASI A.Ş.

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

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

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

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

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

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

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

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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

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

Name	Job Title – Description
Yasin Öztürk	Chairman of the Board of Directors
Mohamed Milad Ebrayik Hassadi <sup>(1)</sup>	Deputy Chairman of the Board of Directors and Chairman of Audit Committee
Wail J. A. Belgasem	Member of the Board of Directors and General Manager
Aflah Omar Magsi	Member of the Board of Directors and Member of Audit Committee
Selen Giyim <sup>(3)</sup>	Member of the Board of Directors and Member of Audit Committee
İmge Hilal Soyluoğlu Canlı <sup>(2)</sup>	Member of the Board of Directors
Hüseyin Serdar Yücel	Member of the Board of Directors
Nouri Ali Mohamed Aboflega	Member of the Board of Directors
Abdulkhalek Hussein Ergei	Member of the Board of Directors

- (1) Mohamed Milad Ebrayik Hassadi was appointed as Deputy Chairman of the Board of Directors as of March 21, 2023.
- (2) Serkan Günay resigned from the Board of Directors on March 20, 2023. İmge Hilal Soyluoğlu Canlı was appointed in his place with the decision taken at the Board of Directors Meeting on March 21, 2023. İmge Hilal Soyluoğlu Canlı started her duty on March 30, 2023.
- (3) Dr. Sinan Şahin resigned from the Board of Directors and Gülbin Çakır was appointed in his place with the decision taken at the Board of Directors Meeting held on March 21, 2023. Gülbin Çakır took office on March 30, 2023. Gülbin Çakır resigned from the Board of Directors and Selen Giyim was appointed in her place with the decision taken at the Board of Directors Meeting held on December 19, 2023. Selen Giyim took office on January 15, 2024.

##### General Manager and Deputies

Name	Job Title – Description
Wail J. A. Belgasem	Member of the Board of Directors and General Manager
Salih Hatipoğlu	Assistant General Manager - Financial Management, IT and Support Services
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 Turkey, Middle East and North African countries. The Bank is authorized to collect deposits and operates in corporate banking areas.

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

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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#### GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

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

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

None.

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

- I. CONSOLIDATED BALANCE SHEET-ASSETS
- II CONSOLIDATED BALANCE SHEET-LIABILITIES
- III CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS
- IV CONSOLIDATED STATEMENT OF PROFIT OR LOSS
- V CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- VI CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS'EQUITY
- VII CONSOLIDATED STATEMENT OF CASH FLOWS
- VIII STATEMENT OF PROFIT DISTRIBUTIO

# ARAP TÜRK BANKASI A.Ş.

## CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2023

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

I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		CURRENT PERIOD			PRIOR PERIOD		
		31.12.2023			31.12.2022		
ASSETS	Note	TL	FC	TOTAL	TL	FC	TOTAL
<b>I. FINANCIAL ASSETS (Net)</b>		<b>593,135</b>	<b>5,968,987</b>	<b>6,562,122</b>	<b>143,764</b>	<b>4,127,106</b>	<b>4,270,870</b>
<b>1.1 Cash and Cash Equivalents</b>	(1)	<b>229,180</b>	<b>4,225,442</b>	<b>4,454,622</b>	<b>66,877</b>	<b>2,749,213</b>	<b>2,816,090</b>
1.1.1 Cash and Balances with Central Bank		204,969	2,952,865	3,157,834	9,575	1,916,611	1,926,186
1.1.2 Banks	(4)	25,863	1,272,599	1,298,462	57,809	832,610	890,419
1.1.3 Money Markets		-	-	-	-	-	-
1.1.4 Expected Credit Loss (-)		1,652	22	1,674	507	8	515
<b>1.2 Financial Assets Measured at Fair Value Through Profit or Loss</b>	(2)	-	-	-	-	-	-
1.2.1 Government Securities		-	-	-	-	-	-
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	(5)	<b>363,955</b>	<b>1,743,545</b>	<b>2,107,500</b>	<b>76,887</b>	<b>1,377,893</b>	<b>1,454,780</b>
1.3.1 Government Securities		363,731	1,584,952	1,948,683	76,663	988,796	1,065,459
1.3.2 Equity Securities		224	11,789	12,013	224	7,472	7,696
1.3.3 Other Financial Assets		-	146,804	146,804	-	381,625	381,625
<b>1.4 Derivative Financial Assets</b>	(3)	-	-	-	-	-	-
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit or Loss		-	-	-	-	-	-
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>		<b>845,644</b>	<b>6,996,196</b>	<b>7,841,840</b>	<b>1,550,665</b>	<b>5,730,780</b>	<b>7,281,445</b>
<b>2.1 Loans</b>	(6)	<b>677,810</b>	<b>2,581,297</b>	<b>3,259,107</b>	<b>1,282,166</b>	<b>2,122,686</b>	<b>3,404,852</b>
<b>2.2 Lease Receivables</b>	(11)	<b>146,402</b>	<b>1,074,490</b>	<b>1,220,892</b>	<b>139,009</b>	<b>640,544</b>	<b>779,553</b>
<b>2.3 Factoring Receivables</b>		-	-	-	-	-	-
<b>2.4 Other Financial Assets Measured at Amortised Cost</b>	(7)	<b>41,191</b>	<b>3,345,584</b>	<b>3,386,775</b>	<b>140,247</b>	<b>2,970,149</b>	<b>3,110,396</b>
2.4.1 Government Securities		41,191	2,952,892	2,994,083	81,253	2,519,804	2,601,057
2.4.2 Other Financial Assets		-	392,692	392,692	58,994	450,345	509,339
<b>2.5 Expected Credit Loss (-)</b>		<b>19,759</b>	<b>5,175</b>	<b>24,934</b>	<b>10,757</b>	<b>2,599</b>	<b>13,356</b>
<b>III. ASSETS HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(17)	-	-	-	<b>1,000</b>	-	<b>1,000</b>
3.1 Held for Sale Purpose		-	-	-	1,000	-	1,000
3.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>IV. EQUITY INVESTMENTS</b>		-	-	-	-	-	-
<b>4.1 Associations (Net)</b>	(8)	-	-	-	-	-	-
4.1.1 Associates Accounted Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>	(9)	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>	(10)	-	-	-	-	-	-
4.3.1 Joint Ventures Accounted Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (Net)</b>	(13)	<b>1,000,361</b>	-	<b>1,000,361</b>	<b>579,519</b>	-	<b>579,519</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(14)	<b>15,838</b>	-	<b>15,838</b>	<b>4,372</b>	-	<b>4,372</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		15,838	-	15,838	4,372	-	4,372
<b>VII. INVESTMENT PROPERTY (Net)</b>	(15)	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSET</b>	(16)	<b>13,737</b>	-	<b>13,737</b>	-	-	-
<b>IX. DEFERRED TAX ASSET</b>	(16)	<b>539</b>	-	<b>539</b>	-	-	-
<b>X. OTHER ASSETS (Net)</b>	(18)	<b>44,147</b>	<b>98,754</b>	<b>142,901</b>	<b>44,792</b>	<b>46,876</b>	<b>91,668</b>
<b>TOTAL ASSETS</b>		<b>2,513,401</b>	<b>13,063,937</b>	<b>15,577,338</b>	<b>2,324,112</b>	<b>9,904,762</b>	<b>12,228,874</b>

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 31 DECEMBER 2023**

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

II- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)		CURRENT PERIOD			PRIOR PERIOD		
		31.12.2023			31.12.2022		
LIABILITIES	Note	TL	FC	TOTAL	TL	FC	TOTAL
<b>I. DEPOSITS</b>	(1)	88,327	6,825,900	6,914,227	154,641	5,364,033	5,518,674
<b>II. FUNDS BORROWED</b>	(3)	2,194	5,992,026	5,994,220	20,580	4,444,471	4,465,051
<b>III. MONEY MARKETS</b>		-	-	-	37,162	-	37,162
<b>IV. SECURITIES ISSUED (Net)</b>		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>	(2)	-	-	-	-	-	-
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-	-	-	-
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VIII. FACTORING LIABILITIES</b>		-	-	-	-	-	-
<b>IX. LEASE LIABILITIES (Net)</b>	(5)	5,154	1,305	6,459	2,272	-	2,272
<b>X. PROVISIONS</b>	(7)	178,667	19,498	198,165	134,844	10,871	145,715
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		96,349	-	96,349	96,042	-	96,042
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		82,318	19,498	101,816	38,802	10,871	49,673
<b>XI. CURRENT TAX LIABILITY</b>	(8)	23,737	-	23,737	25,315	-	25,315
<b>XII. DEFERRED TAX LIABILITY</b>		77,840	-	77,840	36,536	-	36,536
<b>XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>		-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>		-	-	-	-	-	-
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>	(4)	33,028	127,925	160,953	36,366	89,567	125,933
<b>XVI. SHAREHOLDERS' EQUITY</b>	(9)	2,166,677	35,060	2,201,737	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		684,737	-	684,737	433,220	-	433,220
16.4 Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss		(128,054)	35,060	(92,994)	6,338	(14,684)	(8,346)
16.5 Profit Reserves		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)		1,099,569	-	1,099,569	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)		162,652	-	162,652	215,338	-	215,338
<b>TOTAL LIABILITIES</b>		<b>2,575,624</b>	<b>13,001,714</b>	<b>15,577,338</b>	<b>2,334,616</b>	<b>9,894,258</b>	<b>12,228,874</b>

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 31 DECEMBER 2023**

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

III-OFF-BALANCE SHEET COMMITMENTS (I+II+III)	Note	CURRENT PERIOD 31 Aralık 2023			PRIOR PERIOD 31 Aralık 2022		
		TP	YP	Toplam	TP	YP	Toplam
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>895,557</b>	<b>12,693,107</b>	<b>13,588,664</b>	<b>190,704</b>	<b>7,740,130</b>	<b>7,930,834</b>
<b>I. GUARANTEES AND WARRANTIES</b>	(1) (2) (3) (4)	<b>885,541</b>	<b>12,427,120</b>	<b>13,312,661</b>	<b>183,971</b>	<b>7,644,929</b>	<b>7,828,900</b>
1.1 Letters of Guarantee		885,541	9,196,649	10,082,190	181,283	5,746,647	5,927,930
1.1.1 Guarantees Subject to State Tender Law		9,714	-	9,714	7,179	-	7,179
1.1.2 Guarantees Given for Foreign Trade Operations		327,034	9,135,507	9,462,541	130,482	5,737,686	5,868,168
1.1.3 Other Letters of Guarantee		548,793	61,142	609,935	43,622	8,961	52,583
1.2 Bank Acceptances		-	-	-	-	-	-
1.2.1 Import Letter of Acceptance		-	-	-	-	-	-
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	3,001,706	3,001,706	-	1,327,841	1,327,841
1.3.1 Documentary Letters of Credit		-	-	-	-	-	-
1.3.2 Other Letters of Credit		-	3,001,706	3,001,706	-	1,327,841	1,327,841
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Türkiye		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees on Marketable Security Issuance		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		-	228,765	228,765	2,688	570,441	573,129
1.9 Other Collaterals		-	-	-	-	-	-
<b>II. COMMITMENTS</b>	(1)	<b>10,016</b>	<b>265,987</b>	<b>276,003</b>	<b>6,733</b>	<b>95,201</b>	<b>101,934</b>
2.1 Irrevocable Commitments		594	56,314	56,908	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		594	-	594	389	-	389
2.1.8 Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9 Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10 Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		-	56,314	56,314	-	11,312	11,312
2.2 Revocable Commitments		9,422	209,673	219,095	6,344	83,889	90,233
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		9,422	209,673	219,095	6,344	83,889	90,233
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>	(5)	-	-	-	-	-	-
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3 Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2 Trading Transactions		-	-	-	-	-	-
3.2.1 Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1 Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2 Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-	-	-	-
3.2.2.1 Foreign Currency Swap-Buy		-	-	-	-	-	-
3.2.2.2 Foreign Currency Swap-Sell		-	-	-	-	-	-
3.2.2.3 Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4 Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3 Foreign Currency, Interest rate and Securities Options		-	-	-	-	-	-
3.2.3.1 Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2 Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3 Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4 Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5 Securities Options-Buy		-	-	-	-	-	-
3.2.3.6 Securities Options-Sell		-	-	-	-	-	-
3.2.4 Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1 Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2 Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5 Interest Rate Futures		-	-	-	-	-	-
3.2.5.1 Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2 Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>2,001,341</b>	<b>13,087,445</b>	<b>15,088,786</b>	<b>1,798,634</b>	<b>8,535,439</b>	<b>10,334,073</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>21,407</b>	-	<b>21,407</b>	<b>4,164</b>	-	<b>4,164</b>
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		-	-	-	-	-	-
4.3 Checks Received for Collection		21,407	-	21,407	4,164	-	4,164
4.4 Commercial Notes Received for Collection		-	-	-	-	-	-
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		-	-	-	-	-	-
4.8 Custodians		-	-	-	-	-	-
<b>V. PLEDGES RECEIVED</b>		<b>1,979,934</b>	<b>13,087,445</b>	<b>15,067,379</b>	<b>1,794,470</b>	<b>8,535,439</b>	<b>10,329,909</b>
5.1 Marketable Securities		-	-	-	-	-	-
5.2 Guarantee Notes		18,820	662,799	681,619	19,120	411,418	430,538
5.3 Commodity		-	-	-	-	-	-
5.4 Warranty		-	-	-	-	-	-
5.5 Immovable		81,394	712,404	793,798	14,394	452,499	466,893
5.6 Other Pledged Items		1,879,720	11,712,242	13,591,962	1,760,956	7,671,522	9,432,478
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>2,896,898</b>	<b>25,780,552</b>	<b>28,677,450</b>	<b>1,989,338</b>	<b>16,275,569</b>	<b>18,264,907</b>

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 31 DECEMBER 2023

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

<b>IV. - STATEMENT OF PROFIT OR LOSS</b>		<b>Note</b>	<b>Current Period</b> <b>01.01.2023- 31.12.2023</b>	<b>Prior Period</b> <b>01.01.2022- 31.12.2022</b>
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>972,037</b>	<b>708,973</b>
1.1	Interest on Loans		442,981	392,927
1.2	Interest on Reserve Requirements		3,267	131
1.3	Interest on Banks		53,724	23,797
1.4	Interest on Money Market Transactions		-	6,614
1.5	Interest on Marketable Securities Portfolio		356,075	223,101
1.5.1	Fair Value Through Profit or Loss		-	-
1.5.2	Fair Value Through Other Comprehensive Income		157,495	73,411
1.5.3	Measured at Amortised Cost		198,580	149,690
1.6	Financial Lease Income		114,339	62,392
1.7	Other Interest Income		1,651	11
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>339,454</b>	<b>176,298</b>
2.1	Interest on Deposits		71,163	30,159
2.2	Interest on Funds Borrowed		204,577	110,538
2.3	Interest Expense on Money Market Transactions		11,972	3,075
2.4	Interest on Securities Issued		-	-
2.5	Lease Interest Expenses		-	-
2.6	Other Interest Expenses		51,742	32,526
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>		<b>632,583</b>	<b>532,675</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME</b>		<b>143,694</b>	<b>109,351</b>
4.1	Fees and Commissions Received		158,491	117,002
4.1.1	Non-cash Loans		34,362	26,397
4.1.2	Other		124,129	90,605
4.2	Fees and Commissions Paid		14,797	7,651
4.2.1	Non-cash Loans		25	15
4.2.2	Other		14,772	7,636
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(3)</b>	<b>97</b>	<b>63</b>
<b>VI.</b>	<b>TRADING INCOME / (LOSS) (Net)</b>	<b>(4)</b>	<b>14,328</b>	<b>21,980</b>
6.1	Trading Gains / (Losses) on Securities		(13,218)	-
6.2	Gains / (Losses) on Derivative Financial Transactions		(10,925)	(17)
6.3	Foreign Exchange Gains / (Losses)		38,471	21,997
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>35,104</b>	<b>18,891</b>
<b>VIII.</b>	<b>GROSS OPERATING INCOME (III+IV+V+VI+VII+VIII)</b>		<b>825,806</b>	<b>682,960</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSS (-)</b>	<b>(6)</b>	<b>66,453</b>	<b>6,462</b>
<b>X.</b>	<b>OTHER PROVISION EXPENSE (-)</b>	<b>(7)</b>	<b>28,882</b>	<b>18,570</b>
<b>XI.</b>	<b>PERSONNEL EXPENSE (-)</b>		<b>411,869</b>	<b>244,749</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(8)</b>	<b>216,032</b>	<b>130,613</b>
<b>XIII.</b>	<b>NET OPERATING INCOME/(LOSS) (VIII-IX-X)</b>		<b>102,570</b>	<b>282,566</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES</b>		<b>-</b>	<b>-</b>
	CONSOLIDATED BASED ON EQUITY METHOD		<b>-</b>	<b>-</b>
<b>XVI.</b>	<b>INCOME/(LOSS) ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>	<b>(9)</b>	<b>102,570</b>	<b>282,566</b>
<b>XVIII.</b>	<b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(10)</b>	<b>60,082</b>	<b>(67,228)</b>
18.1	Current Tax Provision		(2,943)	(76,174)
18.2	Deferred Tax Income Effect (+)		161,188	19,938
18.3	Deferred Tax Expense Effect (-)		224,213	28,884
<b>XIX.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)</b>	<b>(11)</b>	<b>162,652</b>	<b>215,338</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
<b>XXI.</b>	<b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses for Other Discontinued Operations		-	-
<b>XXII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)</b>		<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
<b>XXIV.</b>	<b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT/(LOSS) (XVIII+XXIII)</b>	<b>(12)</b>	<b>162,652</b>	<b>215,338</b>
25.1	Group Profit / Loss		162,652	215,338
25.2	Minority Interest Profit / Loss(-)		-	-
	Earning/(Loss) per share (in TL full)		0.0037	0.0049

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 31 DECEMBER 2023**

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

<b>V.-STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		<b>Current Period</b>	<b>Prior Period</b>
		<b>1 January- 31 December 2023</b>	<b>1 January- 30 December 2022</b>
<b>I.</b>	<b>CURRENT PERIOD PROFIT/LOSS</b>	<b>162,652</b>	<b>215,338</b>
<b>II.</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>166,869</b>	<b>295,390</b>
2.1	Other Comprehensive Income That will Not Be Reclassified To Profit or Loss	<b>251,517</b>	<b>280,260</b>
2.1.1	Tangible Assets Revaluation Increase/Decrease	<b>407,504</b>	<b>357,861</b>
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(13,480)	(27,564)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(142,507)	(50,037)
2.2	Reclassified to Profit or Loss	<b>(84,648)</b>	<b>15,130</b>
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(123,365)	19,307
2.2.3	Comprehensive Income	-	-
2.2.4	Cash Flow Hedge Income/Loss	-	-
2.2.5	Foreign Net Investment Hedge Income/Loss	-	-
	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	38,717	(4,177)
<b>III.</b>	<b>TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>329,521</b>	<b>510,728</b>

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 31 DECEMBER 2023**

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

VI. - STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in capital	Share premium	Share certificate cancel profits	Other capital reser	Other Comprehensive Income/ Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/ Expense Items to be Recycled to Profit or Loss			Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total Equity
					1	2	3	4	5	6				
<b>CURRENT PERIOD</b> <b>31 December 2023</b>														
<b>I. Balance at the beginning of the period</b>	<b>440,000</b>	-	-	-	<b>460,923</b>	<b>(27,703)</b>	-	-	<b>(8,346)</b>	-	<b>58,681</b>	<b>733,323</b>	<b>215,338</b>	<b>1,872,216</b>
<b>II. Adjustment in accordance with TMS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New balance (I+II)</b>	<b>440,000</b>	-	-	-	<b>460,923</b>	<b>(27,703)</b>	-	-	<b>(8,346)</b>	-	<b>58,681</b>	<b>733,323</b>	<b>215,338</b>	<b>1,872,216</b>
<b>IV. Total comprehensive income (loss)</b>	-	-	-	-	<b>239,360</b>	<b>12,157</b>	-	-	<b>(84,648)</b>	-	-	-	<b>162,652</b>	<b>329,521</b>
<b>V. Capital increase in cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital increase through internal reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Issued capital inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase (decrease) through other changes, equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit distribution</b>	-	-	-	-	-	-	-	-	-	-	<b>11,744</b>	<b>203,594</b>	<b>(215,338)</b>	-
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Transfers to legal reserves	-	-	-	-	-	-	-	-	-	-	11,744	203,594	(215,338)	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances (III+IV+..... +X+XI)</b>	<b>440,000</b>	-	-	-	<b>700,283</b>	<b>(15,546)</b>	-	-	<b>(92,994)</b>	-	<b>70,425</b>	<b>936,917</b>	<b>162,652</b>	<b>2,201,737</b>

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

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

ARAP TÜRK BANKASI A.Ş.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR  
THE YEAR ENDED AT 31 DECEMBER 2023**

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

	Paid-in capital	Share premium	Share certificate cancel profits	Other capital reser	Other Comprehensive Income/ Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/ Expense Items to be Recycled to Profit or Loss			Profit reserves	Prior period net income/(loss)	Current period net income/(loss)	Total Equity	
					1	2	3	4	5	6					
<b>PRIOR PERIOD</b>															
<b>31 December 2022</b>															
<b>I</b>	<b>Balance at the beginning of the period</b>	<b>440,000</b>	-	-	-	<b>160,466</b>	<b>(7,506)</b>	-	-	<b>(23,476)</b>	-	<b>49,790</b>	<b>579,207</b>	<b>163,007</b>	<b>1,361,488</b>
<b>II.</b>	<b>Adjustment in accordance with TMS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>I.</b>	<b>New balance (I+II)</b>	<b>440,000</b>	-	-	-	<b>160,466</b>	<b>(7,506)</b>	-	-	<b>(23,476)</b>	-	<b>49,790</b>	<b>579,207</b>	<b>163,007</b>	<b>1,361,488</b>
<b>IV.</b>	<b>Total comprehensive income (loss)</b>	-	-	-	-	<b>300,457</b>	<b>(20,197)</b>	-	-	<b>15,130</b>	-	-	-	<b>215,338</b>	<b>510,728</b>
<b>V.</b>	<b>Capital increase in cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI.</b>	<b>Capital increase through internal reserves</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII.</b>	<b>Issued capital inflation adjustment difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII.</b>	<b>Convertible bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX.</b>	<b>Subordinated debt</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X.</b>	<b>Increase (decrease) through other changes, equity</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI.</b>	<b>Profit distribution</b>	-	-	-	-	-	-	-	-	-	<b>8,891</b>	<b>154,116</b>	<b>(163,007)</b>	-	-
11.1	Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to legal reserves	-	-	-	-	-	-	-	-	-	<b>8,891</b>	<b>154,116</b>	<b>(163,007)</b>	-	-
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Balances (III+IV+..... +X+XI)</b>	<b>440,000</b>	-	-	-	<b>460,923</b>	<b>(27,703)</b>	-	-	<b>(8,346)</b>	-	<b>58,681</b>	<b>733,323</b>	<b>215,338</b>	<b>1,872,216</b>

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve,

2. Accumulated Gains/ Losses on Remeasurements of Defined Plans,

3. Other ( Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of other Comprehensive Income that will not be Reclassified to Profit or Loss),

4. Exchange Differences on Translation,

5. Accumulated gains(losses) due for revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income

6. Other(Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income that will be Reclassified to Profit or Loss)

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

# ARAP TÜRK BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AT 31 DECEMBER 2023

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

VII-STATEMENT OF CASH FLOWS		Note	Current Period 01.01.2023 - 31.12.2023	Prior Period 01.01.2022 - 31.12.2022
<b>A.</b>	<b>CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1</b>	<b>Operating Profit Before Changes in Operating Assets and Liabilities</b>		<b>(405,416)</b>	<b>10,677</b>
1.1.1	Interest Received		854,934	659,759
1.1.2	Interest Paid		(366,143)	(205,710)
1.1.3	Dividend Received		-	63
1.1.4	Fees and Commissions Received		158,491	117,002
1.1.5	Other Income		58,059	44,802
1.1.6	Collections from Previously Written-off Loans and Other Receivables		276	1,841
1.1.7	Payments to Personnel and Service Suppliers		(532,716)	(306,587)
1.1.8	Taxes Paid		85,532	(22,456)
1.1.9	Other	(1)	(663,849)	(278,037)
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>		<b>(592,446)</b>	<b>(1,390,519)</b>
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss		129,830	(32,201)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions		-	-
1.2.3	Net (increase) / decrease in loans		947,981	(367,115)
1.2.4	Net (increase) / decrease in other assets		(50,258)	(30,859)
1.2.5	Net increase / (decrease) in bank deposits	(1)	(773,525)	(145,818)
1.2.6	Net increase / (decrease) in other deposits		(551,032)	279,583
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		256,576	(1,421,572)
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase / (decrease) in other liabilities	(1)	(552,018)	327,463
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>		<b>(997,862)</b>	<b>(1,379,842)</b>
<b>B.</b>	<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>		<b>1,012,311</b>	<b>106,360</b>
2.1	Cash paid for acquisition of investments, associates and subsidiaries		-	-
2.2	Cash obtained from disposal of investments, associates and subsidiaries		-	-
2.3	Purchases of tangible assets		(183,855)	(8,823)
2.4	Disposals of tangible assets		5,377	-
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1,319,207)	(221,560)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		1,198,187	378,210
2.7	Purchase of Financial Assets Measured at Amortised Cost		(537,011)	(999,808)
2.8	Sale of Financial Assets Measured at Amortised Cost		1,852,963	960,697
2.9	Other		(4,143)	(2,356)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>		<b>(1,510)</b>	<b>(1,011)</b>
3.1	Cash Obtained from Funds Borrowed and Securities Issued		-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		-	-
3.3	Issued Equity Instruments		-	-
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		(1,510)	(1,011)
3.6	Other		-	-
<b>IV.</b>	<b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	(1)	<b>947,661</b>	<b>554,895</b>
<b>V.</b>	<b>Net Decrease/ Increase in Cash and Cash Equivalents (I+II+III+IV)</b>	(1)	<b>960,600</b>	<b>(719,598)</b>
<b>VI.</b>	<b>Cash and Cash Equivalents at the Beginning of the Period</b>	(1)	<b>1,637,040</b>	<b>2,356,638</b>
<b>VII.</b>	<b>Cash and Cash Equivalents at the End of the Period</b>	(1)	<b>2,597,640</b>	<b>1,637,040</b>

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

# ARAP TÜRK BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS FOR BASIS OF PRESENTATION**

The 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.

With the announcement dated 23 November 2023, POA announced that the financial statements of the entities applying the Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be prepared in accordance with the Financial Reporting Standard in Hyperinflationary Economies ("TAS 29"), however, institutions or organisations authorised to regulate and supervise in their fields may determine different transition dates for the implementation of TAS 29. Based on this announcement of POA, BRSA has decided not to subject the financial statements of banks and financial leasing, factoring, financing, savings finance and asset management companies as of 31 December 2023 to inflation adjustment required under TAS 29 with its decision dated 12 December 2023 and numbered 10744. In accordance with the BRSA's decision dated 11 January 2024 and numbered 10825; banks, financial leasing, factoring, financing, savings finance and asset management companies will apply inflation accounting as of 1 January 2025. Accordingly, no inflation adjustment has been made in the unconsolidated financial statements as of 31 December 2023 in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

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

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

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

The Group's transactions in foreign currencies are carried out in accordance with the Turkish Accounting Standards.

21 of TAS 21 - The Effects of Changes in Foreign Exchange Rates, foreign exchange gains and losses arising from foreign currency transactions are translated into Turkish Lira at the exchange rates prevailing at the dates of the transactions and recognized in the records.

At the end of the relevant period, the balances of foreign currency assets and liabilities are translated into Turkish Lira at the exchange rates prevailing at the balance sheet date and the resulting exchange differences are recognized 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 the all items of assets, liabilities, income, expenses and off-balance sheet items, in preparing consolidated financial statements. Minority interests are presented separately in the consolidated balance sheet and consolidated statement of income.

**The major principles applied in the consolidation of subsidiaries**

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

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

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



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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.amounts.

**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 TFRS 3 applies.

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

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

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

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

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

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

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

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

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

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

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

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

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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**e. Impairment (Continued)**

*Individual Evaluation*

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

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

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

*Definition of Default*

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

These conditions have stated below:

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

*Significant increase in credit risk definition*

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

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

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

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

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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**e. Impairment (Continued)**

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

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

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

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

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

**VIII. INFORMATION ON OFFSETTING FINANCIAL INSTRUMENTS**

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

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

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

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

Securities subject to repurchase 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing loans and receivables, and are accounted in the financial statements in accordance with the regulations of "Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TFRS 5)".

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

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

**XI. INFORMATION ON GOODWILL AND OTHER INTANGIBLE ASSETS**

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

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

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

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

**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 statement of profit or loss of the period.

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

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

There are no changes in the 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.

#### XIII. INFORMATION ON LEASING ACTIVITIES

##### *Finance leasing activities as the lessee*

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 TFRS 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:

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

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

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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIII. INFORMATION ON LEASING ACTIVITIES (Continued)**

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.

**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.



## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

##### XV. INFORMATION ON LIABILITIES REGARDING EMPLOYEE BENEFITS

###### *Reserve for other benefits to employees*

In accordance with existing Turkish Labor Law, the Bank is required to make lump-sum termination indemnities to each employee who has completed one year of service with the Bank and whose employment is terminated due to retirement or for reasons other than resignation or as mentioned in related legislation. The 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	%24.50	%12.10
Inflation Rate	%6.00	%9.90

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

###### *Other benefits to employees*

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

##### 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 to be applied to the corporate income for the accounting periods starting from January 1, 2023 and starting from the declarations to be submitted as of October 1, 2023.

Corporate tax rate is applied on the tax base which is calculated by adding non-deductible expenses and deducting exemptions and deductions in accordance with the tax laws to the commercial income of the corporations. If no profit is distributed, no further tax is payable.

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

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

**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

The Law No. 7352 dated January 29, 2022 on the amendment of the Tax Procedure Law and the Corporate Tax Law was enacted in the Official Gazette No. 31734 on January 29, 2022, and the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the provisional accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for inflation adjustment within the scope of Repeated Article 298 are met, December 31, 2023 will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met.

**Deferred taxes**

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

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

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

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

**Transfer pricing**

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

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

**XVII. ADDITIONAL INFORMATION ON BORROWINGS**

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

The Group did not issue any stocks convertible into bonds.

The Group does not have borrowing instruments issued by itself.

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

##### 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 3 months or less following the date of acquisition, which is readily convertible to a known amount of cash, and does not bear the risk of significant amount of value change. The book values of these assets represent their fair values. Cash equivalents and balances regarding banks are valued by the period end counter foreign currency buying rate of the Bank.

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

##### XXII. INFORMATION ON SEGMENT REPORTING

Operating segment is the unit that operates in only one product or service of the 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 XI of Fourth Section.

##### XXIII. OTHER DISCLOSURES

###### **Profit reserves and profit distribution**

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

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

###### **Related parties**

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

**SECTION FOUR**

**INFORMATION ON THE FINANCIAL POSITION OF THE GROUP**

Calculation of the equity and capital adequacy standard ratio is carried out in accordance with the provisions of the "Regulation on Measurement and Evaluation of the Capital Adequacy of Banks", "Communiqué on Credit Risk Mitigation Techniques", "Communiqué on Calculation of Risk Weighted Amounts Related to Securitization" and "Regulation on Equity of Banks". The Group's capital adequacy standard ratio is 17.78% (31 December 2022 20.42%). In accordance with the Decision of the Banking Regulation and Supervision Agency dated 28 April 2022 and numbered 10188, the Central Bank's foreign exchange buying rate of 31 December 2022 was used while calculating the valued amounts in foreign currency in calculating the amount subject to credit risk.

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

**Informations about Total Capital**

	<b>Current Period</b>	<b>Prior Period</b>
<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>2,201,737</b>	<b>1,872,216</b>
Paid-in capital following all debts in terms of claim in liquidation of the Bank	440,000	440,000
Share issue premiums	-	-
Reserves	70,425	58,681
Gains recognized in equity as per TAS	591,743	424,874
Profit	1,099,569	948,661
Current Period Profit	162,652	215,338
Prior Period Profit	936,917	733,323
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	-	-
Minorities' shares	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>2,201,737</b>	<b>1,872,216</b>
<b>Deductions from Common Equity Tier 1 Capital</b>	<b>15,908</b>	<b>4,424</b>
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	-
Improvement costs for operating leasing	70	52
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	15,838	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	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>15,908</b>	<b>4,424</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>2,185,829</b>	<b>1,867,792</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 (Current Period) (Continued)

	Current period	Prior Period
<b>ADDITIONAL TIER I CAPITAL</b>	-	-
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)	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-
<b>Deductions from Additional Tier I Capital</b>	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of 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	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not 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 (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	-	-
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>2,185,829</b>	<b>1,867,792</b>
<b>TIER II CAPITAL</b>	-	-
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Shares of third parties in additional capital	-	-
Shares of third parties in the contribution capital (Those within the scope of Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	107,266	44,001
<b>Tier II Capital Before Deductions</b>	<b>107,266</b>	<b>44,001</b>
<b>Deductions From Tier II Capital</b>	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>107,266</b>	<b>44,001</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>2,293,095</b>	<b>1,911,793</b>
<b>The sum of Tier I Capital and Tier II Capital (Total Capital)</b>	<b>2,293,095</b>	<b>1,911,793</b>
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 (-)	-	-
<b>Elements that will continue to be deducted from the Total Tier 1 Capital and Contribution Capital (from the Capital) in the Transition Period</b>	-	-

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 (Current Period) (Continued)

##### Informations about Total Capital (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 (-)	-	-
<b>TOTAL CAPITAL</b>	<b>2,293,095</b>	<b>1,911,793</b>
Total Capital (The sum of Tier I Capital and Tier II Capital)	2,293,095	1,911,793
Total risk weighted amounts	12,935,290	9,458,002
<b>CAPITAL ADEQUACY RATIOS</b>		
Consolidated Core Capital Adequacy Ratio (%)	16.95	19.95
Consolidated Tier I Capital Adequacy Ratio (%)	16.95	19.95
Consolidated Capital Adequacy Ratio (%) <sup>(*)</sup>	17.78	20.42
<b>BUFFERS</b>		
Total buffer requirement	2.824	2.74
Capital conservation buffer requirement (%)	2.500	2.50
Bank specific counter-cyclical buffer requirement (%)	0.324	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	12.47	15.45
<b>Amounts below the Excess Limits as per the Deduction Principles</b>	-	-
Portion of the total of net long positions of investments in equity items of 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	-	-
<b>Limits related to provisions considered in Tier II calculation</b>	<b>107,266</b>	<b>44,001</b>
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	107,266	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	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 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

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

##### 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

	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	684,737	-	684,737
Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	(92,994)	-	(92,994)
Profit Reserves	70,425	-	70,425
Profit or Loss	1,099,569	-	1,099,569
Prior Periods' Profit/Loss	936,917	-	936,917
Current Period Net Profit/Loss	162,652	-	162,652
Deductions from Common Equity TierI Capital <sup>(1)</sup>	-	15,908	(15,908)
<b>Common Equity Tier 1 capital</b>	-	-	<b>2,185,829</b>
Tier 1 capital	-	-	<b>2,185,829</b>
Provisions	-	(107,266)	107,266
<b>Tier 2 capital</b> <sup>(2)</sup>	-	(107,266)	107,266
Shareholders's Equity Adjustments <sup>(3)</sup>	-	-	-
<b>Total Shareholders's Equity</b>	<b>2,201,737</b>	<b>(91,358)</b>	<b>2,293,095</b>

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

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

II. INFORMATION ON CREDIT RISK

1. For Credit Risk Analysis;

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

In terms of credit risk, the amount of cash and non-cash loans to be extended to a borrower or a group of borrowers is classified according to the type of loan in question and subject to a risk limitation in proportion to the equity of the Parent Bank. In addition, the sectoral distribution is reviewed regularly and the distribution targets are revised according to market conditions. The general limit and other intermediate limits of a company are evaluated and renewed every year and daily utilizations are made within the framework of these limits.

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

Controls to be made during limit allocation and loan disbursement, marketing strategies and issues to be considered during the period until the loan is repaid to the Bank are determined in the Bank's procedures prepared for loans. The Credit Department, Risk Management Department, Treasury Financial Institutions Department and Central Operations Department coordinate the daily transactions (especially cash loans).

*Whether the creditworthiness of the debtors of loans and other receivables is monitored at regular intervals in accordance with the relevant legislation, whether the account status documents received for the loans opened have been audited as stipulated in the relevant legislation, if not, the reasons, whether the credit limits have been changed, whether the loans and other receivables are collateralized*

The creditworthiness of the borrowers of loans and other receivables is monitored in accordance with the "Regulation on Procedures and Principles for the Classification of Loans and Provisions to be set aside".

The Bank's credit limits are updated at the discretion of the General Directorate and Senior Management and in parallel with economic conditions. The Bank receives sufficient collateral for its loans and other receivables. Since the majority of the companies with which the Bank has credits are among the leading companies in Turkey, the majority of the collaterals received are company signatures or sureties. In addition, real estate mortgages, bank counter-guarantees, cash blockage, financing notes and real customer checks/notes are also taken as collateral. The collaterals received are in line with market conditions and collateral conditions of other banks.

After completing the financial data inputs that form the basis for qualitative and quantitative measurement and answering subjective questions, the system assigns ratings to all credit customers. The rating scale has a wide range of 22 grades from minimum "D" to maximum "AAA+".

In 2023, the grade distribution weight of corporate and commercial companies evaluated is as follows<sup>(1)(2)</sup>:



# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

The table below shows the distribution of corporate and commercial loans grades in respect of weight as of 31 December 2023:

Grade	Description	Weight
AA	Maximum Reliability and Qualified	7%
AA-	Maximum Reliability	12%
A+	Maximum Reliability	16%
A	Very Good Firm	16%
A-	Very Good Firm	22%
BBB+	Very Good Firm	13%
BBB	Reliable and Qualified	5%
BBB-	Reliable and Qualified	5%
BB+	Reliable and Qualified	1%
BB	Low Reliably and risky	1%
BB-	Low Reliably and risky	1%
B	Low Reliably and risky	1%

- (1) The above distribution does not include customers, personal loans and loans granted to banks.
- (2) Although the grade scale of the bank is composed of 22 grades, the grade items that do not have any loan amounts in both years are not shown in the table.

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

In accordance with Article 4 of the Regulation on Principles and Procedures Regarding the Classification of Loans and Provisions to be set aside for them, all receivables classified in Groups 3, 4 and 5 are considered non-performing regardless of whether the accrued interest and interest-like burdens on the borrower are added to the principal or refinanced.

Receivables whose collection of principal or interest payments is more than thirty days overdue from their due dates or due dates for various excusable reasons, although it is highly probable that they will be repaid, but which do not meet the overdue period condition and other criteria for classification in the third group are defined as overdue but not impaired.

#### *Value adjustments and provisions methods and approaches*

As of January 1, 2018, in accordance with the "Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be set aside" published in the Official Gazette dated June 22, 2016 and numbered 29750, the Bank started to set aside impairment provisions in accordance with TFRS 9. In this context, as of December 31, 2017, the method of allocating provisions for loan losses allocated within the framework of the relevant legislation of the BRSA has been changed by applying the expected credit loss model with the implementation of TFRS 9. The expected credit loss estimate is unbiased, weighted by probability and contains supportable information about past events, current conditions and forecasts of future economic conditions.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

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

Risk Classifications	Current Period												Average
	January	February	March	April	May	June	July	August	September	October	November	December	
Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	4,612,410	4,454,708	4,267,383	3,955,812	3,698,460	3,662,356	3,603,213	3,710,581	3,814,542	3,789,821	3,816,790	3,840,196	3,935,523
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Unit and Non-commercial Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	4,873,685	4,403,236	4,283,836	4,356,814	4,807,095	4,868,931	4,711,352	4,998,445	4,790,098	4,861,114	4,689,260	4,808,960	4,704,402
Contingent and Non-Contingent Corporate Receivables	3,675,399	3,654,534	3,359,457	3,440,288	3,476,208	3,444,032	3,293,152	3,705,326	4,379,126	4,137,823	4,021,383	3,858,014	3,703,728
Contingent and Non-Contingent Retail Receivables	6,477	7,027	9,349	11,540	13,046	12,767	11,711	11,303	10,587	9,435	8,864	7,506	9,968
Contingent and Non-Contingent Receivables Secured by Property	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Past Due Loans	491	491	515	515	477	487	417	362	328	241	235	207	397
Higher-Risk Receivables Defined by BRSA	982,952	836,720	1,191,002	1,345,905	1,229,580	1,073,964	816,518	1,069,916	1,335,954	1,387,054	1,236,826	1,413,125	1,159,960
Marketable Securities Collateralized Mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitization Exposures	-	-	-	-	-	-	-	-	-	-	-	-	-
Short-Term Receivables from Banks and Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-
Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivables	797,086	816,571	801,096	795,838	775,352	884,777	760,254	780,833	803,168	778,782	773,554	1,210,813	831,510
<b>Total exposure to risks</b>	<b>14,950,500</b>	<b>14,175,287</b>	<b>13,914,638</b>	<b>13,908,712</b>	<b>14,002,218</b>	<b>13,949,314</b>	<b>13,198,617</b>	<b>14,278,766</b>	<b>15,135,803</b>	<b>14,966,270</b>	<b>14,548,912</b>	<b>15,140,821</b>	<b>14,347,488</b>

INFORMATION ON THE FINANCIAL POSITION OF THE GROUP (Continued)

II. INFORMATION ON CREDIT RISK (Continued)

1. For Credit Risk Analysis; (Continued)

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

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

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

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

**For Credit Risk Analysis;**

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

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

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

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

**For Credit Risk Analysis;**

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

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

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

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

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

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

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

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

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

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

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

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

The first and second stage provision amount provided by the Group for Stage 1 and Stage 2 credit risk is TL 11,803 (31 December 2022: TL 4,385).

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

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

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

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

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

<b>Current Period</b>	<b>Central Governments and Central Banks</b>	<b>Banks and Financial Intermediaries</b>	<b>Corporate Receivables</b>	<b>Retail Receivables</b>	<b>Receivables Secured by Residential Property</b>	<b>Past due loans<sup>(4)</sup></b>	<b>Higher-Risk Receivables Defined by BRSA</b>	<b>Other receivables</b>	<b>Total</b>
Domestic	3,840,196	3,880,443	3,858,014	7,494	2,000	207	19,677	1,057,117	12,665,148
European Union Countries	-	274,773	-	-	-	-	-	-	274,773
OECD Countries <sup>(2)</sup>	-	25,948	-	-	-	-	-	-	25,948
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-
USA, Canada	-	97,256	-	-	-	-	-	-	97,256
Other Countries	-	530,540	-	12	-	-	1,393,448	-	1,924,000
Associates, subsidiaries and jointly controlled partnership	-	-	-	-	-	-	-	153,696	153,696
Unallocated Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,840,196</b>	<b>4,808,960</b>	<b>3,858,014</b>	<b>7,506</b>	<b>2,000</b>	<b>207</b>	<b>1,413,125</b>	<b>1,210,813</b>	<b>15,140,821</b>

  

<b>Prior Period</b>	<b>Central Governments and Central Banks</b>	<b>Banks and Financial Intermediaries</b>	<b>Corporate Receivables</b>	<b>Retail Receivables</b>	<b>Receivables Secured by Residential Property</b>	<b>Past due loans<sup>(4)</sup></b>	<b>Higher-Risk Receivables Defined by BRSA</b>	<b>Other receivables</b>	<b>Total</b>
Domestic	3,317,121	3,634,658	2,875,536	6,155	2,000	3	14,566	747,355	10,597,394
European Union Countries	-	366,671	-	-	-	-	-	-	366,671
OECD Countries <sup>(2)</sup>	-	26,606	-	-	-	-	-	-	26,606
Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-
USA, Canada	-	16,178	-	-	-	-	-	-	16,178
Other Countries	-	349,479	-	7	-	-	790,694	-	1,140,180
Associates, subsidiaries and jointly controlled partnership	-	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities <sup>(3)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,317,121</b>	<b>4,393,592</b>	<b>2,875,536</b>	<b>6,162</b>	<b>2,000</b>	<b>3</b>	<b>805,260</b>	<b>747,355</b>	<b>12,147,029</b>

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

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

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

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

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 3. Risk profile by sector or counterparty <sup>(1)</sup>

	Central Governments and Central Banks	Banks and Financial Intermediaries	Corporate Receivables	Retail Receivables	Receivables Secured by Residential Property	Past due loans	Higher-Risk Receivables Defined by BRSA	Other Receivables	TL	FC	Total
<b>Agricultural</b>	-	-	24,173	-	-	-	-	-	16,553	7,620	24,173
Farming and Stockbreeding	-	-	10,651	-	-	-	-	-	10,651	-	10,651
Forestry	-	-	13,522	-	-	-	-	-	5,902	7,620	13,522
Fishing	-	-	-	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	-	-	1,854,843	-	-	207	-	-	490,062	1,364,988	1,855,050
Mining	-	-	1,849	-	-	-	-	-	350	1,499	1,849
Production	-	-	1,842,166	-	-	207	-	-	479,074	1,363,299	1,842,373
Electric, gas and water	-	-	10,828	-	-	-	-	-	10,638	190	10,828
<b>Construction</b>	-	-	1,611,477	-	2,000	-	19,677	-	325,155	1,307,999	1,633,154
<b>Services</b>	3,840,196	4,808,960	367,521	-	-	-	1,393,441	-	1,221,955	9,188,163	10,410,118
Wholesale and retail trade	-	-	247,485	-	-	-	-	-	130,562	116,923	247,485
Hotel, food and beverage services	-	-	29	-	-	-	-	-	29	-	29
Transportation and telecommunication	-	-	9,627	-	-	-	912	-	7,971	2,568	10,539
Financial institutions	3,840,196	4,808,960	-	-	-	-	1,392,529	-	1,053,174	8,988,511	10,041,685
Real estate and Leasing services	-	-	95,778	-	-	-	-	-	15,617	80,161	95,778
“Self-employment” type Services	-	-	-	-	-	-	-	-	-	-	-
Education services	-	-	-	-	-	-	-	-	-	-	-
Health and social services	-	-	14,602	-	-	-	-	-	14,602	-	14,602
<b>Other</b>	-	-	-	7,506	-	-	7	1,210,813	1,062,787	155,539	1,218,326
<b>Total</b>	<b>3,840,196</b>	<b>4,808,960</b>	<b>3,858,014</b>	<b>7,506</b>	<b>2,000</b>	<b>207</b>	<b>1,413,125</b>	<b>1,210,813</b>	<b>3,116,512</b>	<b>12,024,309</b>	<b>15,140,821</b>

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

Risk Classifications <sup>(2)</sup>	Payment Term <sup>(1)</sup>				1 Year and Over
	1 Month	1-3 Month	3-6 Month	6-12 Month	
Contingent and Non-Contingent Receivables from Central Governments and Central Banks	-	113,609	-	189,765	1,584,451
Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-
Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-
Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-
Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-
Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	1,064,653	883,618	946,883	562,249	1,214,343
Contingent and Non-Contingent Corporate Receivables	218,439	391,613	365,358	1,317,988	1,514,576
Contingent and Non-Contingent Retail Receivables	26	426	2,036	1,471	3,534
Contingent and Non-Contingent Receivables Secured by Residential Property	-	-	-	-	2,000
Past Due Loans	-	-	-	-	-
Higher-Risk Receivables Defined by BRSA	519,075	827,694	34,307	39,719	16,869
Marketable Securities Collateralized Mortgages	-	-	-	-	-
Securitization Exposures	-	-	-	-	-
Short-Term Receivables from Banks and Corporate Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-
Other Receivables	-	-	-	-	-
<b>Total</b>	<b>1,802,193</b>	<b>2,216,960</b>	<b>1,348,584</b>	<b>2,111,192</b>	<b>4,335,773</b>

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

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

#### 5. Information on risk classes

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

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

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

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

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

##### *If there is no credit rating for items not included in trading accounts but instead there is a credit rating for the issuer or issue, information on the process of using such credit ratings available for such items*

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

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

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

**5. Information on risk classes (Continued)**

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

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

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

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

**Risk amount based on weight of risks**

<b>Risk weights</b>	<b>Before credit risk mitigation</b>	<b>After credit risk mitigation</b>
0%	3,929,498	3,929,498
10%	-	-
20%	800,182	800,182
35%	-	-
50%	3,491,696	3,491,696
75%	-	-
100%	5,193,395	5,193,395
150%	1,420,631	1,420,631
200%	305,419	305,419
1250%	-	-
Deductible form Equity	15,908	15,908



## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

##### Miscellaneous information by significant sectors or counterparty type

Important Sectors / Counterparties	Loans		Provisions	
	Impaired in Value (IFRS 9)		Non-performing (Provision Regulation)*	Expected Credit Loss (IFRS 9)
	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)		
<b>Agricultural</b>	<b>5,829</b>	<b>24</b>	<b>24</b>	<b>24</b>
Farming and Stockbreeding	5,829	24	24	24
Forestry	-	-	-	-
Fishing	-	-	-	-
<b>Manufacturing</b>	<b>179,706</b>	<b>1,566</b>	<b>1,566</b>	<b>1,360</b>
Mining	-	-	-	-
Production	179,706	1,566	1,566	1,360
Electric, gas and water	-	-	-	-
<b>Construction</b>	<b>3,416</b>	<b>1,854</b>	<b>1,854</b>	<b>1,854</b>
<b>Services</b>	<b>6,838</b>	<b>7</b>	<b>7</b>	<b>7</b>
Wholesale and retail trade	60	-	-	-
Hotel, food and beverage services	-	-	-	-
Transportation and telecommunication	-	-	-	-
Financial institutions	-	-	-	-
Real estate and Leasing services	6,778	7	7	7
"Self-employment" type Services	-	-	-	-
Education services	-	-	-	-
Health and social services	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 7. Value adjustments and provisions on the exchange of credit information

	Opening Balance	The amount of provision during the period	Reversal of provision	Other adjustments	Closing Balance
<b>Stage 3 provisions</b>	3,365	252	372	-	3,245
<b>Stage 1 &amp; 2 provisions</b>	7,212	13,777	3,528	-	17,461

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 8. Other information on credit risk

##### Sectoral concentrations for cash loans

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	12,722	1.88	-	-	<b>20,986</b>	<b>1.64</b>	-	-
Farming and stockbreeding	10,650	1.57	-	-	20,986	1.64	-	-
Forestry	2,072	0.31	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	265,846	39.22	429,666	16.65	<b>225,978</b>	<b>17.62</b>	<b>460,568</b>	<b>21.70</b>
Mining	-	-	-	-	23,792	1.86	-	-
Production	265,846	39.22	429,666	16.65	202,186	15.77	460,568	21.70
Electric, gas and water	-	-	-	-	-	-	-	-
<b>Construction</b>	38,305	5.65	1,072,633	41.55	<b>37,258</b>	<b>2.91</b>	<b>697,855</b>	<b>32.88</b>
<b>Services</b>	353,437	52.14	939,802	36.41	<b>992,166</b>	<b>77.38</b>	<b>898,930</b>	<b>42.35</b>
Wholesale and retail trade	126,781	18.70	12,323	0.48	107,335	8.37	93,492	4.40
Hotel, food and beverage Services	-	-	-	-	-	-	-	-
Transportation and Telecommunication	1,434	0.21	-	-	1,323	0.10	-	-
Financial institutions	210,620	31.07	927,479	35.93	828,904	64.65	805,438	37.94
Real estate and Leasing Services	-	-	-	-	-	-	-	-
"Self-employment" type Services	-	-	-	-	-	-	-	-
Education services	-	-	-	-	-	-	-	-
Health and social services	14,602	2.15	-	-	54,604	4.26	-	-
<b>Other</b>	7,500	1.11	139,196	5.39	<b>5,778</b>	<b>0.45</b>	<b>65,333</b>	<b>3.08</b>
<b>Total</b>	<b>677,810</b>	<b>100</b>	<b>2,581,297</b>	<b>100</b>	<b>1,282,166</b>	<b>100</b>	<b>2,122,686</b>	<b>100</b>

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

<b>Sectoral</b>	<b>Current Period</b>	<b>Prior Period</b>
Farming and Stockbreeding	24	133
Manufacturing	1,566	1,274
Construction	1,854	1,954
Financial institutions	-	-
Hotel and Restaurant Services	-	-
Wholesale and retail trade	7	7
<b>Total impaired loans and receivables</b>	<b>3,451</b>	<b>3,368</b>

<b>Regional</b>	<b>Current Period</b>	<b>Prior Period</b>
Turkey	3,451	3,368
<b>Total impaired loans and receivables</b>	<b>3,451</b>	<b>3,368</b>

##### Past due but not impaired loans and receivables

None. (31 December 2022: None).

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### III. INFORMATION ON CONSOLIDATED FOREIGN CURRENCY EXCHANGE RATE RISK

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

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

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

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

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

#### **Foreign exchange risk management policy**

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

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

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

**The basic arithmetical average of the 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 December 2023 is TL 29.0226 for USD, TL 31.6578 for EURO.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### Information on Currency Risk of the Group

Current Period	Euro	USD	Other	Total
<b>Assets</b>				
Cash (Cash in Vault, Foreign currencies, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	1,697,496	1,253,614	1,755	2,952,865
Banks	1,049,062	171,069	52,468	1,272,599
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Comprehensive Income	924,729	818,816	-	1,743,545
Loans	1,755,015	826,282	-	2,581,297
Investments in Subsidiaries and Associates	-	-	-	-
Financial Assets Measured at Amortised Cost	1,248,910	2,096,674	-	3,345,584
Financial Derivative held for Hedging (Assets)	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets <sup>(2)</sup>	1,082,186	85,861	-	1,168,047
<b>Total Assets</b>	<b>7,757,398</b>	<b>5,252,316</b>	<b>54,223</b>	<b>13,063,937</b>
<b>Liabilities</b>				
Bank Deposits	1,245,949	1,022,001	4,626	2,272,576
Foreign Currency Deposits	1,933,976	2,576,662	42,686	4,553,324
Money Market Borrowings	-	-	-	-
Funds Borrowed from Other Financial Institutions	4,440,597	1,551,429	-	5,992,026
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	-	-	-	-
Financial Derivatives held for Hedging (Liabilities)	-	-	-	-
Other Liabilities	92,455	54,300	1,973	148,728
<b>Total Liabilities <sup>(1)</sup></b>	<b>7,712,977</b>	<b>5,204,392</b>	<b>49,285</b>	<b>12,966,654</b>
<b>Net Balance Sheet Position</b>	<b>44,421</b>	<b>47,924</b>	<b>4,938</b>	<b>97,283</b>
<b>Net Off Balance Sheet Position</b>	-	-	-	-
Financial Derivatives (Assets)	-	-	-	-
Financial Derivatives (Liabilities)	-	-	-	-
Non-Cash Loans	4,472,566	6,433,165	1,521,389	12,427,120
<b>Prior Period</b>				
Total Assets	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 provisions of the "Regulation on the Calculation and Application of Foreign Currency Net General Position / Equity Standard Ratio in Banks' Consolidated and Non-Consolidated Basis"; Equity has not been taken into consideration in calculating the risk of exchange rate amounting to TL 35,060.

(2) Includes financial lease receivables.

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### III. 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 31 December 2023 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 <sup>(1)</sup>	Profit and Loss Statement	Shareholders' Equity <sup>(1)</sup>
Euro	(4,442)	(5,763)	(1,816)	(4,860)
US Dollar	(4,792)	(6,977)	(451)	5,693
Other Currencies	(494)	(494)	(119)	25
<b>Total</b>	<b>(9,728)</b>	<b>(13,234)</b>	<b>(2,386)</b>	<b>858</b>

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

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

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### IV. 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
<b>Assets</b>							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	3,157,834	3,157,834
Banks	1,151,597	-	-	-	-	146,865	1,298,462
Financial assets at fair value through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	28,335	78,957	253,527	1,679,074	55,591	12,016	2,107,500
Loans	816,302	663,997	1,772,350	3,545	-	2,913	3,259,107
Financial Assets Measured at Amortized Cost	117,095	213,674	413,857	2,642,149	-	-	3,386,775
Other Assets <sup>(1)(3)</sup>	54,886	195,309	411,149	539,870	-	1,152,709	2,353,923
<b>Total assets</b>	<b>2,168,215</b>	<b>1,151,937</b>	<b>2,850,883</b>	<b>4,864,638</b>	<b>55,591</b>	<b>4,472,337</b>	<b>15,563,601</b>
<b>Liabilities</b>							
Bank Deposits	1,820,497	304,004	148,084	-	-	-	2,272,585
Other Deposits	192,108	109,493	58,923	415	-	4,280,703	4,641,642
Money Market Borrowings	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Fin. Ins.	1,681,180	2,053,464	2,259,576	-	-	-	5,994,220
Other liabilities <sup>(2)</sup>	414	681	2,965	2,399	-	2,648,695	2,655,154
<b>Total liabilities</b>	<b>3,694,199</b>	<b>2,467,642</b>	<b>2,469,548</b>	<b>2,814</b>	<b>-</b>	<b>6,929,398</b>	<b>15,563,601</b>
Long Position in the Balance Sheet	-	-	381,335	4,861,824	55,591	-	5,298,750
Short Position in the Balance Sheet	(1,525,984)	(1,315,705)	-	-	-	(2,457,061)	(5,298,750)
Long Position in the Off-balance Sheet	-	-	-	-	-	-	-
Short Position in the Off-balance Sheet	-	-	-	-	-	-	-
<b>Total Position</b>	<b>1,525,984</b>	<b>(1,315,705)</b>	<b>381,335</b>	<b>4,861,824</b>	<b>55,591</b>	<b>(2,457,061)</b>	<b>-</b>

- Other assets in the non-interest bearing column amounting to TL 1,152,709 consists of Property, Plant and Equipment amounting to TL 1,000,361, Provisions for Expected Losses amounting to TL 26,608, Intangible Assets amounting to TL 15,838, Deferred Tax Assets amounting to TL 539, Other non-interest bearing amounts amounting to TL 162,579 and other unallocated amounts.
- The amount of TL 2,648,695 in other liabilities non-interest bearing column consists of TL 2,201,737 in Shareholders' Equity, TL 198,165 in Provisions, TL 10,000 in Current Tax Liability, TL 77,840 in Deferred Tax Liability and TL 160,953 in Other Liabilities.
- Includes financial lease receivables

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### IV. 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
<b>Assets</b>							
Cash (cash in vault, foreign currencies, cash in transit, cheques purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	1,926,186	1,926,186
Banks	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 <sup>(1)(3)</sup>	33,118	119,246	225,427	391,800	-	672,650	1,442,241
<b>Total assets</b>	<b>3,142,994</b>	<b>1,217,659</b>	<b>2,570,277</b>	<b>2,665,355</b>	-	<b>2,632,589</b>	<b>12,228,874</b>
<b>Liabilities</b>							
Bank Deposits	1,680,287	56,311	202,071	-	-	-	1,938,669
Other Deposits	62,734	67,850	73,408	-	-	3,376,013	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 <sup>(2)</sup>	274	697	1,707	(406)	-	2,205,715	2,207,987
<b>Total liabilities</b>	<b>2,276,229</b>	<b>1,766,943</b>	<b>2,515,741</b>	<b>88,233</b>	-	<b>5,581,728</b>	<b>12,228,874</b>
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	-	-	-	-	-	-	-
<b>Total Position</b>	<b>866,765</b>	<b>(549,284)</b>	<b>54,536</b>	<b>2,577,122</b>	-	<b>(2,949,139)</b>	-

- Other Assets: The amount of TL 672,650 in the Non-Interest Bearing column is composed of Tangible Assets amounting to TL 579,519, Expected Credit Loss amounting to TL 13,871, Intangible Assets amounting to TL 4,372, other non-interest bearing amounting to TL 101,630 Assets Held For Sale Purpose amounting to TL 1,000 of other undistributed amounts.
- Other Liabilities: The amount of TL 2,205,715 in the Non-Interest Bearing Column is composed of Shareholders' Equity amounting to TL 1,872,216, Provisions amounting to TL 145,715, Current Tax Liability amounting to TL 25,315, Deferred Tax Liability amounting to TL 36,536 and other Non-Interest Bearing amounts included in Other Liabilities amounting to TL 125,933.
- Includes financial lease receivables

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

<b>Current Period</b>	<b>EURO</b>	<b>USD</b>	<b>TL</b>
<b>Assets</b>			
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	-	-	8.50
Banks	3.79	0.29	35.66
Financial Assets at Fair Value through Profit or Loss	-	-	-
Money Market Placements	-	-	-
Financial Assets at Fair Value Through Other	-	-	-
Comprehensive Income	5.14	8.10	10.65
Loans	10.08	11.13	47.68
Financial Assets Measured at Amortized Cost	-	-	19.23
Financial Lease Receivables	8.02	7.02	34.10
<b>Liabilities</b>			
Interbank Deposits	-	7.73	-
Other Deposits	0.55	2.86	32.65
Money Market Borrowings	-	-	-
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	4.49	6.49	46.31
<b>Prior Period</b>			
<b>Assets</b>			
Cash (cash in vault, effectives, money in transit, cheques purchased) and Balances with the Central Bank of Turkey	-	-	8.50
Banks	2.44	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
<b>Liabilities</b>			
Interbank Deposits	2.86	6.45	12.07
Other Deposits	0.62	1.65	11.46
Money Market Borrowings	-	-	9.00
Miscellaneous Payables	-	-	-
Marketable Securities Issued	-	-	-
Funds Borrowed from Other Financial Institutions	2.20	3.41	22.88



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

**V. 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.

**VI. 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
- Increase in short-term debt and/or additional short-term deposits and deposit-like resources,
- Decrease in moveable long term assets
- Increase in long term liabilities
- Increase in equity funds

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

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

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

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

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

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

**VI. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)**

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

The Parent Bank is backed by well-established shareholders who are among the strongest financial institutions in Turkey and the MENA region. Libyan Foreign Bank, 100% owned by the Central Bank of Libya, is the largest shareholder of the Parent Bank. The share of funds obtained from the Parent Bank's risk group in liabilities is 11%.

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

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

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

The majority of the Parent Bank's liabilities consist of funds received from the main shareholder Libyan Foreign Bank and its related banks. 90% of these funds are denominated in USD and 9% in 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.

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

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### VI. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)

##### Liquidity coverage ratio

Liquidity coverage ratios calculated in accordance with the "Regulation on Liquidity Coverage Ratio Calculation of Banks" published in the Official Gazette dated March 21, 2014 and numbered 28948 are disclosed to the public in the following format. Consolidated foreign currency and total liquidity coverage ratios for the last three months including the reporting period and the lowest and highest values of the consolidated foreign currency and total liquidity coverage ratios calculated weekly for the last three months are disclosed by indicating the weeks.

The lowest and highest values of the consolidated foreign currency and total liquidity coverage ratios for the last three months including the reporting period are given below by month:

	Month	FC	Month	FC+TL
<b>Lowest</b>	December	262	December	276
<b>Highest</b>	October	304	October	355

The average of the consolidated liquidity coverage ratio calculated by taking the monthly simple arithmetic average for the last three months is given below:

Current Period	Consideration Ratio Not Applied		Consideration Ratio Applied		
	Total Value <sup>(1)</sup>		Total Value <sup>(1)</sup>		
	TL+FC	FC	TL+FC	FC	
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	High quality liquid assets	9,807,833	9,241,783	7,895,867	7,423,387
<b>CASH OUTFLOWS</b>					
2	Real person deposits and retail deposits	2,209,310	1,470,085	185,089	147,008
3	Stable deposit	716,853	-	35,843	-
4	Deposit with low stability	1,492,457	1,470,085	149,246	147,008
5	Unsecured debts except real person deposits and retail deposits	4,991,217	4,713,364	3,723,858	3,473,018
6	Operational deposit	-	-	-	-
7	Non-operating deposits	4,584,884	4,530,510	3,317,525	3,290,164
8	Other unsecured debts	406,333	182,854	406,333	182,854
9	Secured debts	-	-	-	-
10	Other cash outflows	12,866,954	11,967,392	822,294	672,771
11	Derivative liabilities and margin obligations	75	75	75	75
12	Debt from structured financial instruments	-	-	-	-
13	Other off-balance sheet liabilities and commitments for the payment owed to financial markets	-	-	-	-
14	Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
15	Other irrevocable or provisory revocable off-balance sheet liabilities	12,866,879	11,967,317	822,219	672,696
<b>16</b>	<b>TOTAL CASH OUTFLOW</b>	<b>20,067,481</b>	<b>18,150,841</b>	<b>4,731,241</b>	<b>4,292,797</b>
<b>CASH INFLOWS</b>					
17	Secured receivables	-	-	-	-
18	Unsecured claims	2,206,092	1,556,600	1,940,260	1,441,918
19	Other cash inflows	102,998	102,998	102,998	102,998
<b>20</b>	<b>TOTAL CASH INFLOWS</b>	<b>2,309,090</b>	<b>1,659,598</b>	<b>2,043,258</b>	<b>1,544,916</b>
					<b>Upper Limit Applied Amounts</b>
<b>21</b>	<b>TOTAL HQLA STOCK</b>			7,895,867	7,423,387
<b>22</b>	<b>TOTAL NET CASH OUTFLOWS</b>			2,687,982	2,747,881
<b>23</b>	<b>LIQUIDITY COVERAGE RATIO (%)</b>			293.75	270.15

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### VI. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)

Prior Period	Consideration Ratio Not Applied Total Value (1)		Consideration Ratio Applied Total Value (1)		
	TL+FC	FC	TL+FC	FC	
<b>HIGH QUALITY LIQUID ASSETS</b>					
1	High quality liquid assets	6,792,352	6,698,937	5,608,973	5,515,559
<b>CASH OUTFLOWS</b>					
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	<b>TOTAL CASH OUTFLOW</b>	<b>13,542,546</b>	<b>12,946,671</b>	<b>3,422,144</b>	<b>3,079,049</b>
<b>CASH INFLOWS</b>					
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	<b>TOTAL CASH INFLOWS</b>	<b>1,577,896</b>	<b>955,095</b>	<b>1,374,523</b>	<b>822,657</b>
21	<b>TOTAL HQLA STOCK</b>			<b>5,608,973</b>	<b>5,515,559</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>2,047,621</b>	<b>2,256,392</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>273.93</b>	<b>244.44</b>

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

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

**VI. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)**

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

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

**Sections High-quality liquid assets comprised of**

High quality liquid assets consist of cash, cash equivalents, debt instruments issued by the CBRT and the Treasury and debt instruments with a credit rating or probability of default between A+ and BBB- or equivalent. The Bank's high quality liquid assets consist of 36% of CBRT accounts, 62% of debt instruments issued by the Treasury and 2% of cash and cash equivalents.

**Sections Funding sources comprised of and their densities within all funds**

A significant portion of fund resources is composed of deposits received. Deposits received account for 44% of total liabilities and 33% of these deposits are deposits received from banks.

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

Cash outflows due to derivative contracts occur during periods when the bank's derivative liabilities exceed its derivative receivables. As at 31 December 2023, the net cash outflow from derivative transactions is none.

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

A significant part of the funding sources are comprised of deposits received. 44% of the liability is deposits and 33% of these deposits are from banks. All of these liabilities are warrantless.

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

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

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

None.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### VI. INFORMATION ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT (Continued)

##### Presentation of assets and liabilities based on their outstanding maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Year and Over	Unallocated	Total
<b>Assets</b>								
Cash (cash in vault, effectives, money in transit, cheques purchased) and Central Bank balances	344,542	2,813,292	-	-	-	-	-	3,157,834
Banks	627,742	670,720	-	-	-	-	-	1,298,462
Financial Assets at Fair Value through Profit or Loss	-	-	-	-	-	-	-	-
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	28,335	78,950	253,531	1,679,077	55,591	12,016	2,107,500
Loans	-	816,302	644,453	1,791,894	3,545	-	2,913	3,259,107
Investment securities held-to-maturity	-	117,095	213,674	413,857	2,642,149	-	-	3,386,775
Other assets <sup>(1) (3)</sup>	-	79,283	102,932	425,782	617,835	1,740	1,126,351	2,353,923
<b>Total Assets</b>	<b>972,284</b>	<b>4,525,027</b>	<b>1,040,009</b>	<b>2,885,064</b>	<b>4,942,606</b>	<b>57,331</b>	<b>1,141,280</b>	<b>15,563,601</b>
<b>Liabilities</b>								
Interbank Deposits	1,525,949	294,548	304,004	148,084	-	-	-	2,272,585
Other Deposits	4,280,703	192,108	109,493	58,923	415	-	-	4,641,642
Funds provided from other financial institutions	-	-	-	-	-	-	-	-
Money market borrowings	-	-	-	-	-	-	-	-
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	-	1,516,026	1,828,884	1,818,221	831,089	-	-	5,994,220
Other liabilities <sup>(2)</sup>	-	4,179	681	3,393	2,805	-	2,644,096	2,655,154
<b>Total Liabilities</b>	<b>5,806,652</b>	<b>2,006,861</b>	<b>2,243,062</b>	<b>2,028,621</b>	<b>834,309</b>	<b>-</b>	<b>2,644,096</b>	<b>15,563,601</b>
<b>Net Liquidity Gap</b>	<b>(4,834,368)</b>	<b>2,518,166</b>	<b>(1,203,053)</b>	<b>856,443</b>	<b>4,108,297</b>	<b>57,331</b>	<b>(1,502,816)</b>	<b>-</b>
<b>Prior Period</b>								
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
<b>Net Liquidity Gap</b>	<b>(4,057,001)</b>	<b>3,626,333</b>	<b>(516,427)</b>	<b>416,843</b>	<b>2,076,993</b>	<b>-</b>	<b>(1,546,741)</b>	<b>-</b>

<sup>(1)</sup> The amount of TL 1,126,351 in other assets unallocated column consists of TL 1,000,361 Tangible Fixed Assets, TL 26,608 Provisions for Expected Losses, TL 15,838 Intangible Fixed Assets, TL 539 Deferred Tax Assets, TL 136,221 other non-interest bearing amounts and other unallocated amounts.

<sup>(2)</sup> The amount of TL 2,644,096 in other liabilities unallocated column consists of Equity amounting to TL 2,201,737, Provisions amounting to TL 198,165, Current Tax Liability amounting to TL 10,000, Deferred Tax Liability amounting to TL 77,840 and other non-interest bearing amounts amounting to TL 156,354.

<sup>(3)</sup> Includes financial lease receivables

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

##### VII. 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	Prior Period
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards <sup>(1)</sup>	24,678	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	320,611	-
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	4,891,368	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	522,925	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	-	-
<b>Total Risk Amount</b>	<b>5,759,582</b>	<b>4,174,222</b>

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

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

##### VII. EXPLANATIONS ON LEVERAGE RATIO (Continued)

Leverage ratio disclosure as follows:

	<b>Balance sheet assets</b>	<b>Current Period<sup>(1)</sup></b>	<b>Prior Period<sup>(1)</sup></b>
1	Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	13,171,862	11,567,881
2	(Assets deducted from main capital)	(12,339)	(5,597)
3	Total risk amount of the balance sheet assets (Sum of 1st and 2nd rows)	13,159,523	11,562,283
	<b>Derivative financial instruments and credit derivatives</b>		
4	Replacement cost of derivative financial instruments and credit derivatives	-	-
5	Potential credit risk amount of derivative financial instruments and credit derivatives	-	-
6	Total risk amount of derivative financial instruments and credit derivatives (Sum of 4th and 5th rows)	-	-
	<b>Security or secured financing transactions</b>		
7	Risk amount of security or secured financing transactions (Except balance sheet)	-	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
	<b>Off-balance sheet transactions</b>		
10	Gross nominal amount of off-balance sheet transactions	10,515,913	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)	10,515,913	7,704,419
	<b>Equity and total risk</b>		
13	Main capital	1,858,755	1,487,537
14	Total risk amount (Sum of 3th, 6th, 9th and 12th rows)	23,675,436	19,276,312
	<b>Leverage ratio</b>		
15	Leverage ratio	%8.05	7.74%

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

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

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

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

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

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



# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### Fair value hierarchy

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,  
 Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or,  
 Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>11,272,736</b>	<b>11,499,186</b>	<b>9,688,815</b>	<b>9,230,272</b>
Banks	1,298,462	2,749,605	1,298,462	2,749,605
Money market receivables	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	2,107,500	1,454,780	2,107,500	1,454,780
Financial Assets Measured at Amortised Cost	3,386,775	3,110,396	3,369,638	2,474,450
Loans	3,259,107	3,404,852	2,913,215	2,438,823
Leasing receivables	1,220,892	779,553	1,190,339	112,614
<b>Financial Liabilities</b>	<b>13,069,400</b>	<b>10,850,832</b>	<b>13,069,400</b>	<b>10,850,832</b>
Bank deposits	2,272,585	5,516,502	2,272,585	5,516,502
Other Deposits	4,641,642	2,172	4,641,642	2,172
Funds provided from other financial institutions	5,994,220	5,169,063	5,994,220	5,169,063
Money market borrowings	-	37,162	-	37,162
Marketable securities issued	-	-	-	-
Miscellaneous Payables	160,953	125,933	160,953	125,933
<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Financial assets measured at fair value through Profit or Loss	-	-	-	-
Public sector debt securities	-	-	-	-
Equity Securities	-	-	-	-
Other financial assets	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	2,095,487	-	-	2,095,487
Public sector debt securities	1,181,833	-	12,013	1,193,846
Equity Securities	1,948,683	-	-	1,948,683
Other financial assets	-	-	12,013	12,013
Other financial assets	146,804	-	-	146,804
<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
Financial assets measured at fair value through Profit or Loss	-	-	-	-
Public sector debt securities	-	-	-	-
Equity Securities	-	-	-	-
Other financial assets	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	1,447,084	-	-	1,447,084
Public sector debt securities	1,181,833	-	7,696	1,189,529
Equity Securities	1,065,459	-	-	1,065,459
Other financial assets	-	-	7,696	7,696
Other financial assets	381,625	-	-	381,625

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

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

#### IX. TRANSACTIONS ON BEHALF AND ACCOUNT OF OTHERS AND FAITH-BASED TRANSACTIONS

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

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

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

The Bank does not have transactions based on trust.

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

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

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

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

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### X. INFORMATION 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)	9,841,064	7,130,852	787,285
2 Standardised approach (SA)	9,841,064	7,130,852	787,285
3 Internal rating-based (IRB) approach	-	-	-
4 Counterparty credit risk	-	-	-
5 Standardised approach for counterparty credit risk (SA-CCR)	-	-	-
6 Internal model method (IMM)	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-
9 Investments made in collective investment companies – mandate-based approach	-	-	-
10 Investments made in collective investment companies - 12.50% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach (RBA)	-	-	-
14 IRB Supervisory Formula Approach (SFA)	-	-	-
15 SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	2,190,963	1,605,487	175,277
17 Standardised approach (SA)	2,190,963	1,605,488	175,277
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	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>12,921,553</b>	<b>9,458,002</b>	<b>1,033,628</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### Main sources of differences between TAS exposure amounts and carrying values in financial statements

	Gross Carrying Values of TAS						
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>							
Cash And Balances With The Central Bank Of Turkey	3,157,834	3,157,834	3,157,834	-	-	2,952,865	-
Financial assets held for trading	-	-	-	-	-	-	-
Financial Assets At Fair Value Through Profit Or Loss	-	-	-	-	-	-	-
Banks	1,298,462	1,298,462	1,298,462	-	-	1,272,599	-
Money Market Placements	-	-	-	-	-	-	-
Investment Securities Available-for-Sale (net)	2,107,500	2,107,500	12,013	-	-	2,107,500	-
Loans And Receivables	3,259,107	3,259,107	3,259,107	-	-	2,581,297	-
Factoring Receivables	-	-	-	-	-	-	-
Investment Securities Held-to-Maturity (net)	3,386,775	3,386,775	3,386,775	-	-	3,345,584	-
Associates (net)	-	-	-	-	-	-	-
Subsidiaries (net)	-	-	-	-	-	-	-
Joint Ventures (net)	-	-	-	-	-	-	-
Lease Receivables	1,220,892	1,220,892	1,220,892	-	-	1,074,490	-
Derivative Financial Assets Held For Hedging	-	-	-	-	-	-	-
Tangible Assets (net)	1,000,361	1,000,361	1,000,361	-	-	-	70
Intangible Assets (net)	15,838	15,838	-	-	-	-	15,838
Investment Property (net)	-	-	-	-	-	-	-
Tax Asset	14,276	14,276	14,276	-	-	-	-
Asset Held For Sale And Assets Of Discontinued Operations (Net)	-	-	-	-	-	-	-
Other Assets	116,293	116,293	136,868	-	-	98,754	-
<b>Total Assets</b>	<b>15,577,338</b>	<b>15,577,338</b>	<b>13,486,588</b>	-	-	<b>13,433,089</b>	<b>15,908</b>
<b>Liabilities</b>	6,914,227	6,914,227	-	-	-	6,825,900	-
Deposits	-	-	-	-	-	-	-
Derivative Financial Liabilities Held For Trading	5,994,220	5,994,220	-	-	-	5,992,026	-
Funds Borrowed	-	-	-	-	-	-	-
Interbank Money Market	-	-	-	-	-	-	-
Marketable Securities Issued (Net)	-	-	-	-	-	-	-
Funds	-	-	-	-	-	-	-
Miscellaneous Payables	160,953	160,953	-	-	-	127,925	-
Other External Resources	-	-	-	-	-	-	-
Factoring Payables	6,459	6,459	-	-	-	-	-
Leasing Transactions Payables	-	-	-	-	-	-	-
Derivative Financial Liabilities Held For Hedging	198,165	198,165	-	-	-	19,498	-
Provisions	-	-	-	-	-	-	-
Tax Liability	87,840	87,840	-	-	-	-	-
Liabilities For Assets Held For Resale And Assets Of Discontinued Operations	-	-	-	-	-	-	-
Subordinated Loans	-	-	-	-	-	-	-
Shareholders' Equity	2,201,737	2,201,737	-	-	-	-	-
<b>Total Liabilities</b>	<b>15,563,601</b>	<b>15,563,601</b>	-	-	-	<b>12,965,349</b>	-

##### Main sources of differences between TAS exposure amounts and carrying values in financial statements

	Total	Subject to credit risk framework	Subject to the securitisation framework	Subject to counterparty credit risk framework	Subject to the market risk framework
<b>Asset carrying value amount under scope of TAS</b>	26,919,677	13,486,588	-	-	13,433,089
Liabilities carrying value amount under TAS of consolidation	12,965,349	-	-	-	12,965,349
Total net amount under regulatory scope of consolidation	-	-	-	-	-
Off-balance sheet amounts	15,055,331	2,571,897	-	-	12,483,434
Differences in valuations	-	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
<b>Risk amounts</b>	<b>54,940,357</b>	<b>16,058,485</b>	-	-	<b>38,881,872</b>

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

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

**Explanations regarding the differences between the risk amounts and amounts evaluated in accordance with TAS**

Related amounts are calculated by consolidated financial statements which are prepared in accordance with BRSA Accounting and Reporting Legislation.

**General qualitative information on credit risk**

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

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

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

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

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

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

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

**Credit quality of assets**

	<b>Gross Carrying Values of TAS according to Consolidated Financial Statements</b>		<b>Allowances / impairments</b>	<b>Net Values</b>
	<b>Defaulted exposures</b>	<b>Non-defaulted exposures</b>		
1 Loans	3,451	15,774,520	14,716	15,763,255
2 Debt Securities	-	2,137,260	-	2,137,260
3 Of which defaulted	-	13,356,127	43,466	13,312,661
<b>4 Total</b>	<b>3,451</b>	<b>31,267,907</b>	<b>58,182</b>	<b>31,213,176</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

1	Defaulted loans and debt securities at end of the previous reporting period	3,368
	Loans and debt securities that have defaulted since the last reporting period	459
3	Returned to non-defaulted status	(276)
4	Amounts written off	-
5	Other changes	(100)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)</b>	<b>3,451</b>

##### Additional disclosure related to the credit quality of assets

None.

##### Qualitative requirements for public disclosure regarding credit risk mitigation techniques

Financial guarantees are used as a Credit Risk Mitigation Technique that affects the Bank's Credit Risk Amount. Financial collaterals consist of deposits that are blocked against risk.

##### Credit risk mitigation techniques – overview

	Exposures unsecured: carrying amount	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
1	Loans	15,776,992	-	-	-	-	-
2	Debt Securities	2,137,260	-	-	-	-	-
<b>3</b>	<b>Total</b>	<b>17,914,252</b>	-	-	-	-	-
4	Of which defaulted	3,451	-	-	-	-	-

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

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

##### Operational Risk

The value at operational risk is calculated according to the basic indicator approach as per the Article 24 of “Regulation regarding Measurement and Assessment of Capital Adequacy Ratios of Banks”. As /of 31 December 2023 the amount subject to operational risk is TL 903,263 (31.12.2022: TL 721,663).

Current Period	2 PP Total	1 PP Total	CP Total	Total/No. of years of positive gross	Rate (%)	Total
Gross income	316,976	455,334	672,915	481,741	15	72,261
Value at operational risk (Total*12.5)						903,263

Prior Period	2 PP Total	1 PP Total	CP Total	Total/No. of years of positive gross	Rate (%)	Total
Gross income	382,349	316,976	455,334	384,886	15	57,733
Value at operational risk (Total*12.5)						721,663

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On- balance sheet amount	Off- balance sheet amount	On- balance sheet amount	Off- balance sheet amount	RWA	RWA density
<b>Asset classes</b>						
1 Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	3,840,196	-	3,840,196	-	-	-
2 Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-
3 Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-
4 Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-
5 Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-
6 Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	1,871,896	4,897,291	1,871,896	2,937,064	2,423,070	%50
7 Contingent and Non-Contingent Corporate Receivables	2,196,259	2,385,597	2,196,259	1,661,755	4,163,432	%108
8 Contingent and Non-Contingent Retail Receivables	7,494	60	7,494	12	11,259	%150
9 Secured by residential property	-	-	-	-	-	-
10 Secured by commercial real estate	-	2,000	-	2,000	2,000	%100
11 Past Due Loans	207	-	207	-	104	%50
12 Higher-Risk Receivables Defined by BRSA	89,769	1,397,041	89,769	1,323,357	2,119,688	%150
13 Marketable Securities Collateralized Mortgages	-	-	-	-	-	-
14 Short-Term Receivables from Banks and Corporate	-	-	-	-	-	-
15 Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-	-
16 Other Receivables	1,210,813	-	1,210,813	-	1,121,511	%93
17 Equity Investments	-	-	-	-	-	-
<b>18 Total</b>	<b>9,216,634</b>	<b>8,681,989</b>	<b>9,216,634</b>	<b>5,924,188</b>	<b>9,841,064</b>	<b>%65</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

Risk Classes / Risk Weight	%0	%10	%20	%35	%50	%75	%100	%150	%200	Others	Total credit exposures amount (post CCF and post-CRM)
1 Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	3,840,196	-	-	-	-	-	-	-	-	-	3,840,196
2 Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-	-	-	-	-	-
3 Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-	-	-	-	-	-
4 Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-
5 Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-
6 Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	-	-	800,182	-	3,491,489	-	517,289	-	-	-	4,808,960
7 Contingent and Non-Contingent Corporate Receivables	-	-	-	-	-	-	3,552,595	-	305,419	-	3,858,014
8 Contingent and Non-Contingent Retail Receivables	-	-	-	-	-	-	-	7,506	-	-	7,506
9 Secured by residential property	-	-	-	-	-	-	-	-	-	-	-
10 Secured by commercial real estate	-	-	-	-	-	-	2,000	-	-	-	2,000
11 Past Due Loans	-	-	-	-	207	-	-	-	-	-	207
12 Higher-Risk Receivables Defined by BRSA	-	-	-	-	-	-	-	1,413,125	-	-	1,413,125
13 Marketable Securities Collateralized Mortgages	-	-	-	-	-	-	-	-	-	-	-
14 Short-Term Receivables from Banks and Corporate	-	-	-	-	-	-	-	-	-	-	-
15 Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-	-	-	-	-	-	-
16 Equity Investments	-	-	-	-	-	-	-	-	-	-	-
17 Other Receivables	89,302	-	-	-	-	-	1,121,511	-	-	-	1,210,813
<b>18 Total</b>	<b>3,929,498</b>	<b>-</b>	<b>800,182</b>	<b>-</b>	<b>3,491,696</b>	<b>-</b>	<b>5,193,395</b>	<b>1,420,631</b>	<b>305,419</b>	<b>-</b>	<b>15,140,821</b>

#### Qualitative disclosures related to IRB models

None.

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

None.

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

None.

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

None.



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

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

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

*None.*

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

*None.*

**Qualitative disclosure related to counterparty credit risk**

This risk arises when a counterparty fails to fulfill its obligations. This is due to the refusal or inability of the counterparty to fulfill its obligations due to adverse price movements or unforeseen external conditions.

Counterparty Credit Risk is an important risk that causes credit risk for banks that perform money and capital market transactions. These transactions are listed below.

- Derivative Financial Instruments,
- Repo Transactions,
- Securities or Commodity Lending Transactions,
- Trades with Long Settlement Period,
- Overdraft Securities Transactions

Some of the characteristics of the CRR and credit risk are given below in comparison.

- Credit risk is one-way; only the lender is exposed to risk. ERR is two-way and both parties may suffer losses depending on the market value of the transaction.
- In credit risk, the amount of risk for the lender is always positive. In ERR, the value of the position created by the transaction can be positive or negative. Whichever party has a positive value of the position until maturity is the party exposed to risk.
- In any loan transaction, the loan principal is lent and collected at maturity along with interest. In transactions subject to ERR, it is possible to net mutual receivables and pay the remaining balance depending on the agreement to be made.

In credit risk, the amount of risk exposure is easily measurable, whereas in ERR, this amount is determined by the value of the asset subject to the transaction, the value of the collateral and market factors.

The Parent Bank uses the standard method for the calculation of counterparty credit risk amount.

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### Standardised approach – CCR exposures by regulatory portfolio and risk weights

		0%	10%	20%	35%	50%	75%	100%	150%	200%	Other	Total credit exposure
1	Contingent and Non-Contingent Receivables from Sovereign Governments and Central Banks	-	-	-	-	-	-	-	-	-	-	-
2	Contingent and Non-Contingent Receivables from Regional Governments and Local Authorities	-	-	-	-	-	-	-	-	-	-	-
3	Contingent and Non-Contingent Receivables from Administrative Units and Non-commercial Enterprises	-	-	-	-	-	-	-	-	-	-	-
4	Contingent and Non-Contingent Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-
5	Contingent and Non-Contingent Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-
6	Contingent and Non-Contingent Receivables from Banks and Financial Intermediaries	-	-	-	-	-	-	-	-	-	-	-
7	Contingent and Non-Contingent Corporate Receivables	-	-	-	-	-	-	-	-	-	-	-
8	Contingent and Non-Contingent Retail Receivables	-	-	-	-	-	-	-	-	-	-	-
9	Secured by residential property	-	-	-	-	-	-	-	-	-	-	-
10	Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-	-
11	Past Due Loans	-	-	-	-	-	-	-	-	-	-	-
12	Higher-Risk Receivables Defined by BRSA	-	-	-	-	-	-	-	-	-	-	-
13	Marketable Securities Collateralized Mortgages	-	-	-	-	-	-	-	-	-	-	-
14	Short-Term Receivables from Banks and Corporate	-	-	-	-	-	-	-	-	-	-	-
15	Undertakings for Collective Investments in Mutual Funds	-	-	-	-	-	-	-	-	-	-	-
16	Equity Investments	-	-	-	-	-	-	-	-	-	-	-
17	Other Receivables	-	-	-	-	-	-	-	-	-	-	-
18	<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-

#### Counterparty Credit Risk (CCR) approach analysis

None.

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

None.

#### IRB – CCR exposures by portfolio and PD scale

None.

#### Composition of collateral for CCR exposure

None.

#### Credit derivatives exposures

None.

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

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

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

*None.*

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

*None.*

**Securitisation exposures in the banking book**

*None.*

**Securitisation exposures in the trading book**

*None.*

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

*None.*

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

*None .*

The objective of market risk management is to maximize the Parent Bank's risk-related returns by effectively managing market risk using parameters appropriate to the size of the Parent Bank.

Market risk management consists of interest rate risk, currency risk, liquidity risk and counterparty credit risk arising from trading accounts and takes into account the relationship between these risks and other risks. Since the Parent Bank does not have a commodity and equity portfolio, it is not exposed to commodity risk and equity position risk.

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

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

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

###### Qualitative requirements for public disclosure regarding market risk (Continued)

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

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

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

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

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

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

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

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

*None.*

###### Market risk under standardised approach

	RWA
<b>Outright products</b>	
1 Interest rate risk (general and specific)	2,124,838
2 Equity risk (general and specific)	-
3 Foreign exchange risk	66,125
4 Commodity risk	-
<b>Options</b>	
5 Simplified approach	-
6 Delta-plus method	-
7 Scenario approach	-
8 Securitisation	-
<b>9 Total</b>	<b>2,190,963</b>

###### RWA flow statements of market risk exposures under an IMA

*None.*

###### IMA values for trading portfolios

*None.*

###### Comparison of VaR estimates with gains/losses

*None.*

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

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

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

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

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

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

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

###### Current Period

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

###### Prior Period

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### XI. INFORMATION ON CONSOLIDATED OPERATING SEGMENTS

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

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

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

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Leasing</b>	<b>Other</b>	<b>Total Operations of the Group</b>
Interest Income (Net)	(3,984)	445,477	126,011	65,079	-	632,583
Commission Income (Net)	-	139,362	-	4,332	-	143,694
Unallocated	-	-	-	-	-	-
Income/Expenses (Net)	-	-	-	(57,266)	(616,538)	(673,804)
Income from Subsidiaries	-	-	-	-	97	97
Dividend Income	-	-	-	-	-	-
Other Dividend Income	-	-	-	-	97	97
<b>Operating Income</b>	<b>(3,984)</b>	<b>584,839</b>	<b>126,011</b>	<b>12,145</b>	<b>(616,441)</b>	<b>102,570</b>
Income before tax	-	-	-	-	102,570	102,570
Tax Provision	-	-	-	-	60,082	60,082
<b>Net Profit for the period</b>						

<b>Current Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Leasing</b>	<b>Other</b>	<b>Total Operations of the Group</b>
Segment Assets	7,500	3,379,275	9,609,863	1,488,419	-	14,485,057
Unallocated assets	-	-	-	-	1,078,544	1,078,544
<b>Total Assets</b>	<b>7,500</b>	<b>3,379,275</b>	<b>9,609,863</b>	<b>1,488,419</b>	<b>1,078,544</b>	<b>15,563,601</b>
Segment Liabilities	2,491,639	2,149,773	7,082,293	1,237,597	-	12,961,302
Unallocated Liabilities	-	-	-	-	400,562	400,562
Equity	-	-	-	-	2,201,737	2,201,737
<b>Total Liabilities</b>	<b>2,491,639</b>	<b>2,149,773</b>	<b>7,082,293</b>	<b>1,237,597</b>	<b>2,602,299</b>	<b>15,563,601</b>

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Leasing</b>	<b>Other</b>	<b>Total Operations of the Group</b>
Interest Income (Net)	(1,592)	401,069	82,481	50,717	-	532,675
Commission Income (Net)	-	106,366	-	2,985	-	109,351
Unallocated	-	-	-	-	-	-
Income/Expenses (Net)	-	-	-	(32,331)	(327,192)	(359,523)
Income from Subsidiaries	-	-	-	-	63	63
Dividend Income	-	-	-	-	-	-
Other Dividend Income	-	-	-	-	63	63
<b>Operating Income</b>	<b>(1,592)</b>	<b>507,435</b>	<b>82,481</b>	<b>21,371</b>	<b>(327,129)</b>	<b>282,566</b>
Income before tax	-	-	-	-	282,566	282,566
Tax Provision	-	-	-	-	(67,228)	(67,228)
<b>Net Profit for the period</b>					<b>215,338</b>	<b>215,338</b>

<b>Prior Period</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury</b>	<b>Leasing</b>	<b>Other</b>	<b>Total Operations of the Group</b>
Segment Assets	5,778	3,104,618	6,958,650	932,475	-	11,001,521
Unallocated assets	-	-	-	-	1,227,353	1,227,353
<b>Total Assets</b>	<b>5,778</b>	<b>3,104,618</b>	<b>6,958,650</b>	<b>932,475</b>	<b>1,227,353</b>	<b>12,228,874</b>
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
<b>Total Liabilities</b>	<b>1,581,492</b>	<b>1,668,299</b>	<b>6,067,413</b>	<b>747,197</b>	<b>2,164,473</b>	<b>12,228,874</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 Turkey****Information on cash equivalents**

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/Effective	2,452	139,573	2,008	64,994
Central Bank of Turkey	202,517	2,813,292	7,567	1,851,617
Other	-	-	-	-
<b>Total</b>	<b>204,969</b>	<b>2,952,865</b>	<b>9,575</b>	<b>1,916,611</b>

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

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

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

Banks established in Turkey or operating in Turkey by opening branches are subject to the Central Bank of the Republic of Turkey's Communiqué No. 2013/15 on Reserve Requirements. The items specified in the Communiqué constitute the liabilities subject to reserve requirements, except for the liabilities to the Central Bank of the Republic of Turkey, the Treasury, domestic banks and the headquarters and branches of banks established by international agreements in Turkey, based on the accounting standards and recording system to which the banks are subject.

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

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

None (December 31, 2022: None).

##### *Positive differences related to derivative financial assets*

None (December 31, 2022: None).

##### 3. Information on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic banks	25,863	794,846	34,785	349,410
Foreign banks	-	477,753	23,024	483,200
Branches and head office abroad	-	-	-	-
<b>Total</b>	<b>25,863</b>	<b>1,272,599</b>	<b>57,809</b>	<b>832,610</b>
	Free Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	314,447	451,232	-	-
USA, Canada	153,377	22,676	-	-
OECD Countries	-	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	9,929	32,316	-	-
<b>Total</b>	<b>477,753</b>	<b>506,224</b>	<b>-</b>	<b>-</b>

#### 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 (+)	1,537	-	-	1,537
Disposal (-)	(378)	-	-	(378)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs (-)	-	-	-	-
<b>Balances at End of Period</b>	<b>1,674</b>	<b>-</b>	<b>-</b>	<b>1,674</b>
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 (-)	-	-	-	-
<b>Balances at End of Period</b>	<b>515</b>	<b>-</b>	<b>-</b>	<b>515</b>



# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

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

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

As of 31 December 2023, the Bank does not have any financial assets at fair value through other comprehensive income that are subject to repo transactions.

In the current period, the Parent Company does not have any securities given as collateral/blocked as assets at fair value through other comprehensive income (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
<b>Debt Securities</b>	2,278,752	1,494,611
Quoted in stock exchange	2,278,752	1,494,611
Not quoted in stock exchange	-	-
<b>Share Certificates</b>	12,013	7,696
Quoted in stock Exchange	-	-
Not quoted in stock Exchange	12,013	7,696
<b>Impairment provision (-)</b>	183,265	47,527
<b>Total</b>	<b>2,107,500</b>	<b>1,454,780</b>

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

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

	Standard Loans	Not Under the Scope of Restructuring or Rescheduling	Loans Under Close Monitoring	
			Restructured or Rescheduled	Loans with revised contract terms
			Refinancing	
<b>Cash Loans</b>				
<b>Non-Specialized Loans</b>	1,449,667	147	-	-
Commercial Loans	-	-	-	-
Export Loans	335,611	-	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	1,106,703	-	-	-
Consumer Loans	7,353	147	-	-
Credit Cards	-	-	-	-
Other	-	-	-	-
<b>Specialized Lending</b>	-	-	-	-
<b>Other Receivables</b>	1,806,380	-	-	-
<b>Total</b>	<b>3,256,047</b>	<b>147</b>	<b>-</b>	<b>-</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 4. Information on financial assets at fair value through other comprehensive income (Continued)

	Standard Loan <sup>(1)</sup>	Loans Under Close Monitoring <sup>(1)</sup>
12-Month expected credit losses	14,800	-
Significant increase in credit risk	-	2,637

(\*) Includes lease receivables.

Cash Loans	Loans Under Close Monitoring		
	Standard Loans	Not Restructured	Restructured
Short Term Loans	2,165,625	147	-
Medium and Long Term Loans	1,090,422	-	-
<b>Total</b>	<b>3,256,047</b>	<b>147</b>	<b>-</b>

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

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 4. Information on financial assets at fair value through other comprehensive income (Continued)

###### Information on installment commercial loans and corporate credit cards

None.

##### 5. Information on Loans

###### Information on installment commercial loans and commercial credit cards

None.

###### Allocation of domestic and foreign loans by users

	Current Period	Prior Period
Domestic loans	-	-
Foreign loans	3,259,107	3,404,852
<b>Total</b>	<b>3,259,107</b>	<b>3,404,852</b>

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

	Current Period	Prior Period
Domestic loans	3,119,912	3,339,519
Foreign loans	139,195	65,333
<b>Total</b>	<b>3,259,107</b>	<b>3,404,852</b>

###### Loans to subsidiaries and associates

	Current Period	Prior Period
Direct loans to subsidiaries and associates	31,396	-
Bağlı Ortaklık ve İştiraklere Verilen Dolaylı Krediler	-	-
<b>Total</b>	<b>31,396</b>	<b>-</b>

###### Specific provisions for loans <sup>(1)</sup>

Specific provisions	Current Period	Prior Period
Loans and receivables with limited collectibles	-	-
Loans and receivables with doubtful collectibles	-	-
Uncollectible loans and receivables	3,245	3,365
<b>Total</b>	<b>3,245</b>	<b>3,365</b>

(1) Includes Financial lease receivables.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

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

###### Information related to non-performing loans (Net)

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

None.

###### Information on movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectibles	Loans and receivables with doubtful collectibles	Uncollectible loans and receivables
<b>Balances at Beginning of Period</b>	-	-	<b>3,368</b>
Additions (+)	-	-	459
Transfers from other categories of nonperforming loans (+)	-	-	-
Transfers to other categories of nonperforming loans (-)	-	-	100
Collections (-)	-	-	276
Write-offs (-)	-	-	-
Institutional and commercial credits	-	-	-
Individual credits	-	-	-
Credit cards	-	-	-
Others	-	-	-
<b>Balances at End of the Period</b>	-	-	<b>3,451</b>
Specific provisions (-)	-	-	3,245
<b>Net Balance on Balance Sheet</b>	-	-	<b>206</b>

(1) Includes Financial lease receivables.

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

None (December 31, 2022: None).

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Non-performing loans and receivables
<b>Current Period (Net)</b>	-	-	<b>206</b>
Loans granted to real persons and legal entities (Gross)	-	-	3,451
Specific provisions (-)	-	-	3,245
Loans granted to real persons and legal entities (Net)	-	-	206
Banks (Gross) <sup>(1)</sup>	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	-	-	<b>3</b>
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) <sup>(1)</sup>	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and receivables (Gross) <sup>(2)</sup>	-	-	-
Specific provisions (-)	-	-	-
Other Loans and receivables (Net)	-	-	-

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)**

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

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

None.

*Collection policy on loans determined as loss and other receivables*

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

*Information on write-off policy*

The 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 5<sup>th</sup> group (3<sup>rd</sup> group in TFRS) in accordance with TFRS 9 and the “Regulation on Procedures and Principles Concerning Classification of Loans and Provision” are written-off by presenting to Board of Directors’ approval upon gathering the opinion of Legal and Legislation Services Department and by obtaining approvals from Corporate and Commercial Credits Monitor and Follow-up Department.

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

The Group does not have any receivables written off during the period in accordance with TFRS 9 (December 31, 2022: None).

**Expected credit loss for loans**

*Information on Expected Credit Loss*

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	4,385	-	3,013	7,398
Additions during the Period	10,813	15	-	10,828
Disposal	(3,410)	-	(100)	(3,510)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>11,788</b>	<b>15</b>	<b>2,913</b>	<b>14,716</b>
<b>Prior Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	7,862	-	3,297	11,159
Additions during the Period	3,503	-	-	3,503
Disposal	(6,980)	-	(284)	(7,264)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>4,385</b>	<b>-</b>	<b>3,013</b>	<b>7,398</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

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

*Information on Expected Loss provisions for Receivables from leasing transactions*

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	2,284	531	352	3,167
Additions during the Period	1,795	2,376	237	4,408
Disposal	(926)	(412)	(272)	(1,610)
Transfer to Stage1	(157)	157	-	-
Transfer to Stage 2	16	(16)	-	-
Transfer to Stage 3	-	(15)	15	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>3,012</b>	<b>2,621</b>	<b>332</b>	<b>5,965</b>
<b>Prior Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	1,136	858	765	2,759
Additions during the Period	1,663	228	1	1,892
Disposal	(481)	(589)	(414)	(1,484)
Transfer to Stage1	(34)	34	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>2,284</b>	<b>531</b>	<b>352</b>	<b>3,167</b>

##### 6. Information on financial assets measured at amortised cost

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

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

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

*Information on government financial assets measured at amortised cost*

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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 financial assets measured at amortised cost (Continued)

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

##### *Movement of financial assets measured at amortised cost*

	Current Period	Prior Period
Balances at the Beginning of the Period	3,110,396	2,277,863
Foreign Currency Gains / Losses on Monetary assets	1,592,267	793,486
Purchases during the Period	537,075	999,744
Disposals through sales and redemptions <sup>(1)</sup>	(1,852,963)	(960,697)
Impairment loss provision	-	-
<b>Period end balance</b>	<b>3,386,775</b>	<b>3,110,396</b>

(1) In the current period redemption amounting to TL 1,852,963 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				
Additions during the Period	2,791	-	-	2,791
Disposals	2,668	-	-	2,668
Transfer to Stage 1	(1,206)	-	-	(1,206)
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balance at End of Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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 Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balance at End of Period</b>	<b>2,791</b>	<b>-</b>	<b>-</b>	<b>2,791</b>

##### 7 Information on associates

The Group does not have an associate.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 8 Information on subsidiaries (Net)

###### *Information on subsidiaries*

###### A&T Finansal Kiralama A.Ş.

###### Information on Shareholder's Equity

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

(1) There is no restriction on shareholders' equity of subsidiary. After deduction from the capital, the total net available equity is TL 178,280.

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

###### *Summary information on basic features of equity items*

Paid-in capital is the capital amount stated in Turkish Lira in the articles of association and registered in the trade registry. Inflation adjustment to paid-in capital is the inflation adjustment to shareholders' equity. Extraordinary reserves are the reserves appropriated in accordance with the resolution of the general shareholders' meeting after the legal reserves are allocated from the profit after tax. Legal Reserves: The legal reserves are appropriated out of the annual profit in accordance with the first paragraph of Article 519 and the third subparagraph of the second paragraph, Article 521 of the Turkish Commercial Code No. 6102 and the Articles of Association.

###### *Information about the consolidated financial statements of the subsidiaries*

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

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

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



## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 8 Information on subsidiaries (Net) (Continued)

###### *Movement related to subsidiaries*

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

###### *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	-	-

###### *Quoted Subsidiaries*

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

###### *Subsidiaries sold and acquired in the current year*

*None.*

##### 9. Information on joint ventures

The Parent Bank has no joint ventures.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 10. Information on Financial Lease Receivables (Net)

	Current Period	Prior Period
Gross Financial Lease Investment	1,400,816	886,795
Earned Financial Lease Income (-)	179,924	107,242
Cancelled Leasing Amounts	-	-
<b>Net Investment on Leases</b>	<b>1,220,892</b>	<b>779,553</b>

  

	Current Period	Prior Period
Stage 1	1,400,816	703,695
Stage 2	179,924	75,503
Stage 3	-	355
<b>Total</b>	<b>1,220,892</b>	<b>779,553</b>

##### Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	807,446	681,022	403,683	345,805
Between 1-4 years	593,370	539,870	483,112	433,748
Over 4 years	-	-	-	-
<b>Total</b>	<b>1,400,816</b>	<b>1,220,892</b>	<b>886,795</b>	<b>779,553</b>

##### 11. Information on financial derivatives for hedging

The Bank has no financial derivatives for hedging.

##### 12. Information on tangible assets

Current Period	Real Estates	Leased Tangible Assets		Vehicles	Other Tangible Assets	Total
<b>Balance at the End of the Prior Period- 31 December 2022</b>						
Cost	562,795	11,735	2,702	29,496	29,496	606,728
Accumulated Depreciation (-)	(11)	(3,956)	(1,029)	(22,204)	(22,204)	(27,200)
<b>Net Book Value</b>	<b>562,784</b>	<b>7,779</b>	<b>1,673</b>	<b>7,292</b>	<b>7,292</b>	<b>579,528</b>
<b>Balance at the End of the Current Period -31 December 2023</b>						
<b>Net Book Value at the Beginning of the Current Period</b>						
Additions	24,865	901	2,980	22,113	22,113	50,859
Disposals (-)	-	-	(355)	(15)	(15)	(370)
Revaluation Surplus	376,012	-	-	-	-	376,012
<b>Cost at the End of the Current Period</b>	<b>963,672</b>	<b>12,636</b>	<b>5,327</b>	<b>51,594</b>	<b>51,594</b>	<b>1,033,229</b>
Accumulated Depreciation (-)	(11)	(3,956)	(1,029)	(22,204)	(22,204)	(27,200)
Depreciation Expense (-)	(385)	-	(601)	(5,051)	(5,051)	(6,037)
Depreciation of Disposals (-)	-	-	355	14	14	369
<b>Accumulated Depreciation at the End of the Current Period (-)</b>	<b>(396)</b>	<b>(3,956)</b>	<b>(1,275)</b>	<b>(27,241)</b>	<b>(27,241)</b>	<b>(32,868)</b>
<b>Net Book Value at the End of the Current Period</b>	<b>963,276</b>	<b>8,680</b>	<b>4,052</b>	<b>24,353</b>	<b>24,353</b>	<b>1,000,361</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 12. Information on tangible assets (Continued)

Prior Period	Real Estates	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
<b>Balance at the End of the Prior Period- 31 December 2021</b>					
Cost	204,934	11,570	1,119	25,015	242,638
Accumulated Depreciation (-)	(115)	(3,956)	(986)	(19,787)	(24,844)
<b>Net Book Value</b>	<b>204,819</b>	<b>7,614</b>	<b>133</b>	<b>5,228</b>	<b>217,794</b>
<b>Balance at the End of the Current Period -31 December 2022</b>					
<b>Net Book Value at the Beginning of the Current Period</b>					
	204,934	11,570	1,119	25,015	242,638
Additions	-	165	1,724	4,481	6,370
Disposals (-)	-	-	(141)	-	(141)
Revaluation Surplus	357,861	-	-	-	357,861
<b>Cost at the End of the Current Period</b>	<b>562,795</b>	<b>11,735</b>	<b>2,702</b>	<b>29,496</b>	<b>606,728</b>
Accumulated Depreciation (-)	(115)	(3,956)	(986)	(19,787)	(24,844)
Depreciation Expense (-)	-	-	(168)	(2,424)	(2,583)
Depreciation of Disposals (-)	104	-	125	(2)	227
<b>Accumulated Depreciation at the End of the Current Period (-)</b>	<b>(11)</b>	<b>(3,956)</b>	<b>(1,029)</b>	<b>(22,213)</b>	<b>(27,200)</b>
<b>Net Book Value at the End of the Current Period</b>	<b>562,784</b>	<b>7,779</b>	<b>1,673</b>	<b>7,292</b>	<b>579,519</b>

The net book values of the real estates valued with the cost method, which the Bank has valued using the fair value method, amount to the TL 24,384 as of 31 December 2023 (31 December 2022: TL 24,384).

##### 13. Information on intangible assets

	Current Period	Prior Period
<b>Balance at the End of the Prior Period – 31 December 2022</b>		
Cost	26,765	24,312
Accumulated Depreciation (-)	(22,393)	(20,037)
<b>Net Book Value</b>	<b>4,372</b>	<b>4,275</b>
<b>Balance at the End of the Current Period – 31 December 2023</b>		
<b>Net Book Value at the Beginning of the Current Period</b>		
	26,765	24,312
Additions	20,988	2,453
Disposals (-)	(5,377)	-
Impairment(-)	-	-
<b>Cost at the Beginning of the current period</b>	<b>42,376</b>	<b>26,765</b>
Accumulated Depreciation (-)	(22,393)	(20,037)
Amortization and amortization expense of disposals(-)	(4,145)	(2,356)
Impairment Depreciation(-)	-	-
<b>Accumulated Amortization at end of the current period</b>	<b>(26,538)</b>	<b>(22,393)</b>
<b>Net Book Value at end of the current period</b>	<b>15,838</b>	<b>4,372</b>

##### 14. Information on investment property

The Group has no investment property.

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 15. Information on tax assets

###### *Information on deferred tax liabilities*

The Bank's deferred tax asset amounting to TL 181,738 and deferred tax liability amounting to TL 259,039, which are calculated over the deferred tax asset calculated over tax deductions and exemptions as of the current period and the deferred tax asset amounting to TL 181,738 and deferred tax liability amounting to TL 259,039, which are calculated over the amounts that arise 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 will be taken into consideration in the calculation of the financial profit / loss in the following periods, have been netted off and recognized in the records.

*The details of deferred tax assets and liabilities are as follows:*

	Current Period		Prior Period	
	Accumulated temporary differences	Deferred tax asset/liability	Accumulated temporary differences	Deferred tax asset / liability
Provisions for employee benefits	92,148	27,646	84,042	21,012
Unearned revenues	6,254	1,876	4,682	1,170
Interest rediscounts	134,884	40,465	46,993	11,748
Provisions	103,057	30,917	43,341	10,835
Other	268,522	80,834	3,535	885
<b>Deferred tax asset</b>	<b>604,865</b>	<b>181,738</b>	<b>182,593</b>	<b>45,650</b>
Tangible assets revaluation surplus	942,675	225,085	535,171	79,228
Interest accruals	128,830	38,649	-	-
Other	(15,655)	(4,695)	11,825	2,958
<b>Deferred tax liability</b>	<b>1,055,850</b>	<b>259,039</b>	<b>546,996</b>	<b>82,186</b>
<b>Deferred tax asset/(liability) (net)</b>		<b>(77,301)</b>		<b>(36,536)</b>

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

	Current Period	Prior Period
Opening balance	(36,536)	8,732
Deferred tax income/(expense)(Net)	63,025	8,946
Deferred tax accounted under shareholder's equity	(103,790)	(54,214)
<b>Net Deferred Tax Asset/(Liability)</b>	<b>(77,301)</b>	<b>(36,536)</b>

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

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

##### 17. Information on other assets

Other assets of the balance sheet have the correct form of TL 142,901 and do not exceed 10% of the general table total, excluding external commitments (31 December 2022: TL 91,668).

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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

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

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	23,681	-	2,733	6,247	3,045	-	-	-	35,706
<b>Foreign Currency Deposits</b>	4,212,495	-	115	165,160	93,703	35,462	46,389	-	4,553,324
Residents in Turkey	1,008,474	-	115	74,504	61,104	3,997	1,379	-	1,149,573
Residents Abroad	3,204,021	-	-	90,656	32,599	31,465	45,010	-	3,403,751
<b>Public Sector Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Commercial Deposits</b>	9,106	-	7,731	354	-	-	-	-	17,191
<b>Other Ins. Deposits</b>	35,421	-	-	-	-	-	-	-	35,421
<b>Precious Metal Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Bank Deposits</b>	1,525,949	-	294,549	2	-	452,085	-	-	2,272,585
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	294,549	-	-	-	-	-	294,549
Foreign Banks	1,525,949	-	-	2	-	452,085	-	-	1,978,036
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>5,806,652</b>	<b>-</b>	<b>305,128</b>	<b>171,763</b>	<b>96,748</b>	<b>487,547</b>	<b>46,389</b>	<b>-</b>	<b>6,914,227</b>

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6 Months- 1 Year	1 Year and over	Accumulating Deposit Accounts	Total
<b>Saving Deposits</b>	23,989	-	1,842	17,547	2,613	-	-	-	45,991
<b>Foreign Currency Deposits</b>	3,313,307	-	32	59,768	29,548	30,013	52,266	-	3,484,934
Residents in Turkey	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
<b>Public Sector Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Commercial Deposits</b>	22,975	-	-	10,363	-	-	-	-	33,338
<b>Other Ins. Deposits</b>	15,742	-	-	-	-	-	-	-	15,742
<b>Precious Metal Deposits</b>	-	-	-	-	-	-	-	-	-
<b>Bank Deposits</b>	1,269,094	-	411,190	56,311	-	-	202,074	-	1,938,669
Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	157,968	-	-	-	-	-	157,968
Foreign Banks	1,269,094	-	253,222	56,311	-	-	202,074	-	1,780,701
Special Financial Inst.	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,645,107</b>	<b>-</b>	<b>413,064</b>	<b>143,989</b>	<b>32,161</b>	<b>30,013</b>	<b>254,340</b>	<b>-</b>	<b>5,518,674</b>

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

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 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 accordance with the "Regulation on the Amendment to the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated 7/08/2022 and numbered 31936, all deposits and participation funds other than those belonging to official institutions, credit institutions and financial institutions in credit institutions have started to be insured. In this context, commercial deposits within the scope of insurance amounting to TL 121,893 are not included in the footnote.

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

##### *Saving deposits not covered by deposit insurance*

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

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

The Parent Bank's headquarter is located in Turkey.

##### *Amounts not covered by deposit insurance*

Individual deposits not covered by deposit insurance

	Current Period	Prior Period
Deposits and Other Accounts held at Foreign Branches	-	-
Deposits and Other Accounts held by Shareholders and their Relatives	-	-
Deposits and Other Accounts of the Chairman and Members of Board of Directors, Chief Executive Officer, Senior Executive Officers and their Relatives	39,350	23,119
Deposits and Other Accounts held as Assets subject to the Crime defined in the Article 282 of the Turkish Criminal Code no. 5237 dated 26 September 2004	-	-
Deposits at Depositary Banks established for Off-Shore Banking Activities in Turkey	-	-
<b>Total</b>	<b>39,350</b>	<b>23,119</b>

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 2. Information on derivative financial liabilities

###### Negative differences on derivative financial liabilities

None.

##### 3. Information on Funds Borrowed

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From CBRT	-	-	-	-
From Domestic Banks and Institutions	2,194	30,917	20,580	-
From Foreign Banks, Institutions and Funds	-	5,961,109	-	4,444,471
<b>Total</b>	<b>2,194</b>	<b>5,992,026</b>	<b>20,580</b>	<b>4,444,471</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	2,194	5,160,937	14,840	2,169,328
Long-Term	-	831,089	5,740	2,275,143
<b>Total</b>	<b>2,194</b>	<b>5,992,026</b>	<b>20,580</b>	<b>4,444,471</b>

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

Group's liabilities come from 48% of deposits.

##### 4. Information on other liabilities

Other liabilities in the balance sheet amounts to TL 160,953 and does not exceed 10% of the total balance sheet (31 December 2022: TL 125,933).

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

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than a year	657	465	2,243	1,499
Between 1 – 4 years	8,645	8,085	6,286	4,940
More than four years	1,776	1,392	974	890
<b>Total</b>	<b>11,078</b>	<b>9,942</b>	<b>9,503</b>	<b>7,329</b>

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

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 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 31 December 2023 is TL 62,781 (31 December 2022: TL 53,778). In addition to this, the employee termination benefit liability amount is TL 33,568 (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
Provisions for non-cash loans	101,808	43,590
Provisions for law suits	8	83
Other provisions	-	-
<b>Total</b>	<b>101,816</b>	<b>49,673</b>

##### 8. Explanations on tax liabilities

###### *Information on current tax liability*

As of 31 December 2023, the Bank's corporate tax payable is TL 835 (31 December 2022: TL 10,832) after offsetting prepaid corporate tax.

	Current Period	Prior Period
Corporate Taxes Payable	835	10,832
Banking Insurance Transaction tax (BITT)	2,215	1,092
Taxation on Securities Income	932	334
Value Added Tax Payable	1,534	1,812
Value Added Tax Payable (Limited taxpayer)	31	202
Foreign exchange transaction tax	-	-
Taxation on real estate income	23	14
Other	11,891	7,764
<b>Total</b>	<b>17,461</b>	<b>22,050</b>

###### *Information on premium payables*

	Current Period	Prior Period
Social Security Premiums-Employee	2,111	1,198
Social Security Premiums-Employer	3,804	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	120	81
Unemployment Insurance-Employer	241	162
Others	-	-
<b>Total</b>	<b>6,276</b>	<b>3,265</b>



# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 8. Explanations on tax liabilities (Continued)

###### *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.

##### 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.

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

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

The share capital of the Parent Bank may be increased or decreased one or more times. Capital increase may be made by transferring money to the capital account and issuing new share certificates to the shareholders in proportion to their shares.

Each shareholder has the right to purchase the newly issued shares according to the ratio of his/her existing shares to the capital (pre-emptive right). This right may be exercised within thirty days following the date of the call to the shareholders. This call shall be made to the shareholders by sending registered letters to the addresses registered in the shareholders' ledger.

The pre-emptive right may be transferred only if it is approved by the affirmative votes of 80% majority of the members of the Board of Directors. New share certificates may not be issued with values below the nominal value of the initial share certificates.

Fractional share certificates are allocated and distributed by the Board of Directors.

The Parent Bank may not, directly or indirectly, finance the purchase of its own shares.

Arab shareholders shall be treated as Turkish citizens under Turkish law. This guarantee includes, but is not limited to, the transfer of share dividends and other distributed earnings, and Arab shareholders similarly benefit from and are protected by the Foreign Capital Incentive Law No. 6224

*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	(128,054)	35,060	6,338	(14,684)
Exchange Rate Differences	-	-	-	-
<b>Total</b>	<b>(128,054)</b>	<b>35,060</b>	<b>6,338</b>	<b>(14,684)</b>

##### *Information on legal reserve*

In accordance with the decision taken at the 44th Ordinary General Assembly Meeting held on March 21, 2023, the Parent Bank transferred TL 10,675 thousand from retained earnings to legal reserves in the current period in accordance with Article 519 of the Turkish Commercial Code No. 6102.

##### *Information on Minority Shares*

None.

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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

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

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

The Group has TL 56,908 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 19,498 over total non-cash loans (31 December 2022: TL 10,871).

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

The total amount of non-cash loans including guarantees, bills of exchange and acceptances and sureties on letters of credits and other guarantees is TL 3,230,471 (31 December 2022: TL 1,900,970).

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

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

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

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

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 3. Information on sectoral risk concentrations of non-cash loans

	Current Period				Prior Period			
	TL	%	FC	%	TL	%	FC	%
<b>Agricultural</b>	-	-	-	-	-	-	26,178	0.34
Farming and Raising livestock	-	-	-	-	-	-	26,178	0.34
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
<b>Manufacturing</b>	176,279	19.91	1,139,392	9.17	65,527	35.62	291,290	3.81
Mining	700	0.08	-	-	700	0.38	-	-
Production	154,303	17.42	1,138,795	9.16	64,827	35.24	291,290	3.81
Electric, gas and water	21,276	2.40	597	0.00	-	-	-	-
<b>Construction</b>	287,646	32.48	2,014,896	16.21	112,568	61.19	1,412,431	18.48
<b>Services</b>	421,616	47.61	9,272,832	74.62	5,876	3.19	5,913,996	77.36
Wholesale and Retail Trade	-	-	6,530	0.05	245	0.13	4,259	0.06
Hotel, Food and Beverage	-	-	-	-	-	-	-	-
Services	7	0.00	-	-	7	-	-	-
Transportation and	-	-	-	-	-	-	-	-
Telecommunication	1,917	0.22	7,744	0.06	1,743	0.95	4,655	0.06
Financial Institutions	419,692	47.39	9,258,558	74.50	3,881	2.11	5,904,585	77.24
Real Estate and Renting	-	-	-	-	-	-	-	-
Services	-	-	-	-	-	-	-	-
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	497	0.01
<b>Other</b>	-	-	-	-	-	-	1,034	0.01
<b>Total</b>	<b>885,541</b>	<b>100.00</b>	<b>12,427,120</b>	<b>100.00</b>	<b>183,971</b>	<b>100.00</b>	<b>7,644,929</b>	<b>100.00</b>

  

	Group I		Group II	
	TL	FC	TL	FC
Letters of guarantee	885,296	9,115,194	245	-
Bank acceptances	-	-	-	-
Letters of credit	-	3,001,706	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	-	228,765	-	-
<b>Non-Cash Loans</b>	<b>885,296</b>	<b>12,345,665</b>	<b>245</b>	<b>-</b>

##### 4. Information on derivative transactions

The Group does not have any credit derivative contract.

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

The Group does not have any credit derivative contract.

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

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 7. Information on Expected Loss Provisions

<b>Current Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	32,719	-	10,871	43,590
Additions during the Period	55,961	-	8,627	64,588
Disposal	(6,370)	-	-	(6,370)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>82,310</b>	<b>-</b>	<b>19,498</b>	<b>101,808</b>
<b>Prior Period</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balances at Beginning of Period	24,850	-	6,940	31,790
Additions during the Period	18,364	-	3,931	22,295
Disposal	(10,495)	-	-	(10,495)
Transfer to Stage1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Write-offs	-	-	-	-
<b>Balances at End of Period</b>	<b>32,719</b>	<b>-</b>	<b>10,871</b>	<b>43,590</b>

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

##### 1. Information on interest income

###### *Information on interest income received from loans*

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
Interest Received from Loans <sup>(1)</sup>				
Short- Term Loans	232,417	112,207	261,265	63,158
Medium and Long- Term Loans	9,648	88,543	6,816	60,554
Interest Received From Non- Performing Loans	166	-	1,134	-
Premiums Received From Resource Utilization Support Fund	-	-	-	-
<b>Total</b>	<b>242,231</b>	<b>200,750</b>	<b>269,215</b>	<b>123,712</b>

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

###### *Information on interest income received from banks*

	<b>Current Period</b>		<b>Prior Period</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
From Central Bank	-	-	-	-
From Domestic Banks	12,962	29,133	8,869	9,283
From Foreign Banks	3,340	8,289	4,792	853
From Foreign Headquarter and Branches	-	-	-	-
<b>Total</b>	<b>16,302</b>	<b>37,422</b>	<b>13,661</b>	<b>10,136</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 1. Information on interest income (Continued)

###### *Information on interest income on marketable securities*

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets Measured at Fair Value Through Profit or Loss	-	-	-	-
Financial Assets Measured at Fair Value Through Other Comprehensive Income	52,108	105,387	2,873	70,538
Financial Assets Measured at Amortised Cost	13,347	185,233	19,271	130,419
<b>Total</b>	<b>65,455</b>	<b>290,620</b>	<b>22,144</b>	<b>200,957</b>

###### *Information on interest income received from associates and subsidiaries*

None.

##### 2. Interest Expense

###### *Information on interest paid for funds borrowed*

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>	<b>3,086</b>	<b>201,491</b>	<b>2,347</b>	<b>108,191</b>
Central Bank	-	-	-	-
Domestic Banks	3,086	715	2,347	8
Foreign Banks	-	200,776	-	108,183
<b>Other Institutions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>3,086</b>	<b>201,491</b>	<b>2,347</b>	<b>108,191</b>

###### *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*

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

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 3. Information on dividend income

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

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

	Current Period	Prior Period
<b>Gain</b>	<b>71,830,735</b>	<b>56,989,837</b>
Gain from money market transactions	528	-
Gain from financial derivative transactions	14,538	-
Gain from exchange transactions	71,815,669	56,989,837
<b>Loss (-)</b>	<b>(71,816,407)</b>	<b>(56,967,857)</b>
Loss from money market transactions	(13,746)	-
Loss from financial derivative transactions	(25,463)	(17)
Loss from exchange transactions	(71,777,198)	(56,967,840)
<b>Net Trading Gain/Loss</b>	<b>14,328</b>	<b>21,980</b>

##### 5. Information on impairment in loans

	Current Period	Prior Period
Provisions of prior year	9,729	11,239
Provision for communication expenses	6,715	3,938
Gain on sales of assets	9,444	1,022
Other income	9,216	2,692
<b>Total</b>	<b>35,104</b>	<b>18,891</b>

##### 6. Information on Other Provision Expenses

	Current Period	Prior Period
Expected Credit Loss Provisions	66,453	6,462
12 month expected credit loss (stage 1)	61,509	5,218
Significant increase in credit risk (stage 2)	2,549	262
Non-performing loans (stage 3)	2,395	982
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	-	-
<b>Total</b>	<b>66,453</b>	<b>6,462</b>

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

##### 7. Information on other operating expense

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

##### 8. Information on other operating expense

	Current Period	Prior Period
Employee Termination Benefits Expense	8,374	4,359
Tangible Fixed Asset Impairment Expense	34,142	-
Amortization Expenses of Tangible Assets	-	-
Intangible Fixed Asset Impairment Expense	7,822	3,768
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	4,143	2,356
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	111,202	55,841
<i>Operating Lease Expenses out of the scope of TFRS 16</i>	669	262
<i>Maintenance Expenses</i>	34,374	19,961
<i>Advertisement Expenses</i>	1,533	657
<i>Other Expenses</i>	74,626	34,961
Losses from sales of Assets	6	5
Other <sup>(1)</sup>	50,343	26,080
<b>Total</b>	<b>216,032</b>	<b>130,613</b>

<sup>(1)</sup> Other operating expenses consist of taxes, duties, fees and funds amounting to TL 13,201, audit and consultancy fees amounting to TL 13,119, SDIF expenses amounting to TL 7,076 and other operating expenses amounting to TL 16,947. (31 December 2022: Other operating expenses consist of taxes, duties, fees and funds amounting to TL 8,736, audit and consultancy fees amounting to TL 4,256, SDIF expenses amounting to TL 3,126 and other operating expenses amounting to TL 9,962).

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

The pre-tax income amount from continued operations is TL 102,570 (31 December 2022: TL 282,566).



## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 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)

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

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

Current period, current taxation provision is TL 2,943 (31 December 2022: TL 76,174) and the net impact of deferred tax income is TL 63,025 (31 December 2022: TL 8,946 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 63,025 (31 December 2022: TL 8,946 deferred tax income).

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

The deferred tax income reflected in the statement of profit or loss computed over temporary difference and tax deductions and exemptions is TL 63,025 (31 December 2022: TL 8,946 deferred tax income).

##### 11. 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 162,652 (31 December 2022: TL 215,338).

##### 12. 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.

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

Other accounts which exceed the 10% of the statement of profit or loss, other than other operating income and other operating expense, amounting to TL 124,129 consist of transfer commissions, letter of credit commissions and other (31 December 2022: TL 90,605).

	Current Period	Prior Period
Letter of Credit Commissions	87,964	66,058
Transfer Commissions	27,859	19,342
Other	8,306	5,205
<b>Total</b>	<b>124,129</b>	<b>90,605</b>

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

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

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

None.

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

None.

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

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

None.

###### 5. Information on dividend

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

None.

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

None.

###### 6. Amounts transferred to reserves

In the current period, amount of TL 11,744 have been transferred to legal reserves (31 December 2022: TL 8,891).

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

*Information on inflation restatement differences of shareholders equity accounts*

None.

*Explanations about the Share Capital increase*

There are no capital reserves due to inflation accounting, which is followed in the "Paid capital inflation difference correction" account is added to the capital according to the subjected circular.

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

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

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

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

	31 December 2023	31 December 2022
Cash	67,002	57,762
Cash and cash equivalents	1,570,038	2,298,876
<b>Total</b>	<b>1,637,040</b>	<b>2,356,638</b>

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

	31 December 2023	31 December 2022
Cash	142,025	67,002
Cash and cash equivalents	2,455,615	1,570,038
<b>Total</b>	<b>2,597,640</b>	<b>1,637,040</b>

The TL (663,849) in the “Other” account that is under the “Operational Profit Before Operations of Banking on Assets and Liabilities” account is comprised of other operating income excluding collections from non performing loans, other operating expense excluding personnel expenses and exchange gain/loss (31 December 2022: TL 278,037)

The “Net increase/decrease in other assets” account under the “Changes in assets and liabilities subject to banking activities” amounting to TL (50,258) is composed of changes in fixed assets, associates, tax assets and other assets (31 December 2022: TL (30,859)).

The “Net increase/decrease in other debts” account under the “Changes in assets and liabilities subject to banking activities” amounting to TL (552,018) is composed of changes in miscellaneous debts, other foreign resources and tax, duty, fees and premiums payable (31 December 2022: TL (327,463)).

“Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents” is computed by TL 947,661 which includes effects of changes in currency of monthly foreign currency denominated cash and cash equivalents translated to Turkish Lira (31 December 2022: TL 554,895).

# ARAP TÜRK BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### VII. INFORMATION ON THE GROUP'S RISK GROUP

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

###### *Information on the loans of the Group's risk group*

###### Current Period

Bank's Risk Group <sup>(1)</sup>	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	-	-	-	66,066	249	772,553
Interest and Commission Income received <sup>(2)</sup>	-	-	-	-	340	-

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

<sup>(2)</sup> Loans given to the 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 <sup>(1)</sup>	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 <sup>(2)</sup>	-	-	-	-	2,688	-

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

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

The Group has a loan amounting to TL 1,471,910 (31 December 2022: TL 1,701,545) from the risk group. There was an interest expense of TL 55,971 in the current period related to the loans used. (31 December 2022: TL 71,426).

###### *Information on deposits of the Group's risk group*

Bank's Risk Group <sup>(1)</sup>	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 deposit:	-	-	4,204	2,566	12,236	4,332

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

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

None.

## ARAP TÜRK BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 1. Information on benefits provided for top level management:

For the year ended 31 December 2023, TL 75,458 has been paid to the top level management of the Group as salaries and fringe benefit (31 December 2022: TL 48,259).

##### 2. Information on Bank's domestic branches, foreign branches and representatives

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

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

None.

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

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

	Current Period	Prior period
Independent audit fees in the reporting period	4,569	1,238
Fees for tax advisory		
Fees for other assurance services	-	48
Fees for other services except independent audit	-	-
<b>Total</b>	<b>4,569</b>	<b>1,286</b>

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

None.

**ARAP TÜRK BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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**SECTION SIX**

**INDEPENDENT AUDITOR’S REVIEW REPORT**

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

As at and for the year ended 31 December 2023, the consolidated financial statements have been audited by PwC Bağımsız Denetim Ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and the auditors' report dated 21 February 2024 is presented before the consolidated financial statements.

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

None.

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