

**TURKLAND BANK ANONİM ŞİRKETİ
INTERIM INDEPENDENT AUDITOR'S REVIEW REPORT,
UNCONSOLIDATED FINANCIAL STATEMENTS
AND NOTES FOR THE PERIOD ENDED
30 SEPTEMBER 2023**

*Translated into English from the report and financial
statements originally issued in Turkish*

**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF
INTERIM FINANCIAL INFORMATION**

To the General Assembly of Turkland Bank A.Ş.

Introduction

We have reviewed the accompanying unconsolidated statement of financial position of Turkland Bank A.Ş. (“the Bank”) as at 30 September 2023, and the unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity and unconsolidated statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial information does not present fairly, in all material respects, the financial position as of 30 September 2023, and of the results of their operations and their cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the Management’s interim report included in section seven of the accompanying financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed unconsolidated interim financial statements and the explanatory notes.

Additional paragraph for convenience translation to English:

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

**DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş. Member of
DELOITTE TOUCHE TOHMATSU LIMITED**

Mehmet Erol
Partner

İstanbul, 10 November 2023

**THE UNCONSOLIDATED NINE-MONTH INTERIM FINANCIAL REPORT OF
TURKLAND BANK ANONİM ŞİRKETİ AS OF 30 SEPTEMBER 2023**

Address of the Bank's Head Office : 19 Mayıs Mah. 19 Mayıs Caddesi Şişli Plaza A Blok No:7
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The nine-month unconsolidated financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELEVANT PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- THE REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated nine-month financial statements and notes to these financial statements which are expressed, unless otherwise stated, in thousands of Turkish Lira, have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been reviewed.

Michel ACCAD
Chairman of the
Board of Directors

Servet TAZE
General Manager

H. Efe İÇLİ
Financial Control
Assistant General Manager

Tania
MOUSSALLEM
Chairman of Audit Committee

Mustafa Selçuk
TAMER
Member of Audit Committee

Information related to responsible personnel for the questions that can be raised about financial statements:

Name-Surname / Title : Sevgi Üstün / Manager
Telephone Number : (0 212) 368 37 24
Fax Number : (0 212) 368 35 35

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2023

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

I. Bank's Incorporation Date, Beginning Statute, Changes in the Existing Statute

Turkland Bank Anonim Şirketi ("the Bank"), was established in 1991 in İstanbul under the name of "Bahreyn ve Kuveyt Bankasi Anonim Şirketi" (BB&K). Its name was changed as "Tasarruf ve Kredi Bankasi Anonim Şirketi" with its acquisition by Doğuş Group in 1992. After the change in the name of the bank as "Garanti Yatırım ve Ticaret Bankasi Anonim Şirketi" in 1994, Mehmet Nazif Günel (the main shareholder of MNG Group Companies) has acquired the Bank in 1997 and the name of the Bank has been changed as "MNG Bank Anonim Şirketi".

An agreement has been made with Arab Bank and BankMed for the sale of 91% of MNG Bank's shares in mid of 2006 and this agreement was approved by Banking Regulation and Supervision Agency (BRSA) on 29 December 2006. In this regard, while Arab Bank and BankMed purchasing 50% and 41% of MNG bank shares respectively, Mehmet Nazif Günel retained 9% of the shares. Transfer of the Bank was made on 29 January 2007. The title of the Bank was changed as "Turkland Bank Anonim Şirketi" with the amendment to the Articles of Association by the decision of the Extraordinary General Assembly at the meeting on 22 March 2007.

On 3 April 2007, "MNG BANK Anonim Şirketi" title of the bank was registered as "TURKLAND BANK Anonim Şirketi".

According to the Share Sale and Purchase Agreement and Board of Directors' Decision dated 26 February 2010 and 15 July 2010, respectively, Mehmet Nazif Günel's 153 million shares with TL 15,300 nominal value were transferred to BankMed SAL. As of 22 July 2010, the share transfer was realized.

According to the Extraordinary General Assembly decision dated 30 May 2011, it was decided to increase the Bank's capital from TL 170 million to TL 300 million, and it was registered in the Turkish Trade Registry Gazette dated 20 June 2011 numbered 7840. According to the BRSA approval dated 15 September 2011 numbered 4381 the unused pre-emptive right of Arab Bank Plc amounting to TL 65 million have been used by Arab Bank (Switzerland) Ltd (ABS). Capital commitments paid by shareholders, according to the BRSA decision dated 20 October 2011 numbered 22244, have been transferred to the capital accounts.

According to the Ordinary General Assembly decision dated 18 April 2013, it has been decided to increase the Bank's paid in capital from TL 300 million to TL 500 million. According to the Ordinary General Assembly decree dated 15 April 2014, it was decided to increase the Bank's paid in capital from TL 500 million to TL 650 million.

In accordance with the BRSA's approval letter dated 7 May 2019, 16.67% of the shares of Arab Bank (Switzerland) Ltd (ABS), one of the shareholders of the Bank, was transferred to Arab Bank Plc. which is the other shareholder of the Bank.

Capital increase and decrease of USD 30 million additional capital as TL 164 million has been realized simultaneously on 25 September 2019 with the approval of BRSA on 2 August 2019.

According to the Extraordinary General Assembly decree dated 17 February 2020, it was decided to increase the Bank's paid in capital from TL 650 million to TL 1,000 million with the approval of BRSA dated 29 January 2020 numbered 1027. The amount has been transferred to capital accounts as of 4 March 2020 with the approval of BRSA dated 3 March 2020 numbered 2400.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2023

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

II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year

Name/Title	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
ARAB BANK PLC	499,999.99	50.0%	499,999.99	-
BANKMED, SAL	499,999.99	50.0%	499,999.99	-
OTHER	<1	0.0%	<1	-
Total	1,000,000.00	100.0%	1,000,000.00	-

As of 30 September 2023, the nominal value of the Bank's capital is TL 1,000,000 and consists of 1,000 million shares.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2023

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

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares and Areas of Responsibility in the Bank

<u>Title</u>	<u>Name and Surname (*)</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors	MICHEL ACCAD	Chairman	MASTER'S DEGREE
Members of the Board of Directors	MOHAMMAD ABDEL-FATTAH	Vice Chairman	BACHELOR'S DEGREE
	HAMADAL GHANAMAH		
	TANIA MOUSSALLEM	Chairman of Audit Committee	BACHELOR'S DEGREE
	NADYA NABIL TAWFIK TALHOUNI(**)	Member	BACHELOR'S DEGREE
	MUSTAFA SELÇUK TAMER	Member of Audit Committee	BACHELOR'S DEGREE
	NABİL RAFİİ	Member	MASTER'S DEGREE
Member of Board of Directors and General Manager	HAITHAM HELMI	Member	BACHELOR'S DEGREE
	MOHAMMAD FOUDEH		
	SERVET TAZE	General Manager	BACHELOR'S DEGREE
Assistant General Managers	BENAN BAŞAK	Close Monitoring and Legal Follow-up Corporate and Commercial Banking	MASTER'S DEGREE
	UMUT ÜLBEGİ		MASTER'S DEGREE
	SARUHAN DOĞAN	Treasury and Financial Institutions	MASTER'S DEGREE
	ALİ HAS	Operations and IT	MASTER'S DEGREE
	HAKKI EFE İÇLİ	Financial Control	BACHELOR'S DEGREE
	SERKAN ÇELİK	Internal Systems Group	MASTER'S DEGREE

(*) The above stated persons do not have any shares in the Bank.

(**) As of 1 March 2023, the membership of the Audit Committee was terminated.

IV. Information About the Persons and Institutions That Have Qualified Shares

Information about the persons and institutions that have qualified shares as of 30 September 2023:

<u>Name/Title</u>	<u>Share Amount</u>	<u>Share Ratios</u>	<u>Paid up Shares</u>	<u>Unpaid Shares</u>
ARAB BANK PLC	499,999.99	50.0%	499,999.99	-
BANKMED, SAL	499,999.99	50.0%	499,999.99	-

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2023

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

V. Summary on the Bank's Functions and Areas of Activity

The Bank has 12 branches and 273 personnel. The Bank does not have any direct subsidiaries in finance sector (31 December 2022: 12 branches, 275 personnel).

The Bank established with private capital, has the authority to accept deposits and its operations are mostly based on retail and corporate banking transactions. As it is indicated in Articles of Association, the Bank is mainly dealing with the transactions below:

- a. Acceptance of Deposit
- b. Corporate and Retail Banking
- c. Foreign Trade
- d. Capital Market Transactions
- e. Bank Assurance

VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to full consolidation method or proportional consolidation and institutions, which are deducted from equity or not included in these three methods

None.

VII. The existing or potential, actual or legal obstacles on the transfer of shareholder's equity between the Bank and its subsidiaries or reimbursement of liabilities

None.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-Balance Sheet Items
- III. Statements of Income
- IV. Statement of Profit or Loss and Other Comprehensive Income
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEETS
AS OF 30 SEPTEMBER 2023 AND 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

ASSETS	Note (Section Five)	Reviewed			Audited		
		Current Period 09/30/2023			Prior Period 12/31/2022		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		2,498,698	2,886,730	5,385,428	425,186	1,377,966	1,803,152
1.1 Cash and Cash Equivalents		1,946,781	2,886,702	4,833,483	281,922	1,377,947	1,659,869
1.1.1 Cash and The Central Bank of Turkey	I-1	1,259,271	1,255,585	2,514,856	171,362	645,223	816,585
1.1.2 Banks	I-3	728	1,631,117	1,631,845	197	593,084	593,281
1.1.3 Money Market Placements		687,206	-	687,206	110,517	139,640	250,157
1.1.4 Expected Credit Losses (-)		(424)	-	(424)	(154)	-	(154)
1.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Subordinated Debt Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets at Fair Value Through Other Comprehensive Income		252,114	28	252,142	138	19	157
1.3.1 Government Debt Securities	I-4	251,976	28	252,004	-	19	19
1.3.2 Subordinated Debt Instruments		138	-	138	138	-	138
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets		299,803	-	299,803	143,126	-	143,126
1.4.1 Derivative Financial Assets at Fair Value through Profit or Loss	I-2	299,803	-	299,803	143,126	-	143,126
1.4.2 Derivative Financial Assets at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		7,516,953	2,127,753	9,644,706	4,524,868	762,172	5,287,040
2.1 Loans		7,329,480	2,127,753	9,457,233	3,081,505	762,172	3,843,677
2.2 Receivables From Leasing Transactions	I-5	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost		575,432	-	575,432	1,825,499	-	1,825,499
2.4.1 Government Debt Securities	I-6	575,432	-	575,432	1,825,499	-	1,825,499
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Provisions for Expected Loss (-)		(387,959)	-	(387,959)	(382,136)	-	(382,136)
III. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		61,121	-	61,121	68,244	-	68,244
3.1 Held for Sale	I-16	61,121	-	61,121	68,244	-	68,244
3.2 Discontinued Operations		-	-	-	-	-	-
IV. PARTNERSHIP INVESTMENTS		7,659	-	7,659	7,659	-	7,659
4.1 Associates (Net)		7,659	-	7,659	7,659	-	7,659
4.1.1 Accounted with Equity Method	I-7	-	-	-	-	-	-
4.1.2 Unconsolidated		7,659	-	7,659	7,659	-	7,659
4.2 Subsidiaries (Net)		-	-	-	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries	I-8	-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Entities under Common Control (Business Partnerships) (Net)		-	-	-	-	-	-
4.3.1 Accounted with Equity Method	I-9	-	-	-	-	-	-
4.3.2 Unconsolidated		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		148,177	-	148,177	84,176	-	84,176
VI. INTANGIBLE ASSETS (Net)		11,703	-	11,703	13,690	-	13,690
6.1 Goodwill	I-13	-	-	-	-	-	-
6.2 Other		11,703	-	11,703	13,690	-	13,690
VII. INVESTMENT PROPERTIES (Net)		-	-	-	-	-	-
VIII. CURRENT TAX ASSET		3,445	-	3,445	109	-	109
IX. DEFERRED TAX ASSET		5,000	-	5,000	5,000	-	5,000
X. OTHER ASSETS (Net)		152,772	68,560	221,332	79,896	89,761	169,657
TOTAL ASSETS		10,405,528	5,083,043	15,488,571	5,208,828	2,229,899	7,438,727

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEETS
AS OF 30 SEPTEMBER 2023 AND 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. BALANCE SHEET – LIABILITIES (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Note (Section Five)	Reviewed			Audited		
		Current Period			Prior Period		
		09/30/2023			12/31/2022		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	II-1	9,202,129	4,172,790	13,374,919	3,663,195	1,982,121	5,645,316
II. FUNDS BORROWED		-	-	-	-	-	-
III. PAYABLES TO MONEY MARKET	II-3	50	-	50	566,827	-	566,827
IV. ISSUED SECURITIES (Net)		-	-	-	-	-	-
4.1 Bills		-	-	-	-	-	-
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-2	639	-	639	7,907	-	7,907
7.1 Part of Derivative Financial Liabilities at Fair Value through Profit or Loss		639	-	639	7,907	-	7,907
7.2 Part of Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	II-6	87,084	-	87,084	57,271	-	57,271
X. PROVISIONS	II-8	174,548	22,013	196,561	166,152	5,862	172,014
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Provision for Employee Benefits		29,887	-	29,887	39,028	-	39,028
10.3 Provision for Insurance Technical (Net)		-	-	-	-	-	-
10.4 Other Provisions		144,661	22,013	166,674	127,124	5,862	132,986
XI. CURRENT TAX LIABILITY	II-9	22,506	-	22,506	18,050	-	18,050
XII. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED LOANS		-	-	-	-	-	-
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-5	227,253	321,260	548,513	164,190	156,981	321,171
XVI. SHAREHOLDERS' EQUITY	II-12	1,258,299	-	1,258,299	650,171	-	650,171
16.1 Paid-in Capital		1,000,000	-	1,000,000	1,000,000	-	1,000,000
16.2 Capital Reserves		25,430	-	25,430	25,430	-	25,430
16.2.1 Share Issue Premiums		-	-	-	-	-	-
16.2.2 Share Reversal Premiums		-	-	-	-	-	-
16.2.3 Other Capital Reserves		25,430	-	25,430	25,430	-	25,430
16.3 Other Accumulated Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		(13,757)	-	(13,757)	(12,711)	-	(12,711)
16.4 Other Accumulated Comprehensive Income or Expenses that will be Reclassified to Profit or Loss		(319)	-	(319)	-	-	-
16.5 Profit Reserves		(362,548)	-	(362,548)	(487,201)	-	(487,201)
16.5.1 Legal Reserves		15,582	-	15,582	9,349	-	9,349
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		(350,223)	-	(350,223)	(468,643)	-	(468,643)
16.5.4 Other Profit Reserves		(27,907)	-	(27,907)	(27,907)	-	(27,907)
16.6 Profit or Loss		609,493	-	609,493	124,653	-	124,653
16.6.1 Prior Years' Profit or Loss		-	-	-	-	-	-
16.6.2 Net Profit or Loss for the Period		609,493	-	609,493	124,653	-	124,653
16.7 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		10,972,508	4,516,063	15,488,571	5,293,763	2,144,964	7,438,727

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF OFF-BALANCE SHEET ITEMS
AS OF 30 SEPTEMBER 2023 AND 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. STATEMENT OF OFF-BALANCE SHEET ITEMS

OFF BALANCE SHEET ITEMS	Note (Section Five)	Reviewed			Audited		
		Current Period			Prior Period		
		30.09.2023			31.12.2022		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET LIABILITIES (I-II+III)		17,375,872	15,530,641	32,906,513	12,400,720	11,662,453	24,063,173
I. GUARANTEES AND SURETIES	III-1	1,658,001	306,196	1,964,197	1,074,772	535,745	1,610,517
1.1. Letters of Guarantee		418,886	248,742	667,628	286,447	204,365	490,812
1.1.1. Guarantees Subject to State Tender Law		2,858	876	3,734	2,873	599	3,472
1.1.2. Guarantees Given for Foreign Trade Operations		9,348	16,904	26,252	6,117	11,641	17,758
1.1.3. Other Letters of Guarantee		406,680	230,962	637,642	277,457	192,125	469,582
1.2. Bank Loans		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	57,454	57,454	-	90,606	90,606
1.3.1. Documented Letters of Credit		-	57,454	57,454	-	90,606	90,606
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Guaranteed Prefinancing		-	-	-	-	-	-
1.5. Endorsement		1,239,115	-	1,239,115	788,325	240,774	1,029,099
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	240,774	240,774
1.5.2. Other Endorsements		1,239,115	-	1,239,115	788,325	-	788,325
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-1	208,351	221,242	429,593	380,325	373,959	754,284
2.1. Irrevocable Commitments		208,351	221,242	429,593	380,325	373,959	754,284
2.1.1. Asset Purchase and Sales Commitments		192,219	211,952	404,171	368,140	367,561	735,701
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Commitments for Loan Limits		451	-	451	451	-	451
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		15,681	-	15,681	11,734	-	11,734
2.1.8. Tax and Fund Obligations on Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Related		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12. Payables from Short Sale Commitments		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	9,290	9,290	-	6,398	6,398
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	III-2	15,509,520	15,003,203	30,512,723	10,945,623	10,752,749	21,698,372
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedging		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedging		-	-	-	-	-	-
3.1.3. Transactions for Hedging the Risk of Net Investments Abroad		-	-	-	-	-	-
3.2. Trading Transactions		15,509,520	15,003,203	30,512,723	10,945,623	10,752,749	21,698,372
3.2.1. Forward Foreign Currency Buy-Sell Transactions		8,316,460	7,864,905	16,181,365	5,777,233	5,599,213	11,376,446
3.2.1.1. Forward Foreign Currency Transactions-Buy		8,316,460	-	8,316,460	5,777,233	-	5,777,233
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	7,864,905	7,864,905	-	5,599,213	5,599,213
3.2.2. Currency and Interest Swap Transactions		7,193,060	7,138,298	14,331,358	5,168,390	5,153,536	10,321,926
3.2.2.1. Currency Swaps - Purchases		-	7,138,298	7,138,298	-	5,153,536	5,153,536
3.2.2.2. Currency Swaps - Sales		7,193,060	-	7,193,060	5,168,390	-	5,168,390
3.2.2.3. Swap Interest Purchase Transactions		-	-	-	-	-	-
3.2.2.4. Swap Interest Sale Transactions		-	-	-	-	-	-
3.2.3. Currency, Interest and Security Options		-	-	-	-	-	-
3.2.3.1. Currency Call Options		-	-	-	-	-	-
3.2.3.2. Currency Put Options		-	-	-	-	-	-
3.2.3.3. Interest Call Options		-	-	-	-	-	-
3.2.3.4. Interest Put Options		-	-	-	-	-	-
3.2.3.5. Security Call Options		-	-	-	-	-	-
3.2.3.6. Security Put Options		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Futures - Purchases		-	-	-	-	-	-
3.2.4.2. Currency Futures - Sales		-	-	-	-	-	-
3.2.5. Interest Futures		-	-	-	-	-	-
3.2.5.1. Interest Futures - Purchases		-	-	-	-	-	-
3.2.5.2. Interest Futures - Sales		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		16,974,947	7,371,462	24,346,409	11,318,802	5,122,865	16,441,667
IV. ITEMS HELD IN CUSTODY		3,003,411	17,122	3,020,533	1,233,914	55,075	1,288,989
4.1. Customer Fund and Portfolio Assets		-	-	-	-	-	-
4.2. Investments Securities Held in Custody		30,255	2,465	32,720	49,047	1,683	50,730
4.3. Checks Received for Collection		2,973,131	14,383	2,987,514	1,184,850	50,959	1,235,809
4.4. Commercial Checks Received for Collection		25	274	299	17	2,433	2,450
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received through Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		13,971,536	7,354,340	21,325,876	10,084,888	5,067,790	15,152,678
5.1. Securities		-	-	-	-	-	-
5.2. Guarantee Notes		62	-	62	62	-	62
5.3. Commodities		1,646	-	1,646	1,646	-	1,646
5.4. Warranties		-	-	-	-	-	-
5.5. Real Estates		1,248,436	62,722	1,311,158	1,261,804	42,837	1,304,641
5.6. Other Pledged Items		12,721,392	7,291,618	20,013,010	8,821,376	5,024,953	13,846,329
5.7. Pledged Items - Depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		34,350,819	22,902,103	57,252,922	23,719,522	16,785,318	40,504,840

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE PERIODS ENDED 30 SEPTEMBER 2023 AND 2022
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. STATEMENTS OF PROFIT OR LOSS

PROFIT AND LOSS ITEMS	Note (Section Five)	Reviewed		Reviewed	
		Current Period 01.01 - 30.09.2023	Current Period 01.07 - 30.09.2023	Prior Period 01.01 - 30.09.2022	Prior Period 01.07 - 30.09.2022
I. INTEREST INCOME	IV-1	1,297,512	600,489	590,902	262,289
1.1 Interest on Loans		1,013,176	505,204	456,184	214,894
1.2 Interest Received from Reserve Deposits		1,703	332	2,708	-
1.3 Interest Received from Banks		18,654	8,156	4,783	3,284
1.4 Interest Received from Money Market Placements		152,133	56,005	2,382	1,812
1.5 Interest Received from Securities		111,328	30,792	123,862	41,926
1.5.1 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1.5.2 Financial Assets at Fair Value Through Other Comprehensive Income		2,293	2,292	1,379	1,378
1.5.3 Financial Assets Measured at Amortized Cost		109,035	28,500	122,483	40,548
1.6 Finance Lease Interest Income		-	-	-	-
1.7 Other Interest Income		518	-	983	373
II. INTEREST EXPENSES (-)	IV-2	(1,350,909)	(561,557)	(432,071)	(202,280)
2.1 Interest on Deposits		(1,320,288)	(555,904)	(335,981)	(163,955)
2.2 Interest on Funds Borrowed		(6)	(5)	(3)	1
2.3 Interest on Money Market Transactions		(7,268)	(2,142)	(48,210)	(11,680)
2.4 Interest on Securities Issued		-	-	-	-
2.5 Interest Lease Expenses		(9,634)	(3,502)	(5,928)	(2,301)
2.6 Other Interest Expenses		(13,713)	(4)	(41,949)	(24,345)
III. NET INTEREST INCOME/EXPENSE (I - II)		(53,397)	38,932	158,831	60,009
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		131,254	22,029	18,117	9,497
4.1 Fees and Commissions Received		138,168	24,529	21,504	10,815
4.1.1 Non-Cash Loans		15,992	6,559	15,677	6,097
4.1.2 Other		122,176	17,970	5,827	4,718
4.2 Fees and Commissions Given (-)	IV-10	(6,914)	(2,500)	(3,387)	(1,318)
4.2.1 Non-Cash Loans		(1,944)	(121)	(346)	(122)
4.2.2 Other	IV-10	(4,970)	(2,379)	(3,041)	(1,196)
V. DIVIDEND INCOME	IV-3	56	56	57	-
VI. TRADING PROFIT/LOSS (Net)	IV-4	909,669	289,412	61,699	34,353
6.1 Profit/Loss from Capital Market Transactions		81,270	-	(10,148)	-
6.2 Profit/Loss from Derivative Financial Transactions		449,095	204,832	88,246	59,218
6.3 Foreign Exchange Profit/Loss		379,304	84,580	(16,399)	(24,865)
VII. OTHER OPERATING INCOME	IV-5	51,363	24,019	20,249	2,448
VIII. GROSS PROFIT FROM OPERATIONS (III+IV+V+VI+VII)		1,038,945	374,448	258,953	106,307
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-6	(29,246)	(120,175)	109,231	16,876
X. OTHER PROVISION EXPENSES (-)		-	-	-	-
XI. PERSONNEL EXPENSES (-)		(209,453)	(73,856)	(118,777)	(48,745)
XII. OTHER OPERATING EXPENSES (-)	IV-7	(190,753)	(73,607)	(109,320)	(39,079)
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		609,493	106,810	140,087	35,359
XIV. AMOUNT IN EXCESS RECOGNISED AS GAIN AFTER MERGER		-	-	-	-
XV. PROFIT/LOSS ON EQUITY METHOD		-	-	-	-
XVI. PROFIT/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/LOSS FROM CONTINUING OPERATIONS BEFORE TAXES (XIII+...+XVI)	IV-8	609,493	106,810	140,087	35,359
XVIII. TAX PROVISION FROM CONTINUING OPERATIONS (±)	IV-8	-	-	-	-
18.1 Provision for Current Income Taxes		-	-	-	-
18.2 Deferred Tax Expense Effect (+)		-	-	-	-
18.3 Deferred Tax Income Effect (-)		-	-	-	-
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	IV-9	609,493	106,810	140,087	35,359
XX. INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income on Assets Held for Sale		-	-	-	-
20.2 Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-	-	-
20.3 Income on Other Discontinued Operations		-	-	-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Income on Assets Held for Sale		-	-	-	-
21.2 Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-	-	-
21.3 Income on Other Discontinued Operations		-	-	-	-
XXII. PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Provision for Current Income Taxes		-	-	-	-
23.2 Deferred Tax Expense Effect (+)		-	-	-	-
23.3 Deferred Tax Income Effect (-)		-	-	-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	IV-9	-	-	-	-
XXV. NET PROFIT/LOSS FOR THE PERIOD (XIX+XXIV)	IV-9	609,493	106,810	140,087	35,359
25.1 Profit/Loss of the Group		-	-	-	-
25.2 Minority Shareholders Profit/Loss (-)		-	-	-	-
Profit/ Loss per Share		-	-	-	-

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIODS ENDED 30 SEPTEMBER 2023 AND 2022
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Reviewed Current Period 01.01 -30.09.2023	Reviewed Prior Period 01.01 -30.09.2022
I.	PROFIT/LOSS FOR THE PERIOD	609,493	140,087
II.	OTHER COMPREHENSIVE INCOME	(1,365)	(7,277)
2.1	Items not to be Reclassified to Profit or Loss	(1,046)	(1,784)
2.1.1	Income/Decrease in Revaluation of Tangible Assets	-	-
2.1.2	Income/Decrease in Revaluation of Intangible Assets	-	-
2.1.3	Defined Benefit Plans Remeasurement Gains/Losses	(1,046)	(1,784)
2.1.4	Other Items of Comprehensive Income not to be Reclassified as Other Profit or Loss	-	-
2.1.5	Taxes on Other Comprehensive Income not to be Reclassified to Profit or Loss	-	-
2.2	Items to be Reclassified to Profit or Loss	(319)	(5,493)
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Classification Income/Expense of Financial Assets at Fair Value Through Other Comprehensive Income	(319)	(5,493)
2.2.3	Cash Flow Hedging Income/Expense	-	-
2.2.4	Hedging Income/Expense on Investment Risk Related to the Operation Abroad	-	-
2.2.5	Other Items of Comprehensive Income to be Reclassified as Other Profit or Loss	-	-
2.2.6	Taxes on Other Comprehensive Income to be Reclassified to Profit or Loss	-	-
III.	TOTAL COMPREHENSIVE INCOME (I+II)	608,128	132,810

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 30 SEPTEMBER 2023 AND 2022
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY					Items not to be Reclassified to Profit or Loss			Items to be Reclassified to Profit or Loss								
	Paid-in Capital	Share Issue Premiums	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit/(Loss)	Net Profit or Loss for the Period	Total Shareholders' Equity without Minority Shares	Minority Shares	Total Shareholders' Equity
PRIOR PERIOD 01.01.2022 - 30.09.2022																
I. Balance at the Beginning of the Period	1,000,000	-	-	(528,377)	-	(3,172)	2,807	-	-	-	6,336	-	60,270	537,864	-	537,864
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	1,000,000	-	-	(528,377)	-	(3,172)	2,807	-	-	-	6,336	-	60,270	537,864	-	537,864
IV. Total Comprehensive Income / (Expense)	-	-	-	-	-	(1,784)	-	-	(5,493)	-	-	-	140,087	132,810	-	132,810
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase in Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease Due to Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	57,257	-	-	-	-	-	-	3,013	-	(60,270)	-	-	-
11.1 Dividends Distributes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	57,257	-	-	-	-	-	-	3,013	-	(60,270)	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+X+XI)	1,000,000	-	-	(471,120)	-	(4,956)	2,807	-	(5,493)	-	9,349	-	140,087	670,674	-	670,674
CURRENT PERIOD 01.01.2023 - 30.09.2023																
I. Balance at the End of the Prior Period	1,000,000	-	-	(471,120)	-	(15,518)	2,807	-	-	-	9,349	-	124,653	650,171	-	650,171
II. Correction made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	1,000,000	-	-	(471,120)	-	(15,518)	2,807	-	-	-	9,349	-	124,653	650,171	-	650,171
IV. Total Comprehensive Income / (Expense)	-	-	-	-	-	(1,046)	-	-	(319)	-	-	-	609,493	608,128	-	608,128
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase in Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease Due to Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	118,420	-	-	-	-	-	-	6,233	-	(124,653)	-	-	-
11.1 Dividends Distributes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	118,420	-	-	-	-	-	-	6,233	-	(124,653)	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+X+XI)	1,000,000	-	-	(352,700)	-	(16,564)	2,807	-	(319)	-	15,582	-	609,493	1,258,299	-	1,258,299

1. Revaluation increase/decrease on tangible and intangible assets.
2. Defines benefit plans' accumulated revaluation gains/losses.
3. Other (The share of the investments that are valued by equity method from other comprehensive income that cannot be reclassified to profit/loss and the accumulated amounts of other comprehensive income items that cannot be reclassified as other profit or loss)
4. Foreign currency translation differences.
5. Income/expense from valuation and/or reclassification of financial assets measured at FVTOCI.
6. Other (Cash flow hedge income/losses, share of other comprehensive income of equity method investments to be reclassified to profit/loss and accumulated amounts of other comprehensive income items to be reclassified as other profit or loss).

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED 30 SEPTEMBER 2023 AND 2022
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

		Current Period	Prior Period
		01.01-30.09.2023	01.01-30.09.2022
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Change in Banking Operations Assets and Liabilities	(915,350)	(156,716)
1.1.1	Interest Received	1,276,210	343,604
1.1.2	Interest Paid	(1,118,139)	(396,477)
1.1.3	Dividend Received	56	57
1.1.4	Fees and Commissions Received	139,143	22,513
1.1.5	Other Income	(765,974)	99,920
1.1.6	Collections from Previously Written-off Receivables	177,818	130,005
1.1.7	Cash Payments to Personnel and Service Suppliers	(224,794)	(119,364)
1.1.8	Taxes Paid	(13,643)	(5,362)
1.1.9	Other	(386,027)	(231,612)
1.2	Change in Assets and Liabilities Subject to Banking Activities	2,423,945	1,310,468
1.2.1	Net (Increase) Decrease in Financial Assets Measured at FVTPL	-	-
1.2.2	Net (Increase) Decrease in Due from Banks	(468,222)	(308,901)
1.2.3	Net (Increase) Decrease in Loans	(3,849,306)	(917,588)
1.2.4	Net (Increase) Decrease in Other Assets	377,742	144,147
1.2.5	Net Increase (Decrease) in Bank Deposits	(565,054)	(105,339)
1.2.6	Net Increase (Decrease) in Other Deposits	6,564,758	2,224,370
1.2.7	Net Increase (Decrease) in Financial Liabilities Measured at FVTPL	-	-
1.2.8	Net Increase (Decrease) in Funds Borrowed	-	-
1.2.9	Net Increase (Decrease) in Matured Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	364,027	273,779
I	Net Cash Flow from Banking Operations	1,508,595	1,153,752
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II	Net Cash Flows from Investing Activities	857,180	(441,714)
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Joint-Ventures	-	-
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Joint-Ventures	-	-
2.3	Purchases of Tangible Assets	(82,115)	(13,656)
2.4	Sales of Tangible Assets	-	-
2.5	Financial Assets Measured at FVTOCI	(250,003)	(330,854)
2.6	Financial Assets Measured at FVTOCI	-	-
2.7	Financial Assets Purchased at Amortized Cost	(918,425)	(726,350)
2.8	Financial Assets Sold at Amortized Cost	2,111,163	634,701
2.9	Other	(3,440)	(5,555)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III	Net Cash Flow from Financing Activities	(9,953)	(5,493)
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Outflows from Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Equity Instruments Issued	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Leases	(9,634)	(5,493)
3.6	Other	(319)	-
IV	Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents	348,093	227,429
V	Net Increase in Cash and Cash Equivalents	2,703,915	933,974
VI	Cash and Cash Equivalents at the Beginning of Period	1,127,730	1,062,375
VII	Cash and Cash Equivalents at the End of Period	3,831,645	1,996,349

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

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SECTION THREE
ACCOUNTING POLICIES

I. Basis of Presentation

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette No.26333 dated 1 November 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” 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.

The financial statements are prepared in accordance with the historical cost basis except for financial instruments measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income which are presented on a fair value basis.

The Bank has started to apply TFRS 9 Financial Instruments (“TFRS 9”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) in the accompanying unconsolidated financial statements starting from 1 January 2018 for the first time based on the regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with procedures and principals regarding classification of loans and allowances allocated for such loans which came into force starting from 1 January 2018.

The preparation of financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

POA made an announcement on 20 January 2022 regarding the application of TAS 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) for entities adopting Turkish Financial Reporting Standards (“TFRS”) for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying financial statements as of 30 September 2023 in accordance with TAS 29.

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II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 18.30% of its resources in liquid assets, while the Bank also aims for the highest yield possible with effective maturity management.

Besides its principle activity, the main financial instruments of the Bank are money market placements, treasury bills and government bonds.

Marketable securities comprising 5.34% of total assets are assets with low risk and high yield. Placements in banks are 14.97% of the total assets and these assets provide liquidity with low risk and yield.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of the risk management strategy of the Bank, the management of risk bearing short positions of currency, interest or price movements is performed only by the Treasury and using the limits defined by the Board of Directors.

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III. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank's derivative instruments consist of foreign currency swaps, forward foreign currency buy/sell transactions and options. Derivative instruments are accounted for at their fair values as at the contract date and subsequently valued at fair value. Certain derivative instruments, although economical hedges, are accounted as trading transactions since they are not qualified to be a hedging instrument as per "Financial Instruments" ("TFRS 9"). Realized gains or losses on these instruments are reflected in the statement of profit or loss.

Unrealized gains or losses arising from the change in the fair value are recorded in disallowable expenses or income according to the current tax legislation.

Contract amounts of derivatives are recorded in off the balance sheet. There are no embedded derivatives of the Bank separated from the host contract or that are designated as hedging instruments as of the balance sheet date.

IV. Explanations on Interest Income and Expenses

Interest income and expenses are recognized in the income statement on an accrual basis using the effective interest method. On 1 January 2018, the Bank has started to calculate the rediscount for its non-performing loans. Non-performing loans are discounted with effective interest rate over the net book value and for calculated amount expected credit loss is set aside in income statement.

V. Explanations on Fees and Commission Income and Expenses

All fees and commission income/expenses are recognized as income at the time of realization and during the service is provided. Loan related fees and commissions paid to or received from the other institutions are considered as transaction costs and accounted using the effective interest method.

VI. Explanations on Financial Assets

In the framework of "TFRS 9 Financial Instruments", which is effective as of 1 January 2018, the Bank classifies its financial assets as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" or "Financial assets at amortized cost". This classification is made during initial recognition based on the contractual cash flow characteristics with the business model of the financial assets determined by the management.

The financial assets are recognized or derecognized in accordance with the "Recognition and Derecognition" principles defined in Section 3 related to classification and measurement of financial instruments of the "TFRS 9 Financial Instruments". At initial recognition, financial assets are measured at fair value. In the case of financial assets are not measured at fair value through profit or loss, transaction costs are added or deducted to/from their fair value. Financial instruments are included in the Bank's balance sheet if the Bank is a legal party to these financial instruments.

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all aspects. Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities and operations of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date. The settlement date is the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

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VI. Explanations on Financial Assets (cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

The methods and assumptions used in the recognition and measurement of financial instruments are described below.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are financial assets other than the ones that are managed with business model that aims to collect and sell contractual cash flows and the business model that aims to collect and sell contractual cash flows, and when the contractual terms of the financial asset on certain dates only do not result in cash flows involving the principal and interest payments arising from the principal amount balance, they are also financial assets that are acquired to profit from fluctuations in prices and similar factors in the short-term in the market, or that are part of a portfolio to make a profit in the short-term, regardless of the reason for their acquisition.

Financial assets at the fair value through profit or loss are initially recognized at fair value. Transaction costs related to the acquisition of the relevant asset are included in the cost of acquisition. The positive difference between the cost and fair value of such securities is accounted as interest and income accrual, and the negative difference between the cost and fair value is accounted under "Provision for Impairment of Securities Account".

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial assets give rise to cash flows that are solely payments of principal of interest at certain dates.

The Bank's management may retain both the contractual cash flows as well as the portfolio for sale, in order to meet daily liquidity needs, maintain a certain level of interest income and align the maturity of financial assets with the valuation of the financial liabilities for funding purposes. Financial assets at fair value through other comprehensive income are initially recognized at fair value including transaction costs.

The results of the subsequent changes in the fair value of financial assets at fair value through comprehensive income and unrealized profits or losses, which represent the difference between the discounted value and the fair value of the securities, resulting from changes in fair value, are included in equity in profit or loss under the "Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss" account. When these securities are collected or disposed of, the accumulated fair value differences recognized in equity are reflected in the income statement.

The fair value of financial assets at fair value through other comprehensive income, which are traded in active markets is determined according to the price of the stock exchange and in the case that the stock market price is not available, according to the price in the Official Gazette. Where there is no quoted price in an active market, the fair value is determined by using other methods specified in TFRS 9.

Financial Assets at Amortized Cost

A financial asset is classified as a financial asset measured at amortized cost, if the financial asset is held within the scope of a business model for the collection of contractual cash flows and the contractual terms of the financial asset result in cash flows that include payments arising only from principal and interest on the principal amounts on specific dates.

After the initial recognition, provision for impairment to be deducted, if any, financial assets measured at amortized cost are recognized with discounted value using effective interest method (internal rate of return).

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VI. Explanations on Financial Assets (cont'd)

Interest earned from financial assets measured at amortized cost is recorded as interest income. The Bank classifies financial assets in accordance with the classifications explained above during the acquisition of the mentioned assets.

The Bank has Consumer Price Indexed (CPI) government bonds classified as financial assets measured at amortized cost. These securities are valued and accounted for using effective interest rate method considering estimated inflation rate based on real coupon rates and reference inflation index at issue date. As stated in CPI Indexed Bonds Investor Guide of the Undersecretariat of Treasury, the reference index used in the calculation of the actual coupon payment amounts of these securities are generated according to the CPI of two months ago. The Bank determines the estimated inflation rate accordingly. The inflation rate anticipated by considering the expectations of the Central Bank of Turkey is updated during year when deemed necessary.

Loans:

Loans are non-derivative financial assets which have fixed or determinable payments and are not traded.

The Bank initially records loans and receivables at fair value. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

Foreign currency indexed loans are converted into TL from the foreign currency rate as of the opening date and followed in TL accounts. Repayments are measured with the foreign currency rate at the payment date, the foreign currency gains and losses are reflected to the statement of income.

Foreign exchange gains and losses on the foreign currency indexed loans are presented under foreign exchange gains and losses.

All loans of the Bank are monitored under the “*Financial Assets at Amortized Costs*” account.

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VI. Explanations on Financial Assets (cont'd)

Explanations on TFRS 9 Financial Instruments:

TFRS 9 introduced new requirements for the classification and measurement of financial assets/liabilities and for derecognition and for general hedge accounting:

- All recognized financial assets that are within the scope of TFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt instruments and equity instruments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, TFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under TAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under TAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in TAS 39. Under TFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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VI. Explanations on Financial Assets (cont'd)

Explanations on TFRS 9 Financial Instruments (cont'd):

Based on an analysis of the Bank's financial assets and financial liabilities as at 1 January 2018 based on the facts and circumstances that exist at that date, it has been assessed that the impact of TFRS 9 to the Bank's financial statements as follows:

Classification and Measurement

Classification and measurement of financial assets in accordance with TFRS 9 standard has determined by whether the financial asset is based on the business model in which the financial asset is managed and whether it is based on contractual cash flows including interest payments on principal and principal balance only.

On initial adoption in the financial statements, each financial asset can be classified as a financial asset measured at amortized cost, or at fair value through profit or loss, or as measured at fair value through other comprehensive income. The application of the existing provisions of TAS 39 for the classification and measurement of financial liabilities does not change substantially.

According to TFRS 9, available for sale financial assets and held to maturity financial assets are classified as financial assets at amortized cost as of 1 January 2018.

Impairment:

In accordance with the "Regulation on Procedures and Principles for the Classification of Loans and the Provisions to be Reserved" published in the Official Gazette dated 22 June 2016 and numbered 29750, the Bank started to recognize provision for impairment in accordance with the provisions of TFRS 9 as of 1 January 2018. In this context, the method of allocating loan provisions, which is disclosed in detail in the accounting policy of Section Three Note VII, as of 31 December 2017, has been changed by applying the TFRS 9 along with applying the expected credit loss model. The expected credit losses estimate is unbiased, weighted by probability and should include supportable information about estimates of past events, current conditions and future economic conditions. These financial assets have been classified into the following three categories based on the increase in the credit risks observed since the first receipt of financial assets:

Stage 1: Includes financial instruments with no significant increase in credit risk starting from initial recognition until the next reporting period or at a lower credit risk as of the reporting date. For these assets, the expected credit loss of 12 months is accounted.

Stage 2: Includes financial assets that have a significant increase in credit risk after initial recognition but an objective evidence of impairment does not exist. For these assets, expected lifetime credit losses are accounted.

Stage 3: Includes financial assets that have objective evidence of impairment as of the reporting date. For these assets, expected lifetime credit losses are accounted.

The Bank has applied the classification, measurement and impairment effects to the opening equity amounts without making any adjustments during the comparative periods in the opening balance sheet as of 1 January 2018. In addition, the effect of deferred tax assets to be calculated under TFRS 9 has reflected in equity during the first transition.

"TFRS 9 Financial Instruments" standard related to the classification and measurement of financial instruments has been issued by the Public Oversight, Accounting and Auditing Standards Authority and published in the Official Gazette dated 19 January 2017, numbered 29953 is effective from 1 January 2018 and replaces "TAS 39 Financial Instruments: Recognition and Measurement" standard.

At every balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

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VII. Explanations on Impairment of Financial Assets

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence of one or more than one event ("loss event") after the initial accounting of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Losses expected to occur as a result of future events, no matter how probable, are not recognized.

The Bank classifies loans according to their qualifications in accordance with the "Regulation on Procedures and Principles for the Classification of Loans and the Provisions to be Made" effective as of 1 January 2018. In this context, the Bank considers the general structure of the loan portfolio, the financial structure of its customers, non-financial data and economic conjuncture in accordance with its credit risk policies when making estimations. Provisions are recognized in profit and loss accounts using the "TFRS 9 Expected Loss Provisions" account.

Provisions made for loan losses in the current period and provision made in the previous periods are reversed as a result of principal collections made for the related loans or that are written off are recorded in the "Expected Loss Provisions" account.

Calculation of expected credit losses

Expected credit losses are calculated based on a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due based on the contract and the cash flows that are expected to be received.

Probability of Default (PD): PD refers to the likelihood that a loan will default, which is usually set at 12 months, given certain characteristics. Based on TFRS 9, two different PDs are used in order to calculate expected credit losses:

- 12-month PD: as the estimated probability of default occurring within the next 12 months.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

Internal rating systems are used in the Bank.

Probability of default calculation has been carried out based on past information, current conditions and forward-looking macroeconomic parameters.

Loss Given Default (LGD): If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage. LGD calculations are performed using historical data which best reflects current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections.

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors.

Stage 1: 12-month expected credit loss represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or in a shorter period if the expected life of the financial instrument is less than 12 months) and calculated as the portion of lifetime expected credit losses. 12-month expected credit loss is calculated based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied by loss given default rate and discounted with the original effective interest rate.

Stage 2: Lifetime expected credit losses are expected credit losses from all possible default events that can occur during the expected life of a financial instrument (the risk of a default occurring during the expected life of the financial instrument is estimated). In Stage 2, the provision is calculated for financial assets whose credit risk has deteriorated but not impaired.

Stage 3: The Bank evaluates all impaired accounts individually. The methodology is individual assessment, and the probability of default is considered as 100%.

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VII. Explanations on Impairment of Financial Assets (cont'd)

Default Definition: It means debt having past due more than 90 days. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

The Bank calculates the expected credit losses in Stage 1 and Stage 2 by groups based on the following criteria.

- Cash Products / Non-cash Products
- Customer Segments: Commercial and Retail / Corporate
- Product Types: Instalment Credits, Renewable Loans (Rotative), Spot Loan, Overdraft Accounts and Other

VIII. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets measured at amortized cost depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities.

Funds given against securities purchased under agreements to resell (“reverse repo”) are accounted under “Receivables from reverse repurchase agreements” on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method. The Bank does not have any securities that are subject to any payment.

The income and expenses from these transactions are reflected to the “Interest Income on Money Market Transactions” and “Interest Expense on Money Market Transactions” accounts in the income statement.

As at 30 September 2023, the Bank has repurchase agreements amounting to TL 210,355 (31 December 2022: None).

As at 30 September 2023, the Bank has no securities subject to securities lending (31 December 2022: None).

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X. Explanations on Non-current Assets Held for Sale and Discontinued Operations and Liabilities Related to These Assets

Assets held for sale with high probability of sale, are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. In addition, the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or cancelling the plan is low.

As at 30 September 2023, the Bank has assets held for sale amounting to TL 61,121 (31 December 2022: TL 68,244).

A discontinued operation is a part of a bank that is disposed of or classified as held for sale. The results of discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

XI. Explanations on Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

Other intangible assets are accounted for at cost less accumulated amortization. Other intangible assets are amortized with straight-line method based on their economic lives. There is no change in the amortization method in the current period.

The intangible assets comprising purchased software are in the other intangible fixed assets. As of the balance sheet date, all software are purchased and there are no completed or continuing software development projects by the Bank.

	%
Intangible Assets	7-33

XII. Explanations on Tangible Fixed Assets

Tangible fixed assets are accounted for at acquisition cost less accumulated depreciation. Tangible fixed assets are depreciated with straight-line method. While those acquired before 1 January 2004 are depreciated with the rates valid in prior periods, the fixed assets acquired after 1 January 2004 are depreciated with the rates determined by the Ministry of Finance based on useful economic lives.

Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. Depreciation method is not changed in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Financial Lease	2-50
Furniture, Fixtures and Office Equipment and Others	2-33

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Normal maintenance and repair cost of the properties are expensed.

There is no pledge, mortgage, or any other restrictions on tangible fixed assets.

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XIII. Explanations on Leasing Transactions

As of the balance sheet date, the Bank does not have authorization for any financial leasing transactions as lessor.

“IFRS 16 Leases” Standard was published in the Official Gazette dated 16 April 2018 and numbered 29826. According to this standard, the difference between operating leases and financial leases has been eliminated and leasing transactions is reflected on the balance sheet by the lessee as the asset (utilization right) and lease payable, and the interest expense related to the lease liability has reflected to the accounts separately. The Bank started to use IFRS 16 Leases standard starting from 1 January 2019.

The Bank measures the leasing liability at the present value of the remaining lease payments, discounted at the Bank's application date using the reference interest rate at the date of application. In addition, the Bank measures the existence of the right to use of such right at an amount equal to the lease obligation which is reflected in the statement of financial position immediately after the first application date and adjusted for the amount of all prepayment or accrued lease payments.

In accordance with IFRS 16, the Bank measures the lease obligation based on the present value of the lease payments, which were not paid at the date of the lease commencement. Lease payments are discounted using the reference rate of the Bank.

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use assets:

The right to use asset is first recognized by cost method and includes:

- a) The initial measurement amount of the lease obligation,
- b) The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) All initial direct costs incurred by the Bank

When Bank applying the cost method, the existence of the right to use:

- a) accumulated depreciation and accumulated impairment losses are deducted and
- b) measures the restatement of the lease obligation at the restated cost. The Bank applies TAS 16 Property, Plant and Equipment while depreciating the right of use assets.

Lease Obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the reference interest rate.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increase the book value to reflect the interest on the lease obligation
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring or reflect to fixed lease payments as of revised nature.

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

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XIV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation and discounted to present value if material.

According to the legal department of the Bank, the total number of ongoing cases against the Bank is 389 as of the balance sheet date. The total amount of those cases consists of TL 16,271, USD 804 Thousand and EUR 193 Thousand. There is a provision of TL 35,753 in the accompanying financial statements for these cases (31 December 2022: TL 20,834).

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans:

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30-day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct in accordance with TAS 19 Turkish Accounting Standard on Employee Benefits.

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. As per the Official Gazette No. 28585 dated 12 March 2013, in accordance with the Turkish Accounting Standard on Employee Benefits (TAS 19) as of 30 September 2023, the actuarial loss recognized in equity amounts to TL 1,046 (31 December 2022: TL 12,346 actuarial loss).

The Bank has no employees are the member of retirement fund or foundation.

Defined Contribution Plans:

The Bank pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Short-term Employee Benefits:

In accordance with TAS 19 "Turkish Accounting Standard on Employee Benefits", defined liabilities that arise from unused leave payments are accrued in the related period and are not discounted.

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XVI. Explanations on Taxation

Corporate Tax:

According to Article 37 of the Corporate Tax Law, as of 1 January 2006, corporate income are taxed at a rate of 20%. In accordance with the regulation introduced with the Law No. 7316 on the "Law on the Collection of Public Claims and Amendments to Some Laws", this rate has been determined as 25% and 23% to be applied to corporate earnings for the 2021 and 2022 taxation periods and the Council of Ministers has been authorized to reduce the said rate up to 20%. In accordance with the regulation introduced with the Law No. 7394 on "The Law on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law and Amending Some Laws and Statutory Decrees", this rate has been determined as 25% to apply to banks, he corporate earnings of electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies, starting from 2022, for the taxation period. With Law No. 7456 published in the Official Gazette No. 32249 dated 15 July 2023, the corporate tax rate for banks was determined as 30%. This rate has entered into force starting from the declarations to be submitted as of 1 October 2023 and will be applied to corporate earnings for the accounting periods starting from 1 January 2023.

The tax legislation requires advance tax of 25% to be calculated and paid based on earnings generated for each quarter. Such advance taxes calculated and paid are offset against the final tax liability for the year.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one instalment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities. The Bank has not any tax provision in current period. (31 December 2022: None).

Deferred Tax:

The Bank calculates and reflects deferred tax asset or liability on timing differences, which will result in taxable or deductible amounts in determining taxable profit of future periods.

In accordance with TAS No: 12 "Turkish Accounting Standard on Income Taxes" and the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated 8 December 2004, the Bank calculates deferred tax asset on carry forward tax losses and all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

The deferred tax resulting from differences related to items that are debited or credited directly to equity is netted with these accounts.

Furthermore, as per the above circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

The net deferred tax asset is presented under deferred tax asset and the net deferred tax liability is presented under deferred tax liability on the balance sheet. The deferred tax income/expense is presented in the accompanying income statement as deferred tax provision and there is no deferred tax expense in current period (31 December 2022: TL 23,027 expense).

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XVII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

The Bank has not issued convertible bonds.

XVIII. Explanations on Issued Share Certificates

The Bank does not have any issued debt securities. As of the date of approval of these financial statements, there is no subsequent dividend announcement of the Bank.

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

Since the Bank is not listed entity, disclosure requirements of TFRS 8 are not applicable for the Bank.

XXII. Explanations on Other Matters

None.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations Related to Items of Shareholders' Equity

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

As of 30 September 2023, the Bank's total equity has been calculated as TL 1,262,021 capital adequacy ratio is 19.32%. 31 December 2022 calculations have been made within the framework of the abolished regulations and the Bank's total equity amounted to TL 642,360, capital adequacy ratio was 13.75% calculated pursuant to former regulations. The Bank's capital adequacy standard ratio is above the minimum ratio determined by the relevant legislation.

	Current Period 30 September 2023(*)
Common Equity Tier 1 Capital	
Paid-in capital to be entitled for compensation after all creditors	1,000,000
Share issue premiums	-
Retained earnings	-
Earnings reflected in equity in accordance with Turkish Accounting Standards (TAS)	8,867
Profit	609,493
Net profit of the period	609,493
Prior years' profit	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	2,807
Common Equity Tier 1 Capital Before Deductions	1,621,167
Deductions from Common Equity Tier 1 Capital	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognized in equity in accordance with TAS	(365,952)
Improvement costs for operating leasing (-)	-
Goodwill remaining after offsetting with the related deferred tax liability	(5,348)
Other intangible assets, excluding mortgage servicing rights, after offsetting with the related deferred tax liability	(11,704)
The remaining part of the deferred tax asset based on future taxable income, excluding deferred tax assets based on temporary differences, after offsetting with the related deferred tax liability	(5,000)
Differences that arise when assets or liabilities that are not monitored at fair value are subject to cash flow hedges	-
The portion of the total expected loss amount calculated in accordance with the Communiqué on the Calculation of the Amount Subject to Credit Risk with Approaches Based on Internal Ratings, exceeding the total provision amount	-
Gains from securitization transactions	-
Unrealized gains and losses resulting from differences in the fair value of the bank's liabilities due to changes in credit worthiness	-
Net amount of defined benefit plan assets	-
Direct or indirect investments made by the bank in its own core capital	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
Mortgage servicing rights (amount above 10% threshold)	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Amount exceeding the 15% threshold (as set out in the paragraph 2 of the Provisional Article 2 of the Regulation on Banks' Own Funds)	-
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 not deducted from Tier I Capital (-)	-
Excess amount arising from the rights to provide mortgage services	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	-
Other items to be determined by the BRSA	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
Total Common Equity Tier 1 Capital	(388,004)
Common Equity Tier 1 Capital	1,233,163

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I. Explanations Related to Items of Shareholders' Equity (cont'd)

Additional Tier 1 Capital

Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-

Additional Tier 1 capital before regulatory adjustments

Additional Tier 1 capital: regulatory adjustments

Direct and indirect investments of the bank on its own additional tier i capital	-
Investments in equity instruments issued by banks or financial institutions invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital	-
The total of net long position of the direct or indirect investments in additional Tier I Capital of unconsolidated banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital	-
Other items to be defined by the BRSA	-

Regulatory Adjustments which will be deducted from Tier 1 Capital During the Transition Period

Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
The amount to be deducted from the additional main capital in case of insufficient contribution capital (-)	-

Total Deductions from Tier II Capital

Total Additional Tier 1 capital

Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)	1,233,163
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Tier 2 Capital

Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	28,858

Tier II Capital Before Deductions

Deductions From Tier II Capital

Direct and indirect investments of the bank on its own Tier II Capital (-)	-
Investments in equity instruments issued by banks and financial institutions invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I Capital (-)	-
Other items to be defined by the BRSA (-)	-

Total regulatory adjustments to Tier 2 capital

Total Tier 2 capital

Total Capital (The sum of Tier 1 capital and Tier 2 capital)	1,262,021
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The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)

Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	-
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition	-
Other items to be defined by the BRSA	-

Regulatory Adjustments which will be deducted from Total Capital during the transition period

Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-

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I. Explanations Related to Items of Shareholders' Equity (cont'd)

Capital	1,262,021
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	1,262,021
Total Risk Weighted Assets	6,531,020
CAPITAL ADEQUACY RATIOS	
Common Equity Tier 1 Capital Adequacy Ratio (%)	18.88
Tier 1 Capital Adequacy Ratio (%)	18.88
Capital Adequacy Ratio (%)	19.32
BUFFERS	
Total buffer requirement (%)	2.52
Capital conservation buffer requirement (%)	2.50
Bank specific countercyclical buffer requirement (%)	0.02
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation (%)	14.38
Amounts Below the Thresholds for Deduction	-
Remaining total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-
Remaining total of net long positions of the investments in Tier I Capital of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital	-
Mortgage servicing rights	-
Deferred tax assets arising from temporary differences	-
Applicable Caps on The Inclusion of Provisions in Tier 2 Capital	-
General loan provisions for exposures in standard approach (before limit of one hundred and twenty-five per ten thousand)	-
General loan provisions for exposures in standard approach limited by 1.25% of risk weighted assets	28,858
Total loan provision that exceeds total expected loss calculated according to Communiqué on calculation of credit risk by internal ratings-based approach	-
Total loan provision that exceeds total expected loss calculated according to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, limited by 0.6% risk weighted assets	-
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)	-
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
There is no amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.	-

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I. Explanations Related to Items of Shareholders' Equity (cont'd)

	Prior Period 31 December 2022 (*)
Common Equity Tier 1 Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	1,000,000
Share premium	-
Legal reserves	-
Accumulated other comprehensive income in accordance with Turkish Accounting Standards (TAS)	9,912
Profit	124,653
Net profit for the period	124,653
Prior periods' profit	-
Bonus shares from associates, subsidiaries and joint ventures not accounted in current period's profit	2,807
Common Equity Tier 1 Capital Before Deductions	1,137,372
Deductions from Common Equity Tier 1 Capital	
Valuation adjustments calculated according to clause (I) of first paragraph of the 9th article of the Regulation on Owners Equity of Banks	-
The portion of the net period loss and the sum of previous years' losses that cannot be covered by reserves and losses reflected in equity in accordance with TAS	(490,286)
Leasehold improvements on operational leases (-)	(1,236)
Goodwill remaining after offsetting with the related deferred tax liability	(13,691)
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(5,000)
Differences that are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-
Gains arising from securitization transactions	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Direct and indirect investments of the Bank in its own Common Equity	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-
Excess amount arising from mortgage servicing rights	-
Excess amount arising from deferred tax assets based on temporary differences	-
Other items to be defined by the BRSA	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-
Total deductions From Common Equity Tier 1 Capital	(510,213)
Total Common Equity Tier 1 Capital	627,159

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I. Explanations Related to Items of Shareholders' Equity (cont'd)

Additional Tier I Capital

The capital corresponding to the privileged shares not included in the core capital and the issuance premiums related to them

Debt instruments and premiums approved by BRSA

Debt instruments and premiums approved by BRSA (Temporary Article 4)

Additional Tier I Capital before deductions

Deductions from additional Tier I Capital

Direct and indirect investments of the Bank in its own Additional Tier I Capital

Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7

Total of net long positions of the investments in equity items of unconsolidated Banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital

The total of net long position of the direct or indirect investments in additional Tier I capital of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital

Other items to be defined by the BRSA

Items that will Continue to deduce from the Core Capital during Transition

Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not deducted from

Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)

Portion of the 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 (-)

Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-)

Total deductions From Additional Tier I Capital

Total additional Tier I Capital

Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital) 627,159

Tier II Capital

Debt instruments and share issue premiums deemed suitable by the BRSA

Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)

Provisions (Article 8 of the Regulation on the Equity of Banks) 15,201

Tier II Capital Before Deductions 15,201

Deductions from Tier II Capital

Direct and indirect investments of the Bank on its own Tier II Capital (-)

Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8

Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)

Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank

Other items to be defined by the BRSA (-)

Total deductions from Tier II Capital

Total Tier II Capital 15,201

Total Capital (The sum of Tier I Capital and Tier II Capital) 642,360

Deductions from Total Capital

Deductions from Capital Loans granted contrary to the 50th and 51st 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

In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to

Download Components

The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds

The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds

The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first and second sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds

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I. Explanations Related to Items of Shareholders' Equity (cont'd)

Capital	642,360
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	642,360
Total Risk Weighted Assets	4,673,527
CAPITAL ADEQUACY RATIOS	
Common Equity Tier 1 Capital Adequacy Ratio (%)	13.42
Tier 1 Capital Adequacy Ratio (%)	13.42
Capital Adequacy Ratio (%)	13.75
BUFFERS	
Total buffer requirement (%)	2.510
Capital conservation buffer requirement (%)	2.500
Bank specific countercyclical buffer requirement (%)	0.010
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 (%)	8,919
Amounts Below the Excess Amount in the Discount Principles to be Applied	-
The amount arising from the net long positions of the investments made in the equity elements of the unconsolidated banks and financial institutions in which 10% or less of the partnership interests are held	-
The amount arising from the net long positions of the investments made in the core capital elements of unconsolidated banks and financial institutions in which more than 10% of the partnership shares are held	-
Mortgage servicing rights	-
Deferred tax assets arising from temporary differences	-
Applicable Caps on the Inclusion of Provisions in Tier 2 Capital	-
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	15,201
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	15,201
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)	-
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
There are no amounts to be taken into consideration at the end of the transition period for the items subject to the transition provisions within the Provisional Articles of the "Regulation on Owners' Equity of Banks"...	-

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II. Explanations Related to Currency Risk

Foreign currency risk indicates the probability of loss that the Bank is subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and risk is calculated by using the standard method.

The Board of Directors of the Bank sets limits for the positions, which are followed up weekly/daily. Any possible changes in the foreign currency transactions in the Bank's positions are also monitored.

The announced current foreign exchange buying rates of the Bank at 30 September 2023 and the previous five working days in full TL are as follows (Bank foreign currency evaluation rates):

	23 September 2023	25 September 2023	26 September 2023	27 September 2023	28 September 2023	29 September 2023
USD	27.1034	27.1788	27.2394	27.2806	27.3838	27.3885
CHF	29.9296	29.7918	29.8154	29.6893	29.8568	29.9587
GBP	33.2452	33.1853	33.1688	33.1088	33.3663	33.4474
100 JPY	18.2790	18.2560	18.2760	18.2530	18.3310	18.3400
EUR	28.8793	28.8022	28.8389	28.6851	28.8748	28.9601

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 30 September 2023 are as follows:

	Monthly Average Foreign Exchange Rate
USD	26.9713
CHF	30.0152
GBP	33.4433
100 JPY	18.2562

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II. Explanations Related to Currency Risk (cont'd)

30 September 2023	EURO	USD	YEN	OTHER FC	TOTAL
Assets					
Cash (Cash, Banknotes, Money in Transit, Purchased Checks, Precious Metal Warehouse) and Central Bank	104,691	1,150,893	-	1	1,255,585
Banks	182,585	1,435,335	1,913	11,284	1,631,117
Financial Assets at Fair Value through Profit or Loss (****)	-	-	-	-	-
Receivables from Money Markets	-	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	28	-	-	28
Loans Given (*)	819,080	1,308,673	-	-	2,127,753
Associates, Subsidiary and Joint Ventures under Common control (Joint Ventures)	-	-	-	-	-
Financial Assets at Amortized Cost	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (****)	55	68,504	-	1	68,560
Total Assets	1,106,411	3,963,433	1,913	11,286	5,083,043
Liabilities					
Banks Deposits	2	479	-	-	481
Foreign Exchange Deposit Account	779,978	3,388,026	4	4,301	4,172,309
Payables to Money Markets	-	-	-	-	-
Funds from Other Financial Institutions	-	-	-	-	-
Securities Issued	-	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	73,897	269,376	-	-	343,273
Total Liabilities	853,877	3,657,881	4	4,301	4,516,063
Net Balance Sheet Position	252,534	305,552	1,909	6,985	566,980
Net Off-Balance Sheet Position	(267,883)	(267,045)	-	-	(534,928)
Receivables from Derivative Financial Instruments (***)	318,559	7,021,554	-	-	7,340,114
Liabilities from Derivative Financial Instruments (***)	(586,442)	(7,288,599)	-	-	(7,875,041)
Non-Cash Loans (**)	134,314	171,882	-	-	306,196
31 December 2022					
Total Assets (*) (****)	595,411	1,625,463	1,609	7,262	2,229,745
Total Liabilities	281,382	1,859,349	17	4,216	2,144,964
Net Balance Sheet Position	314,029	(233,886)	1,592	3,046	84,781
Net Off-Balance Sheet Position	(311,006)	232,890	-	-	(78,116)
Receivables from Derivative Financial Instruments (***)	1,057,053	4,464,044	-	-	5,521,097
Liabilities from Derivative Financial Instruments (***)	(1,368,059)	(4,231,154)	-	-	(5,599,213)
Non-Cash Loans (**)	164,449	371,296	-	-	535,745

(*) Foreign currency indexed loans are not included in the loan portfolio.

(**) It has no effect on the net off-balance sheet position.

(***) It also includes forward asset purchase and sale commitments amounting to TL 201,816 and TL 202,355 (31 December 2022: TL 367,561 and TL 368,140).

(****) Foreign currency amounts that are not included in the foreign currency risk table in accordance with the Regulation on Calculation of Foreign Currency Net General Position / Equity Standard Ratio are disclosed according to the order in the financial statements:

- Derivative financial assets held for trading: TL 7,138,298 (31 December 2022: None.)

- Derivative financial liabilities held for trading: TL 7,864,905 (31 December 2022: TL 10,752,749)

Foreign currency sensitivity

The following table details the Bank's sensitivity to a 10% increase or decrease in the TL against USD and EURO. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. Positive/ (Negative) number indicates a change in profit or loss and other equity where USD and EUR increase 10% against TL.

Change in currency rate in %		Effect on profit/loss		Effect on equity	
		30 September 2023	31 December 2022	30 September 2023	31 December 2022
US Dollar	10 increase	3,808	100	-	-
US Dollar	10 decrease	(3,808)	(100)	-	-
EURO	10 increase	(1,535)	302	-	-
EURO	10 decrease	1,535	(302)	-	-
Other Currency	10 increase	889	464	-	-
Other Currency	10 decrease	(889)	(464)	-	-

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III. Explanations Related to Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and the Asset-Liability Committee manages it. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

Risk Department performs duration, maturity and sensitivity analysis to protect the effect of interest rate volatility and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budgeted targets.

The Bank management follows the market interest rates daily and revises the interest rates of the Bank whenever necessary.

Since the Bank does not permit maturity mismatches or imposes limits on mismatch, a significant interest rate risk exposure is not expected.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
30 September 2023							
Assets							
Cash Values (Cash, Effective Reserve, Cash in Transit							
Cheques Purchased, Precious Metal Reserve) and the							
Central Bank of Turkey	2,521,059	-	-	-	-	263,797	2,514,856
Banks (****)	549,490	-	-	-	-	1,081,931	1,631,421
Financial Assets at Fair Value Through Profit or							
Loss	-	-	-	-	-	-	-
Receivables from Money Markets	687,206	-	-	-	-	-	687,206
Financial Assets at Fair Value Through Other							
Comprehensive Income	-	-	-	252,004	-	138	252,142
Loans Given (*)	4,493,644	2,123,063	2,449,618	441	-	2,508	9,069,274
Financial Assets at Amortized Cost	476,628	-	98,804	-	-	-	575,432
Other Assets (**)	-	306,934	-	-	-	451,306	758,240
Total Assets	8,458,027	2,429,997	2,548,422	252,445	-	1,799,680	15,488,571
Liabilities							
Bank Deposits	-	-	-	-	-	2,215	2,215
Other Deposits	6,753,522	3,596,354	2,384,383	-	-	638,445	13,372,704
Payables to Money Markets	50	-	-	-	-	-	50
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (***)	567,409	1,008	-	-	-	1,545,185	2,113,602
Total Liabilities	7,320,981	3,597,362	2,384,383	-	-	2,185,845	15,488,571
Balance Sheet Long Position	1,137,046	-	164,039	252,445	-	-	1,553,530
Balance Sheet Short Position	-	(1,167,365)	-	-	-	(386,165)	(1,553,530)
Off-Balance Sheet Long Position	-	-	-	-	-	15,454,758	15,454,758
Off-Balance Sheet Short Position	-	-	-	-	-	(15,057,965)	(15,057,965)
Total Position	1,137,046	(1,167,365)	164,039	252,445	-	10,628	396,793

(*) Up to 1-month column consist of revolving loans and corporate FC indexed loans.

(**) Other assets line in the interest-free column includes tangible assets amounting to TL 148,177, intangible assets amounting to TL 11,703, fixed assets held for sale amounting to TL 61,121, deferred tax assets amounting to TL 5,000, and other assets amounting to TL 225,305.

(***) Other liabilities line in the interest-free column includes equity amounting to TL 1,258,299, provisions amounting to TL 196,561 and other liabilities amounting to TL 90,325.

(****) Expected loss provisions amounting to TL 424 are deducted from the Banks item.

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III. Explanations Related to Interest Rate Risk (cont'd)

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
31 December 2022							
Assets							
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Purchased, Precious Metal Reserve) and the Central Bank of Turkey	-	696,413	-	-	-	120,172	816,585
Banks	356,033	-	-	-	-	237,094	593,127
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Receivables from Money Markets	229,553	20,604	-	-	-	-	250,157
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	19	-	138	157
Loans Given (*)	2,446,916	539,807	350,418	201	-	124,199	3,461,541
Financial Assets at Amortized Cost	572,119	-	1,018,221	235,159	-	-	1,825,499
Other Assets (**)	-	143,126	-	-	-	348,535	491,661
Total Assets	3,604,621	1,399,950	1,368,639	235,379	-	830,138	7,438,727
Liabilities							
Bank Deposits	-	-	-	-	-	4,433	4,433
Other Deposits	3,119,660	1,868,201	214,090	612	-	438,320	5,640,883
Payables to Money Markets	566,827	-	-	-	-	-	566,827
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (***)	345,020	1,383	-	-	-	880,181	1,226,584
Total Liabilities	4,031,507	1,869,584	214,090	612	-	1,322,934	7,438,727
Balance Sheet Long Position	-	-	1,154,549	234,767	-	-	1,389,316
Balance Sheet Short Position	(426,886)	(469,634)	-	-	-	(492,796)	(1,389,316)
Off-Balance Sheet Long Position	-	-	-	-	-	10,930,748	10,930,748
Off-Balance Sheet Short Position	-	-	-	-	-	(10,767,624)	(10,767,624)
Total Position	(426,886)	(469,634)	1,154,549	234,767	-	(329,672)	163,124

(*) Revolving loans and Corporate Currency Indexed revolving loans are classified in the Up to 1 month column.

(**) Other assets line in the non-interest column includes tangible assets amounting to TL 84,176, intangible assets amounting to TL 13,690, non-current assets held for sale amounting to TL 68,244, sundry receivables amounting to TL 7,768, deferred tax receivables amounting to TL 5,000 and other assets amounting to TL 169,657.

(***) Other liabilities line in the interest-free column includes equity amounting to TL 650,171, provisions amounting to TL 172,014 and other liabilities amounting to TL 57,271.

(****) Expected loss provisions amounting to TL 154 are deducted from the Banks item.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TL %
30 September 2023				
Assets				
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Purchased) and The Central Bank of Turkey	-	-	-	-
Banks	-	3.82	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Receivables from Money Market	2.53	-	-	19.27
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	7.38	-	-
Loans Given	7.55	8.22	-	18.28
Financial Assets Measured at Amortized Cost	-	-	-	16.23
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	2.80	4.88	-	21.44
Money Market Borrowings	-	-	-	9.84
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-

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III. Explanations Related to Interest Rate Risk (cont'd)

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TL %
31 December 2022				
Assets				
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Purchased) and The Central Bank of Turkey	-	-	-	-
Banks	-	1.32	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Receivables from Money Market	0.57	0.75	-	15.44
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	6.34	-	-
Loans Given	4.75	6.41	-	24.86
Financial Assets Measured at Amortized Cost	-	-	-	17.83
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	1.67	3.49	-	19.22
Money Market Borrowings	-	-	-	12.53
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-

Interest rate risk arising from banking accounts:

According to the "Regulation on Measurement and Evaluation of the Interest Rate Ratio of Banking Accounts Based on Standard Shock", which is divided into different currencies of the Bank, the following table shows the economic value differences arising from interest rate fluctuations as of 30 September 2023:

Currency	Shocks Applied (+ / - basis points)*	Gains / Losses	Gains / Equity – Losses / Equity
	500	(35,563)	(3%)
TL	(400)	35,231	3%
	200	(1,312)	0%
EURO	(200)	1,344	0%
	200	(2,992)	(0%)
USD	(200)	3,064	0%
Total (of Negative Shocks)		39,639	3%
Total (of Positive Shocks)		(39,866)	(3%)

* Separate lines are entered for each shock with a different magnitude and direction applied to a currency.

IV. Explanations on Stock Position Risk

The Bank has no outstanding stock position.

V. Explanations on Liquidity Risk and Liquidity Coverage Ratio

Liquidity risk is the risk that arises as a result of not having enough cash or cash inflows to meet the cash outflows fully and on time as a result of the imbalance in the cash flow.

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets.

The Bank's policy is to establish an asset structure that can meet all kinds of liabilities by liquid sources at all times. In this context, liquidity problem has not been faced in any period. In order to maintain this, the Board of Directors of the Bank continuously determines standards for the liquidity ratios and monitors them.

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V. Explanations on Liquidity Risk and Liquidity Coverage Ratio (cont'd)

In accordance with the Bank's general policies, the harmony of maturity structures of assets and liabilities and interest rates is ensured within the Asset-Liability Management strategies, and the difference between the return and cost of Asset-Liability items in the balance sheet is constantly tried to be managed positively. In line with this strategy, various crisis scenarios created by the Risk Management Group are presented to the Senior Management and the Audit Committee.

When the funding and liquidity sources are considered, the Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of pre-financing and syndication products to generate additional sources.

The Bank calculated liquidity adequacy ratio in both foreign currency and total amount as per Basel III and reported to BRSA according to Bank's Regulation on Measurement and Evaluation of Liquidity Adequacy Ratio declared in 2013. Furthermore, the Bank reports liquidity risk analysis form weekly to BRSA in 2013.

While the unconsolidated FC liquidity coverage ratios calculated weekly for the last three months were the lowest (04/07/2023) (120%) and the highest FX (30/08/2023) (523%), total liquidity coverage ratios are the lowest (02/08/2023) (43%) and the highest (19/09/2023) (556%).

Liquidity risk in a Bank is evaluated separately with respect to normal market conditions and market fluctuations, which can possibly occur. The Bank makes the required diversification in its assets and liabilities via considering related currencies in order to meet its obligation to pay.

Liquidity deficit report is issued through the quantitative evaluation of daily and cumulative deficits in local currency and foreign currency in the framework of ordinary and stressful environment. Liquidity deficit report includes deficit-maturing liabilities in any period of borrowings and placements made in order to replacement assets. Liquidity deficit report is based on current balance sheet and includes off-balance sheet derivative transactions and commitments, which can affect the balance sheet. Liquidity report is issued quarterly over TL and foreign currency.

Liquidity Risk Measurement is to determine the non-conformance between assets and liabilities, which can occur because of challenges encountered in decreasing the asset positions if the assets of the Bank are pledged, and the assets cannot be sold with relative ease, or the market returns to liquid assets at different levels. The liquidity of the Bank is designed to meet the due liabilities of the bank. The courses followed by the Bank to reach the aforementioned purpose are as follows:

- Measurement of day liquidity
- Short-term funding
- Liquid assets
- Structural liquidity
- Diversification of liquidity resources
- Stress tests

The Treasury department in coordination with marketing department performs liquidity management while stress test and scenario analyses studies are performed under the coordination of Risk Management Group with the views and suggestions of other related departments. Results of stress test are reported to executives regularly and submitted to Audit Committee quarterly by the Risk Management Group. Loan losses, delays in loan repayment and deposit withdrawals are used as variables in these stress test scenarios. Additional capital allocation is not made for liquidity risk.

Stress tests examine the possible effect of an event on balance sheet and net potential cumulative deficit quantitatively and foresee the required additional funding with respect to a defined stress scenario. Stress tests are performed quarterly over TL and foreign currency unless they are required to be performed more often due to a change occurring in market conditions.

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V. Explanations on Liquidity Risk and Liquidity Coverage Ratio (cont'd)

The Bank operates periodical liquidity analyses, which compare the inflows and outflows of funds and cover a specific period. The following issues are taken into consideration in these analyses:

- Assumptions based on anticipated inflow and outflow of funds
- Capability of bank to convert its assets into cash
- Liquidity instruments provided by the Central Bank
- Loss of value which occurs while liquidating assets in market fluctuations
- Market conditions for specified several asset classifications

Sensitivity tests are performed periodically with scenarios, which are peculiar to banks and particular to the market. These scenarios are reviewed periodically.

Chief Economist presents a short explanation regarding the recent developments in market in Committee of Assets and Liabilities meetings. Departments of Treasury, Budget Planning and Management Reporting and Retail Banking inform the Committee regarding the recent liquidity of the Bank.

Credit/Deposit rate defined by the Board of Directors of the Bank provides short-term liquidity needs of the bank not to drop below a certain level of liquidity. The Credit/Deposit rate is monitored by departments of Treasury, Budget Planning and Management Reporting and Retail Banking and discussed in Committee of Assets and Liabilities meetings. Decisions regarding liquidity are made in the light of aforementioned information. The Treasury examines weekly Liquidity Analysis Form, biweekly Stock Liquidity Rate Notification Form and weekly Liquidity Rate Notification Form (first maturity segment) and related departments in order to determine liquidity balance between assets and liabilities of the Bank in accordance with the communique of Banking Regulation and Supervision Agency.

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V. Explanations on Liquidity Risk and Liquidity Coverage Ratio (cont'd)

Liquidity Coverage Ratio:

30 September 2023		Total Value with Disregard Ratio Unapplied (*)		Consideration Rate Applied Total Value	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets			3,009,383	1,197,908
CASH OUTFLOWS					
2	Real person deposits and retail deposits	6,518,522	1,838,605	640,650	183,532
3	Stable deposit	215,303	250	10,767	12
4	Low stable deposit	6,303,219	1,838,355	629,883	183,520
5	Unsecured debts excluding real person deposits and retail deposits	5,372,546	2,200,053	2,929,527	1,089,710
6	Operational deposit	194,374	86,323	48,594	21,581
7	Non-operational deposit	3,824,294	1,717,800	1,476,454	663,385
8	Other unsecured borrowings	1,353,878	395,930	1,404,479	404,744
9	Secured borrowings			-	-
10	Other cash outflows	840,775	361,178	270,932	160,640
11	Derivative liabilities and collateral liabilities	161,047	129,998	164,234	132,839
12	Payables from structured financial instruments	-	-	-	-
13	Payment commitments for debts to financial markets and other off-balance sheet liabilities	679,728	231,180	106,698	27,801
14	Non-revocable off-balance sheet liabilities and other contractual liabilities	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet liabilities	-	-	-	-
16	TOTAL CASH OUTFLOWS			3,841,109	1,433,882
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	4,469,749	1,400,841	4,267,591	1,337,636
19	Other cash inflows	205,046	169,502	209,495	173,399
20	TOTAL CASH INFLOWS	4,674,795	1,570,343	4,477,086	1,511,035
				Total Adjusted Value	
21	TOTAL STOCK OF HQLA			3,009,383	1,197,908
22	TOTAL NET CASH OUTFLOWS			960,277	358,470
23	TOTAL STOCK OF HQLA			313.39	334.17

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

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V. Explanations on Liquidity Risk and Liquidity Coverage Ratio (cont'd)

Liquidity Coverage Ratio (cont'd):

31 December 2022		Total Value with Disregard Ratio Unapplied (*)		Consideration Rate Applied Total Value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets			2,006,099	759,960
CASH OUTFLOWS					
2	Real person deposits and retail deposits	3,621,855	1,607,271	356,285	162,523
3	Stable deposit	197,070	548	9,966	28
4	Low stable deposit	3,424,785	1,606,723	346,319	162,495
5	Unsecured debts excluding real person deposits and retail deposits	2,213,060	792,600	1,115,374	416,329
6	Operational deposit	-	-	-	-
7	Non-operational deposit	1,799,701	629,841	721,689	251,955
8	Other unsecured borrowings	413,359	162,759	393,685	164,374
9	Secured borrowings			-	-
10	Other cash outflows	573,268	213,577	101,330	32,965
11	Derivative liabilities and collateral liabilities	12,272	6,852	12,401	6,907
12	Payables from structured financial instruments	-	-	-	-
13	Payment commitments for debts to financial markets and other off-balance sheet liabilities	560,996	206,725	88,929	26,058
14	Non-revocable off-balance sheet liabilities and other contractual liabilities	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet liabilities	-	-	-	-
16	TOTAL CASH OUTFLOWS			1,572,989	611,817
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	1,663,551	930,439	1,561,050	906,601
19	Other cash inflows	16,654	2,446	16,981	2,488
20	TOTAL CASH INFLOWS	1,680,205	932,885	1,578,031	909,089
				Total Adjusted Value	
21	TOTAL STOCK OF HQLA			2,006,099	759,960
22	TOTAL NET CASH OUTFLOWS			393,247	152,954
23	LIQUIDITY COVERAGE RATIO (%)			510.14	496.85

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

A decrease is observed in cash inflow and outflows in parallel with the decrease in the volume of credit and deposit. Additionally, liabilities of the bank with respect to these transactions increase in parallel with the derivative transactions made in order to minimize the currency risk of the Bank.

High quality liquid assets consist of cash assets, central banks, securities held for trading and reverse repo items.

A significant proportion of daily cash inflow of the Bank consists of payments related to loans issued and placement of banks while a significant proportion of daily cash outflow of the Bank consists of payments related to collected deposits. Domestic and foreign banks and loan clients constitute the resource of cash inflows. The bank applies limits for the transactions, which shall be made with domestic and foreign banks, and these limits are monitored by the Risk Management Department daily.

The Bank has performed forward exchange, swap and option transactions with foreign financial institutions during 2023.

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V. Explanations on Liquidity Risk and Liquidity Coverage Ratio (cont'd)

Presentation of assets and liabilities according to their remaining maturities:

30 September 2023	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Received, Precious Metal Reserve) and Central Bank of Turkey (****)	1,563,230	504,688	268,754	178,184	-	-	-	2,514,856
Banks (*****)	1,081,931	549,490	-	-	-	-	-	1,631,421
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Receivables from Markets	-	687,206	-	-	-	-	-	687,206
Financial Assets at Fair Value at Other Comprehensive Income	138	-	-	-	252,004	-	-	252,142
Loans Given (***)	-	4,493,644	2,123,063	2,449,618	441	-	2,508	9,069,274
Financial Assets Measured at Amortized Cost	-	476,628	-	98,804	-	-	-	575,432
Other Assets	-	-	306,934	-	-	-	451,306	758,240
Total Assets	2,645,299	6,711,656	2,698,751	2,726,606	252,445	-	453,814	15,488,571
Liabilities								
Bank Deposits	2,213	-	-	-	-	-	-	2,213
Other Deposits	638,445	6,753,522	3,596,356	2,384,383	-	-	-	13,372,706
Funds from Other Financial Institutions	-	-	-	-	-	-	-	-
Payables to Money Markets	-	50	-	-	-	-	-	50
Issued Securities	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-	-
Other Liabilities (**)	-	567,409	1,008	-	-	-	1,545,185	2,113,602
Total Liabilities	640,658	7,320,981	3,597,364	2,384,383	-	-	1,545,185	15,488,571
Liquidity Deficit	2,004,641	(609,325)	(898,613)	342,223	252,445	-	(1,091,371)	-
Net Off-Balance Position	-	143,804	205,436	47,553	-	-	-	396,793
Receivables from Derivative Financial Instruments	-	6,498,728	7,200,554	1,755,476	-	-	-	15,454,758
Payables from Derivative Financial Instruments	-	6,354,924	6,995,118	1,707,923	-	-	-	15,057,965
Non-Cash Loans	-	51,728	380,964	1,106,757	36,724	388,024	-	1,964,197
31 December 2022								
Total Assets	563,973	3,898,350	879,436	1,388,797	235,437	-	472,734	7,438,727
Total Liabilities	442,753	4,031,507	1,869,584	214,090	612	-	880,181	7,438,727
Liquidity Deficit	121,220	(133,157)	(990,148)	1,174,707	234,825	-	(407,447)	-
Net Off-Balance Position	-	26,480	55,042	81,602	-	-	-	163,124
Receivables from Derivative Financial Instruments	-	3,582,606	5,688,991	1,659,151	-	-	-	10,930,748
Payables from Derivative Financial Instruments	-	3,556,126	5,633,949	1,577,549	-	-	-	10,767,624
Non-Cash Loans	-	125,194	300,172	847,450	54,737	282,964	-	1,610,517

(*) The assets, which are necessary to provide banking services and cannot be liquidated in the short term, such as tangible assets, investments in subsidiaries and associates and non-performing loans are classified under undistributed.

(**) Shareholders' equity is shown under "Other Liabilities" in "Undistributed Column".

(***) Revolving loans and corporate foreign currency indexed revolving loans are classified in up to 1-month column.

(****) Reserve requirement distribution is based on maturity distribution of liabilities on which the reserve is calculated.

(*****) Expected loss provisions amounting to TL 424 are deducted from the Banks item.

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VI. Explanations Related to Leverage Ratio

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

As of 30 September 2023, the leverage ratio of the Bank calculated from quarterly average amounts is 9.02% (31 December 2022: 7.32%). This rate is above the minimum rate. The regulation stipulates the minimum leverage ratio as 3%.

Leverage ratio public disclosure template

	On-balance sheet assets	30 September 2023 (*)	31 December 2022 (*)
1	On-balance sheet assets (except derivative financial instruments and credit derivatives, including collateral)	11,602,733	8,002,871
2	(Assets deducted from Tier 1 capital)	(388,150)	(525,239)
3	Total risk amount for on-balance sheet assets (Total of lines 1 and 2)	11,214,583	7,477,632
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	429,303	352,945
5	Potential credit risk amount of derivative financial instruments and credit derivatives	104,090	66,260
6	Total risk amount for derivative financial instruments and credit derivatives (Total of lines 4 and 5)	533,393	419,205
	Securities or commodity-backed financing transactions		
7	Risk amount of securities or commodity-backed financing transactions (excluding on-balance sheet)	-	-
8	Amount of risk arising from brokered transactions	-	-
9	Total exposure to securities or commodity-backed financing transactions (Total of lines 7 and 8)	-	-
	Off-balance sheet transactions		
10	Gross nominal amount of off-balance sheet transactions	1,796,356	1,425,993
11	(Adjustment amount due to multiplication of conversion rates)	(357,217)	(300,120)
12	Total risk amount related to off-balance sheet transactions (Total of lines 10 and 11)	1,439,139	1,125,873
	Capital and Total risk		
13	Main capital	1,189,214	656,207
14	Total risk amount (Total of lines 3, 6, 9 and 12)	13,187,115	9,022,710
	Leverage ratio		
15	Leverage ratio	9.02%	7.27%

(*)The three-month average of the amounts in the table is taken.

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VII. Risk Management Objectives and Policies

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. According to Communiqué must be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

The Bank's Risk Management Approach

Risks for all banking processes and related sub-processes are identified and risk values are defined. In order to evaluate the effectiveness of the defined risk-based controls, the risk values are now automatically calculated, and the changes are monitored continuously. The Bank focuses on lending in the corporate and SME segments, operates within the limits set for market risk, and cannot carry operational risk appetite in order to minimize operational risk. The Bank's risk profile and business model are integrated under the risk appetite policy. Accordingly, the Bank must proceed in line with the limits set in the business model.

The structure and organization of the risk management system in terms of the function and responsibilities of the Risk Management Group depends on the Board of Directors. Loyalty to the Board of Directors takes place through the Audit Committee. Risk Management conducts its activities under the supervision of the Audit Committee within the framework of the provisions of the "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" published by BRSA. Risk management considers credit, market, interest rate, concentration, liquidity risks and operational risks in their works as the basic principle to establish the limits of these risks and control processes. The Bank has established a stress-test-driven management by taking into account the changes in the market, as well as the maximum amount of loss that may arise in Credit Risk, Operational Risk, Market Risk and other risks within the scope of internal capital management.

Policies, procedures, workflows and similar documents published by internal systems and all other departments are in a common portal accessible to all bank employees, and changes made to existing documents or newly published documents are provided to employees via e-mail. There are many policies and procedures including Credit Policy, Risk Management Policies (Risk Appetite Policy, Market Risk, Liquidity Risk, Operational Risk, Concentration Risk, Country and Counterparty Risks etc.) assessed and reviewed annually.

The Risk Management Department inform the Board of Directors and top management by monthly basis reports on credit risk, market risk, and operational risk areas. Credit risk concentration (borrower/group, business line, sector, maturity, currency, collateral etc.), analyses on the defaulting loan portfolio and stress tests, and analyses of capital adequacy; internal and legal market risk limits and compliance with operational risk losses. Apart from this, with the PD analysis reports made in the field of Credit Risk for 3 months, various breakdowns are analyzed based on the number of defaults in which the borrower has the default rate. In addition, the report of the Audit Committee, which is prepared for 3 months, includes analyses on all risk types (capital adequacy, limits on market and liquidity risk, defaulting loan portfolio, sectoral information, credit concentration, risks related to information technology, etc.).

The Bank reduces the risks arising from the credit activity as determined by the process and policies it has established. The main instrument used in risk mitigation is collateral, and the collaterals obtained by the collateralization policy are managed by the Credits and Risk Management divisions such as portfolio, customer, collateral type, etc. and monitored regularly.

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VII. Risk Management Objectives and Policies (cont'd)

Overview of Risk Weighted Assets

		RWA		Minimum capital liability
		30 September 2023	31 December 2022	30 September 2023
1	Credit risk (excluding counterparty credit risk)	5,526,156	3,656,251	442,092
2	Standardized approach	5,526,156	3,656,251	442,092
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	343,273	263,805	27,462
5	Standardized approach for counterparty credit risk	343,273	263,805	27,462
6	Internal model method	-	-	-
7	Stock positions in the banking account in the simple risk weight approach or the internal models approach	-	-	-
8	Investments in KYK-content method	-	-	-
9	Investments in KYK-prospectus method	-	-	-
10	Investments in KYK-1250% risk weight method	-	-	-
11	Exchange risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB rating-based approach	-	-	-
14	IRB supervisor formula approach	-	-	-
15	Standard simplified supervisor formula approach	-	-	-
16	Market risk	187,764	552,531	15,021
17	Standard approach	187,764	552,531	15,021
18	Internal model approaches	-	-	-
19	Operational risk	473,828	200,940	37,906
20	Key indicator approach	473,828	200,940	37,906
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	Amounts below the discount thresholds from equity (Subject to 250% risk weight)	-	-	-
24	Minimum value adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	6,531,021	4,673,527	522,481

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VII. Risk Management Objectives and Policies (cont'd)

Risk management strategies and practices are defined as follows: The Bank's Risk Management Group was established in 2001 as an independent unit which reports to the Member of Audit Committee have been responsible for the Audit, Internal Control and Risk Management.

Risk management is committed to control processes in order to determine the limits and measurement of operational risks, including the risks comprising of credit, market, interest rate, concentration, counterparty, liquidity, banking accounts and IT risks.

Objective of risk policies: In line with "Regulation on Internal Systems of Banks (published in the Official Gazette dated 11 July 2014 numbered 29057)", sustaining the Bank's operations in accordance with the Banks' strategic plans, mission, targets, profitability and productivity principles by determining the Bank's risk strategy and maximum risk level in line with the volume, qualification and complexity of the Bank's operations by taking into consideration the Bank's past experience and performance. Moreover, ensuring to conserve the interests of depositors and the Bank's shareholder's interest at a maximum level.

Risk management regularly reports to Senior Management and the Audit Committee all the risks the bank is exposed to and concentrations, and the Bank's own internal limits of the legal limits are monitored daily, weekly, monthly and quarterly. These reports consist of VAR analysis, market risk limits, stress testing and scenario analysis, liquidity and interest rate, economic capital and capital adequacy analysis. These reports (daily value at risk (VAR) analysis, weekly interest rate risk, market risk limits and contains the calculation of economic capital) are also presented to Asset-Liability Management Committee on a weekly basis.

Quarterly stress tests and scenario analyses on economic capital, capital adequacy, liquidity and profitability scenarios and credit risk on Bank's loan portfolio including benchmark of similar banks are presented to the Audit Committee. Management follows the Bank's performance and the limits by using these detailed reports.

The Bank has a system set reporting in accordance with the legislation and the standard shock method for measuring and evaluating the interest rate risk arising from on-balance sheet and off-balance sheet positions in the banking accounts by using the standard shock method. The Regulation on Measurement and Evaluation and the Regulation on Credit Risk Mitigation Techniques is intended to be reported based on risk classes according to the procedures described. In addition, the liquidity coverage ratio calculated under Basel III is calculated using a separate reporting system and it is aimed to measure and monitor the balance between the Bank's net cash outflows and high-quality liquid assets and total and foreign currency liquidity coverage ratios.

Risk Management Group calculates Basel II capital adequacy calculation systematically, namely Credit Risk, Market Risk and Operational Risk, in accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette dated 23 October 2015, numbered 29511.

From 1 January 2014 equity and the capital adequacy ratio of the Bank is calculated in accordance with the "Change in the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 29511, dated 23 October 2015 and "Regulation on Equities of Banks" published in the Official Gazette no.28756, dated 5 September 2013.

The Bank updated its disclosures in accordance with the "Change in the Communiqué on the Financial Statements to be announced to public by Banks as well as Explanations and Footnotes Thereof" published in the Official Gazette no.28983, dated 26 April 2014 and in accordance with "Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks" published in the Official Gazette no.29599, dated 20 January 2016.

At the Bank, by considering Regulation on the Internal Systems of Banks published in the Official Gazette No. 29057 dated 11 July 2014, banking processes and policies were revised. Consequently, related procedures/policies are updated/formed and then approved by the Board of Directors.

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VII. Risk Management Objectives and Policies (cont'd)

The Bank has completed and constantly updated its processes in order to manage the operational risks it is exposed to more effectively and to create an integrated risk management perspective. The Bank's operational risks and controls related to these risks are managed through a central application and are updated periodically. Issues identified in the results of the evaluation made by the Internal Systems departments are also recorded and followed up through this application. The Operational Risk Policy, in which operational risk processes are expressed, is regularly reviewed and necessary updates are made. Market Risk Policy has been established in order to define, measure, limit and report the market risk that the Bank is exposed to. While the Bank manages the Treasury securities portfolio within the market risk limits determined by the Board of Directors, the Risk Management Group checks daily whether it is within the Treasury's risk limits.

Liquidity Risk is the risk that the Bank cannot fulfil its payment obligations fully and on time due to its insufficient cash inflow or due to inadequate available cash resulting from the mismatch between cash inflows and outflows. In order to define, measure, follow, report the liquidity risk the Bank is exposed to and take necessary actions for the results, Liquidity Risk Policy is formed. When Liquidity Risk Policy is formed, to manage the net liquidity position and liquidity requirement on an ongoing and forward-looking basis is aimed at.

Concentration risk is the risk within credit risk that is exposed according to individual debtor and debtor groups, to debtor groups that indicate similar characteristics in terms of economic and regional sector qualities, on the basis of the assets subject to the collateral securities that show similar price pattern behavior; the risk that is to be considered also within the scope of the market risk and operational risk. In order to define, measure, follow and manage the concentration risk the Bank is exposed to, Concentration Risk Policy is formed. Concentration limits are monitored in compliance with the credit, deposit and related policies.

Counterparty credit risk refers to the default risk of the counterparty of the transaction before the last payment in the cash flow of this transaction of which brings an obligation to both sides. In order to define measure, follow and manage the counterparty credit risk the Bank is exposed to Counterparty Credit Risk Policy is formed. Counterparty credit risk management is conducted by the Financial Institutions Department of the Bank by taking into account the counterparty's financial reports, general overview, rating, current and expected transaction volumes with the Bank. The limits for counterparties are determined by the Board of Directors.

Banking book includes all Assets and Liabilities (including credit) except trading securities portfolio. In order to define, measure, follow, report the interest rate risk related to banking book risk the Bank is exposed to and take necessary actions for the results, interest rate risk policy related to banking book is formed. Interest rate risk is managed by senior management in order to avoid losses from adverse interest rate movements.

Regarding internal assessment process which aims at the Bank has capital requirement according to its risk profile, Internal Capital Management Procedure is formed. Within internal capital management scope, the Bank has established a stress test-based management by taking into account the estimated maximum loss amount that may occur in credit, operational, market and other risks as well as the changes in the market.

In order to ensure that the Bank's term deposit structure is in line with the Bank's strategies and budget targets and is in a robust and sustainable structure, Deposit Policy is formed. Policies and systems in order to define, measure and follow the concentration risk of the Bank's deposit is also explained in Deposit Policy.

Organization and structure of Risk Management Group: Risk Management Group work under the Board of Directors as their functions and responsibilities. The connection with the Board of Directors and Risk Management Group is provided through the Audit Committee.

Risk Reporting and Scope and Nature of Measurement Systems: Limits and market risk reports are presented daily basis by the Risk Management Group, value at Risk report (ALCO), ECAP stress test, scenario analysis, Duration Gap primary shock, the market data and limit reports are presented a weekly basis to Assets-Liability Committee. Other studies and results of analyses are periodically reported to the Audit Committee and the Board of Directors.

Hedging risk and process of risk mitigation policies and process related to control their effectiveness continuously: The Bank carries out risk mitigation processes and risk hedging for credit risk in accordance with credit risk policies.

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VII. Risk Management Objectives and Policies (cont'd)

Risks related to market risks are measured and monitored in line with policies and implementation procedures and are kept under control with allocated limits. Accordingly, risk limits have been allocated by the Board of Directors. Limits are monitored and reported, and in case of exceeding any limit, the excess is notified to the relevant units via written/e-mail and reported to the relevant committees. In addition, presentations are made to the Audit Committee and the Board of Directors on a quarterly basis, including information on the use cases of limits and sector concentrations of loans.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets of the Balance Sheet

1. a) Information on cash values and CBRT:

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Cash/Effective	7,499	240,204	6,040	103,748
CBRT	1,251,772	1,015,381	165,322	541,475
Total	1,259,271	1,255,585	171,362	645,223

b) Information related to the account of the Central Bank of Turkey:

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Unrestricted Demand Deposits	1,251,772	16,045	165,322	10,361
Unrestricted Time Deposits	-	-	-	-
Unrestricted Time Account	-	-	-	-
FC Required Reserve	-	999,336	-	531,114
Total	1,251,772	1,015,381	165,322	541,475

c) Explanations related to reserve deposits:

Banks operating in Turkey pursuant to the Communiqués of the Central Bank of the Republic of Turkey No. 2011/11 and 2011/13 on Amending the “Communiqué on Required Reserves” maintain required reserves at the Central Bank of the Republic of Turkey over its Turkish Lira and foreign currency liabilities, in US Dollars and/or Euros, at the rates specified below.

Required reserve ratios for FC liabilities:

Current, Noticed Deposits, Special Current Accounts, Up to 1 month Time Dep/Participation Acc, Up to 3 Months Time Dep /Participation Acc,	Up to 3 Months Time Dep /Participation Acc, Up to 6 Months Time Dep /Participation Acc, Up to 1 Year Time Dep /Participation Acc	1 Year and More than 1 Year Time Deposit/Participation account, Cumulative Deposit/Participation account	Borrowers' funds	Up to 1 Year Term Other Liabilities	1-2 Year Term Other Liabilities	2-3 Year Term Other Liabilities	3-5 Year Term Other Liabilities	Other Liabilities More Than 5 Years
29.0%	25.0%	19.0%	25.0%	21.0%	16.0%	11.0%	7.0%	5.0%

Turkish lira liabilities required reserve ratios:

Demand Deposits Special Current Accounts	Up to 1 month Time Deposit / Participation Account	Up to 3 Months Time Deposit/ Participation Account	Up to 6 Months, Up to 1 Year, 1 Year and More than 1 Year Time Deposit/ Participation Account	Up to 6 Months (including 6 months) time deposit accounts provided with exchange rate/price protection support by the Central Bank	1 Year and More than 1 Year Time Deposit accounts provided with exchange rate/price protection support by the Central Bank	Up to 1 Year term (including 1 year) other liabilities	Term up to 3 years (including 3 years) other liabilities	Other liabilities with a maturity longer than 3 years
8.0%	8.0%	8.0%	0.0%	25.0%	5.0%	8.0%	5.5%	3.0%

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I. Explanations and Disclosures Related to the Assets of the Balance Sheet (cont'd)

c) Explanations related to reserve deposits (cont'd) :

Within the scope of the "Communiqué on Supporting Conversion to Turkish Lira Deposit and Participation Accounts" numbered 2021/14, the practices regarding the establishment of additional reserve requirements and payment of commission according to the conversion rate of USD, EUR and GBP denominated foreign currency deposit accounts and TL time deposit accounts were abolished as of 23 December 2022. Based on the instruction dated 18 September 2023, the commission practice according to the share of Turkish Lira deposits in total deposits has been changed to be applied as of 29 September 2023. According to this amendment, as of the calculation date of September 29, 2023, the Central Bank has decided to apply an annual commission rate of 8% according to the targets of switching from accounts provided with exchange rate hedging support to Turkish Lira accounts and renewal of these accounts.

For the conversion accounts maturing during the reserve requirement calculation periods, a commission rate of 8% is applied for banks with a renewal and TL conversion ratio below 100%, while a commission rate of 4% is applied for banks with a renewal and TL conversion ratio above 100%, differentiated according to the values.

2. Information on financial assets at fair value through profit/loss (shown in net worth) :

a.1) Information on financial assets at fair value through profit/loss given as collateral or blocked: None.

a.2) Financial assets at fair value through profit/loss subject to repurchase agreements: None.

The Bank does not have net book value of unrestricted financial assets at fair value through profit and loss (31 December 2022: None).

b) Positive differences related to derivative financial assets held-for-trading:

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Forward Transactions	161,189	-	112,238	-
Swap Transactions	138,614	-	30,888	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	299,803	-	143,126	-

3. a) Information on banks:

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Banks				
Domestic	728	146	197	133
Foreign	-	1,630,971	-	592,951
Branches and Head Office Abroad	-	-	-	-
Total	728	1,631,117	197	593,084

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I. Explanations and Disclosures Related to the Assets of the Balance Sheet (continued)

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

- a.1) Information on financial assets given as collateral/blocked at fair value through other comprehensive income:

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bonds, Bills and Similar Securities	199,113	-	-	-
Other	-	-	-	-
Total	199,113	-	-	-

- a.2) Information on financial assets subject to repurchase agreements at fair value through other comprehensive income: None.

The book value of financial assets, whose fair value difference is reflected in other comprehensive income as a free warehouse, is TL 138 (31 December 2022: None; not quoted stock is TL 138).

- b) Information on financial assets at fair value through other comprehensive income:

	30 September 2023	31 December 2022
Debt Securities	252,335	19
Quoted on a Stock Exchange	-	-
Not Quoted on a Stock Exchange	252,335	19
Share Certificates	138	138
Quoted on a Stock Exchange	-	-
Not Quoted on a Stock Exchange	138	138
Impairment Provision (-)	(331)	-
Total	252,142	157

In line with the accounting policies of the Bank, all unquoted financial assets at fair value through other comprehensive income are recorded at fair value except for the Bank's investment of TL 138 which is recorded investment at cost since its fair value cannot be reliably estimated (31 December 2022: TL 138).

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

I. Explanations and Disclosures Related to the Assets of the Balance Sheet (cont'd)

5. Information on loans:

a) Information on all types of loans or advances given to shareholders and employees of the Bank:

	30 September 2023		31 December 2022	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Given to Bank Partners	121	66,426	84	21,057
Credits Given to Legal Entity Partners	121	66,426	84	21,057
Loans Given to Real Person Partners	-	-	-	-
Indirect Loans Given to Bank Partners	195	21,994	1,057	15,100
Loans Given to Bank Members	5,060	427	2,616	419
Total	5,376	88,847	3,757	36,576

b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Cash Loans	Loans and Other Receivables	Changes Regarding the Extension of Payment Plan	Other	Loans and Other Receivables	Changes Regarding the Extension of Payment Plan
						Other
Non-Specialized Loans		8.806.403	-	-	16,107	1,601
Business Loans		2.552.661	-	-	16,065	1,601
Export Loans		2.458.208	-	-	-	-
Import Loans		-	-	-	-	-
Loans Given to Financial Sector		3.204.689	-	-	-	-
Foreign Loans		-	-	-	-	-
Consumer Loans		5.419	-	-	42	-
Credit Cards		-	-	-	-	-
Precious Metals Loans		-	-	-	-	-
Other		585,426	-	-	-	-
Specialized Loans		52,302	-	-	-	-
Other Receivables		-	-	-	-	-
Total		8,858,705	-	-	16,107	1,601

Expected Loss Provisions	Standard Qualification Loans	Loans in Close Monitoring
12 Months Expected Credit Loss	20,960	-
Significant Increase in Credit Risk	-	-
Total	20,960	-

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I. Explanations and Disclosures Related to the Assets (cont'd)

5. Information on loans: (cont'd)

c) Information on standard loans and closely monitored loans with maturity extensions in the contract:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
Cash Loans	Loans and Other Receivables	Changes Regarding the Extension of Payment Plan	Loans and Other Receivables	Changes Regarding the Extension of Payment Plan
Short-Term Loans	8.207.546	-	3	-
Non-Specialized Loans	8.155.244	-	3	-
Specialized Loans	52.302	-	-	-
Other Receivables	-	-	-	-
Medium and Long-Term Loans	651.159	-	16,104	1,601
Non-Specialized Loans	651.159	-	16,104	1,601
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	8,858,705	-	16,107	1,601

Extended Period with Change of Payment Plan	Standard Qualified Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
1 or 2 times Extended	-	1,601
3, 4 or 5 times Extended	-	-
5 Over the Extended	-	-
Total	-	1,601

Extended Period with Change of Payment Plan	Standard Qualified Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
0 – 6 Months	-	1,601
6 – 12 Months	-	-
1 – 2 Years	-	-
2 – 5 Years	-	-
5 Years and Over	-	-
Total	-	1,601

According to the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be reserved”, as of 30 September 2023, there is no expected loss provision for standard loans whose payment schedule has been changed.

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I. Explanations and Disclosures Related to the Assets (cont'd)

5. Information on loans: (cont'd)

d) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	44	162	206
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	44	162	206
Other	-	-	-
Consumer Loans-Currency Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TL	2,352	2,853	5,205
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	2,352	2,853	5,205
Other	-	-	-
Personnel Loans-Currency Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TL (Real Persons) (*)	50	-	50
Overdraft Account-FC (Real Persons)	-	-	-
Total	2,446	3,015	5,461

(*) TL 50 portion of the overdraft account consists of the loans extended to the personnel.

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I. Explanations and Disclosures Related to the Assets (cont'd)

5. Information on loans: (cont'd)

e) Information on commercial loans with instalments and corporate credit cards:

	Short-Term	Medium and Long-Term	Total
Installment Trade Loans -TL	-	79,949	79,949
Business Loan	-	-	-
Vehicle Loan	-	1,856	1,856
Personal Finance Credit	-	78,093	78,093
Other	-	-	-
Installment Trade Loans - Currency Indexed	-	-	-
Business Loan	-	-	-
Vehicle Loan	-	-	-
Personal Finance Credit	-	-	-
Other	-	-	-
Installment Trade Loans -FC	-	-	-
Business Loan	-	-	-
Vehicle Loan	-	-	-
Personal Finance Credit	-	-	-
Other	-	-	-
Corporate Credit Cards -TL	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Corporate Credit Cards -FC	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	-	79,949	79,949

e) Allocation of loans by customers:

	30 September 2023	31 December 2022
Private	8,876,413	3,101,750
Public	-	-
Total	8,876,413	3,101,750

f) Distribution of domestic and international loans:

	30 September 2023	31 December 2022
Domestic Loans	8,876,413	3,101,750
Foreign Loans	-	-
Total	8,876,413	3,101,750

g) Loans granted to subsidiaries and associates: None.

h) Expected credit losses for loans (Stage 3):

	30 September 2023	31 December 2022
Stage 3 Expected Loss Provisions		
Allocated for Limited Collection Loans and Other Receivables	-	-
Allocated for Uncollectible Loans and Other Receivables	-	-
Allocated for Loss Loans and Other Receivables	366,862	366,459
Total	366,862	366,459

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I. Explanations and Disclosures Related to the Assets (cont'd)

5. Information on loans: (cont'd)

j) Information on non-performing loans (Net) :

j.1) Information on loans and other receivables included in non-performing loans, which are restructured or rescheduled:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Uncollectible Loans and Other Receivables	Loss Loans and Other Receivables
30 September 2023			
(Gross Amount Before Provision) (*)	-	-	22,788
Restructured Loans and Other Receivables	-	-	22,788
Loans and Other Receivables Under a New Amortization Plan	-	-	-
31 December 2022			
(Gross Amount Before Provision) (*)	-	-	30,325
Restructured Loans and Other Receivables	-	-	30,325
Loans and Other Receivables Under a New Amortization Plan	-	-	-

(*) As of 30 September 2023, the specific provision for loans and other receivables restructured or rescheduled is TL 11,202 (31 December 2022: TL 11,091).

j.2) Information on total non-performing credit transactions:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Uncollectible Loans and Other Receivables	Loss Loans and Other Receivables
31 December 2022 Balance	-	-	506,490
Additions During the Period (+)	-	-	38,980
Inflow from Other Non-Performing Accounts Receivable (+)	-	-	-
Outflow from Other Non-Performing Accounts Receivable (-)	-	-	-
Collection During the Period (-)	-	-	(177,818)
Write-Off (-)	-	-	-
Corporate and Trade Loans	-	-	-
Personal Loans	-	-	-
Credit Cards	-	-	-
Indexing Difference (-)	-	-	-
Other	-	-	-
30 September 2023 Balance	-	-	367,652
Provision (-)	-	-	(366,862)
Net Balance on the Balance Sheet	-	-	790

j.3) Information on foreign currency non-performing loans and other receivables: None.

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I. Explanations and Disclosures Related to the Assets (cont'd)

5. Information on loans: (cont'd)

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Uncollectible Loans and Other Receivables	Loss Loans and Other Receivables
30 September 2023 (Net)			
Loans to Real Persons and Legal Entities (Gross)	-	-	367,652
Provision Amount (-)	-	-	(366,862)
Loans to Real Persons and Legal Entities (Net)	-	-	790
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
31 December 2022 (Net)			
Loans to Real Persons and Legal Entities (Gross)	-	-	506,490
Provision Amount (-)	-	-	(366,459)
Loans to Real Persons and Legal Entities (Net)	-	-	140,031
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

j.5) Interest accruals and valuation differences calculated for non-performing loans with expected credit losses in accordance with TFRS 9 are as follows:

As of 30 September 2023, within the scope of TFRS 9, TL 41,150 interest has been calculated for transfers to follow-up accounts and a 100% provision is made.

k) Main principles of liquidation policies of non-performing loans and receivables:

According to the “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree.

l) Explanations on write-off policy:

As of 30 September 2023, there is not any written-off assets due to the decision of the Board of Directors (31 December 2022: None).

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I. Explanations and Disclosures Related to the Assets (cont'd)

6. Financial assets at amortized cost:

a.1) Financial assets given as collateral / blocked:

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar Securities	541,985	-	866,133	-
Other	-	-	-	-
Total	541,985	-	866,133	-

As of 30 September 2023, amortized financial assets given as collateral or blocked, is TL 535,413 Interbank money market and TL 6,572 is Takasbank (31 December 2022: As of 31 December 2022, TL 793,438 of amortized financial assets given as collateral or blocked is Interbank money market, TL 25,290 is BAP and TL 47,405 is Takasbank collateral balance).

a.2) Legal liabilities of amortized financial assets subject to repo transactions:

	30 September 2023	31 December 2022
<i>Share Certificates</i>	-	-
<i>Bond, Treasury Bill and Similar Securities</i>	-	18,272
<i>Other</i>	-	-
Total	-	18,272

TL 33,447 of amortized financial assets are kept as free deposit.

b) Information on amortized financial assets:

	30 September 2023	31 December 2022
Government Bonds	575,432	1,825,499
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	575,432	1,825,499

c) Information on amortized financial assets:

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Debt Securities				
Quoted on a Stock Exchange	575,432	-	1,825,499	-
Not Quoted on a Stock Exchange	-	-	-	-
Provision for Impairment (-)	-	-	-	-
Total	575,432	-	1,825,499	-

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I. Explanations and Disclosures Related to the Assets (cont'd)

d) Movement of amortized financial assets during the year:

	30 September 2023	31 December 2022
Value at Beginning of the Period	1,825,499	859,980
Foreign Currency Differences on Monetary Assets (*)	(57,329)	46,786
Purchases During Year	918,425	1,926,222
Disposal Through Sales and Amortization	(2,111,163)	(1,007,489)
Impairment Provision (-)	-	-
End of the Period Total	575,432	1,825,499

(*) Interest income rediscount changes were shown in "foreign currency differences on monetary assets" line.

7. Information on associates (Net):

The Bank has 1.4925% participation in the Credit Guarantee Fund.

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

9. Information on jointly controlled entities:

The Bank has no jointly controlled entities in the current period.

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period.

11. Information on derivative financial assets for hedging purposes:

The Bank has no financial assets for hedging purposes in the current period.

12. Information on tangible assets:

It is not prepared in accordance with the Article 25 of the Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks for interim periods.

13. Information on intangible assets:

It is not prepared in accordance with the Article 25 of the Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks for interim periods.

14. Investment Properties (Net):

None.

15. Explanations on Deferred Tax Assets:

- As of 30 September 2023, deferred tax asset calculated on financial loss is TL 37 (31 December 2022: deferred tax asset on financial loss is TL 37). The amount of deferred tax assets reflected in the balance sheet by calculating over other deductible temporary differences is TL 4,963 (31 December 2022: other deferred tax asset on temporary differences: TL 4,963).
- Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- Deferred tax asset arising from the reversal of impairment provisions and deferred tax provision: None.

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I. Explanations and Disclosures Related to the Assets (cont'd)

16. Information on assets held for sale and discontinued operations:

	30 September 2023	31 December 2022
End of Current Period		
Beginning of the Period	68,244	103,104
Acquisitions	42,700	52,839
Assets Sold (Cost)	(49,823)	(87,930)
Impairment	-	231
Carrying Value	61,121	68,244

17. Information on other assets:

- a) The distribution of other assets is as follows:

	30 September 2023	31 December 2022
Cash Guarantees Given	70,589	98,849
Assets to be Disposed of	170	173
Clearing Accounts	43,772	41,011
Prepaid Expenses	47,494	22,097
KKM CBRT Provisional Reconciliation	15,267	-
Receivables from the Tax Office	37,996	-
Other	6,044	7,527
Total	221,332	169,657

- b) If the other assets item of the balance sheet exceeds 10% of the balance sheet total excluding the commitments in the off-balance sheet accounts, the names and amounts of the sub-accounts constituting at least 20% of them: None.

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II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) 30 September 2023:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months – Months	6 Months – 1 Years	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	32,092	-	57,398	960,757	1,842,551	1,857,597	395,806	-	5,146,201
Foreign Currency Deposits	538,579	-	59,087	3,425,891	110,668	23,317	14,767	-	4,172,309
Residents in Turkey	516,762	-	59,044	3,399,105	102,543	22,169	12,306	-	4,111,929
Residents Abroad	21,817	-	43	26,786	8,125	1,148	2,461	-	60,380
Public Sector Deposits	5,299	-	-	-	-	-	-	-	5,299
Commercial Deposits	61,288	-	617,450	1,584,261	999,076	670,980	34,286	-	3,967,341
Other Institutions Deposits	1,187	-	227	6,868	73,274	-	-	-	81,556
Precious Metals Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	2,213	-	-	-	-	-	-	-	2,213
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	135	-	-	-	-	-	-	-	135
Foreign Banks	2,078	-	-	-	-	-	-	-	2,078
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	640,658	-	734,162	5,977,777	3,025,569	2,551,894	444,859	-13,374,919	

a.2) 31 December 2022:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months – Months	6 Months – 1 Years	1 Year and Over	Accumulated Deposits	Total
Saving Deposits	41,551	-	36,114	1,180,129	958,258	81,690	21,835	-	2,319,577
Foreign Currency Deposits	307,165	-	40,644	1,281,551	337,914	8,785	2,513	-	1,978,572
Residents in Turkey	274,889	-	40,644	1,257,017	335,835	4,800	854	-	1,914,039
Residents Abroad	32,276	-	-	24,534	2,079	3,985	1,659	-	64,533
Public Sector Deposits	201	-	-	-	-	-	-	-	201
Commercial Deposits	88,248	-	310,430	655,292	174,011	15,419	17	-	1,243,417
Other Institutions Deposits	1,155	-	2,947	92,930	2,084	-	-	-	99,116
Precious Metals Deposits	-	-	-	-	-	-	-	-	-
Bank Deposits	4,433	-	-	-	-	-	-	-	4,433
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	1,342	-	-	-	-	-	-	-	1,342
Foreign Banks	3,091	-	-	-	-	-	-	-	3,091
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	442,753	-	390,135	3,209,902	1,472,267	105,894	24,365	- 5,645,316	

b.1) Information on savings deposits covered by insurance:

i. Information on savings deposits:

Saving Deposits	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Saving Deposits	750,593	422,508	6,125,303	2,492,644
Foreign Currency Saving Deposits	245,318	119,414	3,868,771	1,852,851
Other Deposits in the Form of Saving Deposits	6,767	1,586	243,542	51,539
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-Shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	1,002,678	543,508	10,237,616	4,397,034

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II. Explanations and Disclosures Related to the Liabilities (cont'd)

1. Information on maturity structure of deposits (cont'd) :

- ii. Deposit amounts not under the guarantee of saving deposit:

Deposits of real persons not under the guarantee of insurance:

	30 September 2023	31 December 2022
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of the Controlling Partners and Their Mother, Father, Spouse and Children under Custody	-	-
Deposits and Other Accounts of the Chairman and Members of the Board of Directors or Managers, General Manager and Assistants and Their Mother, Father, Spouse and Children under Custody	2,137	700,016
Deposits and Other Accounts Within the Scope of Assets Resulting from Crime in Article 282 of TCK dated 26/9/2004 and numbered 5237	-	-
Deposits in Deposit Banks Established Exclusively for Offshore Banking Activities in Turkey	-	-

2. Information on derivative financial liabilities held for trading:

- a) Negative differences table related to derivative financial liabilities held-for-trading:

	30 September 2023		31 December 2022	
	TL	FC	TL	FC
Forward Transactions	-	-	4,184	-
Swap Transactions	639	-	3,723	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	639	-	7,907	-

3. Information on borrowings:

- a) Information on banks and other financial institutions: None
b) Recognition of the loans taken by maturity: None

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II. Explanations and Disclosures Related to the Liabilities (cont'd)

3. Information on borrowings (cont'd)

- c) Additional explanations related to the concentrations of the Bank's major liabilities:

Bank diversifies its funding resources by customer deposits and domestic borrowings 22% of bank deposits and 32% of other deposits are denominated in foreign currencies.

4. Information on funds obtained from repo transactions:

As at 30 September 2023, the total amount of funds obtained from repurchase agreements is TL 50 (31 December 2022: TL 566,827).

5. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:

None.

6. Information on debts from lease transactions (Net):

- a) The general explanations on criteria used in determining instalments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank:

In the financial lease agreements, instalments are based on useful life, usage periods and provisions of the Tax Procedural Code.

- b) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. In 2023, operational lease expenses amounting to TL 9,634 have been recorded in the profit and loss accounts. The lease periods vary between 5 and 10 years (31 December 2022: TL 8,320).

- c) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

7. Information on derivative financial liabilities for hedging purposes:

None.

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II. Explanations and Disclosures Related to the Liabilities (cont'd)

8. Information on provisions:

- a) Information on general provisions: None
- b) Provisions for depreciation of principal on foreign currency indexed loans and financial leasing receivables: There is no provision for currency differences for foreign currency indexed loans (31 December 2022: None).
- c) The specific provisions of TL 100,176 were provided for unindemnified non-cash loans (31 December 2022: TL 77,023).
- d) Liabilities regarding leave, severance pay:

The Bank has calculated the reserve for employee termination benefits by using actuarial valuation methods as set out in the TAS No: 19 and reflected this in the financial statements.

d.1) Employee rights liability table:

	30 September 2023	31 December 2022
Employment termination benefit provision	17,367	31,516
Unused vacation provision	12,520	7,512
Total of Provision for Employee Benefits	29,887	39,028

According to the Turkish Accounting Standard Regarding the Benefits Provided to Employees numbered TAS 19, the total benefit is calculated for the employees who complete one year of working service and whose working period ends due to retirement or if the service is terminated earlier. The cost of the services rendered by the employees in the current or previous periods is calculated annually by independent actuaries within the framework of the defined benefit plan, using the liability method. In accordance with the Turkish Accounting Standard on Employee Benefits (TAS 19) published in the Official Gazette dated 12 March 2013 and numbered 28585, actuarial loss accounted for under shareholders' equity as of 30 September 2023 is TL 16,564 (31 December 2022: TL 15,518 loss).

- e) Information on other provisions:
- e.1) Information on free provisions for potential risks: None.
- e.2) In case other provisions exceed 10% of the total provisions, the names and amounts of the sub-accounts causing the excess:

	30 September 2023	31 December 2022
Provision for Uncompensated Non-Cash Loans	100,176	77,023
Other Provisions(*)	66,498	55,963
Total	166,674	132,986

- (*) Other Provisions consist of litigation provisions amounting to TL 35,753 non-litigation provisions amounting to TL 2,236 and other provisions amounting to TL 28,509. (31 December 2022: Other provisions consist of bonus provisions amounting to TL 438, litigation provisions amounting to TL 20,834, non-litigation provisions amounting to TL 6,898 and other provisions amounting to TL 27,793).

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II. Explanations and Disclosures Related to the Liabilities (cont'd)

9. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Information on corporate tax:

As of 30 September 2023, remaining tax liability/(receivable) after deducting temporary taxes paid during the period from corporate tax:

	30 September 2023	31 December 2022
Current Period Tax Payable	-	-
Prepaid Tax	(3,445)	109
Total	(3,445)	109

a.2) Explanations on taxes payable:

	30 September 2023	31 December 2022
BITT	5,259	3,164
Securities Capital Income Tax	5,229	4,117
Income Tax Deducted from Salaries	4,576	4,724
Real Estate Capital Income Tax	926	622
Value Added Tax Payable	1,015	1,682
Stamp Duty	117	128
Corporate Tax Payable	-	-
Other	270	472
Total	17,392	14,909

a.3) Information on premiums:

	30 September 2023	31 December 2022
Social Security Premiums-Employer	3,240	1,796
Social Security Premiums-Employee	1,628	1,123
Unemployment Insurance-Employee	164	148
Unemployment Insurance-Employer	82	74
Bank Social Aid Pension Fund Premium-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Other	-	-
Total	5,114	3,141

b) Explanations on deferred tax liabilities, if any: None.

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II. Explanations and Disclosures Related to the Liabilities (cont'd)

10. Information on shareholders' equity:

a) Presentation of paid-in capital:

As of 30 September 2023, the nominal value of the Bank's capital is amounting to TL 1,000 Million and consists of 1,000 million shares (31 December 2022: the nominal value of the Bank's capital is amounting to TL 1,000 Million and consists of 1,000 million shares).

	30 September 2023	31 December 2022
Equity Provision (*)	1,000,000	1,000,000
Provision for Preferred Stock	-	-

(*) Represents Nominal Capital.

- b) The Bank does not apply registered share capital system.
- c) Information on share capital increases' their sources and other information on increased capital shares in the current period: Explained in a) section.
- d) Information on share capital increases from revaluation funds in the current period: None.
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

Prior year income, profitability and liquidity of the Bank is closely monitored by the Financial Reporting Department and reported to the Board of Directors, Asset and Liability Committee. Risk Management tries to forecast the effects of interest, currency and maturity fluctuations that change these indicators with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Expectations are made for Bank's future interest income via simulations of net interest income and scenario analysis.

- g) Information on preferred shares: None.
- h) Information on marketable securities value increase fund: None.

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III. Explanations and Disclosures Related to the Off-Balance Sheet

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	30 September 2023	31 December 2022
Loan Granting Commitments	451	451
Payment Commitments for Checks	15,681	11,734
Forward Asset Purchase and Sales Commitments	404,171	735,701
Other Irrevocable Commitments	9,290	6,398
Total	429,593	754,284

b) The nature and amount of possible losses and commitments arising from off-balance sheet items:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans, including guarantees, bank acceptances and financial guarantees, and other letters of credit:

	30 September 2023	31 December 2022
Bank Acceptance Loans	-	-
Letters of Credit	57,454	90,606
Other Guarantees and collaterals	1,239,115	1,029,099
Total	1,296,569	1,119,705

b.2) Definite guarantees, temporary guarantees, sureties and similar transactions:

	30 September 2023	31 December 2022
Definite Letter of Guarantees	533,949	404,209
Temporary Letter of Guarantees	17,685	4,791
Other Letter of Guarantees	115,994	81,812
Total	667,628	490,812

c) Total amount of non-cash loans:

	30 September 2023	31 December 2022
Non-Cash Loans Given Against Achieving Cash Loans	10,942	6,883
With Maturity of 1 Year or Less Than 1 Year	-	905
With Maturity of More Than 1 Year	10,942	5,978
Other Non-Cash Loans	1,953,255	1,603,634
Total	1,964,197	1,610,517

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IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest income on loans:

	30 September 2023		30 September 2022	
Interest on Loans (*)	TL	FC	TL	FC
Short-Term Loans	839,721	97,601	338,841	25,721
Medium and Long Term-Loans	28,201	296	16,269	2,859
Interests Received from Non-Performing Receivables	47,357	-	72,494	-
Total	915,279	97,897	427,604	28,580

(*) Includes fees and commissions obtained from cash loans.

b) Information on interest income received from banks:

	30 September 2023		30 September 2022	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic Banks	907	-	886	-
Foreign Banks	-	17,747	-	3,897
Branches and Head Office Abroad	-	-	-	-
Total	907	17,747	886	3,897

c) Information on interest received from securities:

	30 September 2023		30 September 2022	
	TL	FC	TL	FC
From Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
From Financial Assets at Fair Value Through Other Comprehensive Income	2,292	1	1,378	1
Financial Assets Measured at Amortized Cost	109,035	-	122,483	-
Total	111,327	1	123,861	1

d) Information on interest income received from associates and subsidiaries: None.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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IV. Explanations and Disclosures Related to the Statement of Income (cont'd)

2. a) Information on interest on funds borrowed:

Interest on Funds Borrowed (*)	30 September 2023		30 September 2022	
	TL	FC	TL	FC
Banks	6	-	3	-
The Central Bank of Turkey	-	-	-	-
Domestic Banks	6	-	3	-
Foreign Banks	-	-	-	-
Branches and Head Office Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	6	-	3	-

(*) Includes fees and commission expenses for borrowings.

b. Information on interest expense to associates and subsidiaries: None.

c. Information on interest paid to securities issued: None.

d. Display of the interest paid on the deposit according to the maturity structure:

30 September 2023								
Time Deposits								
Account Name	Demand Deposits	Up to 1 month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Acc. Deposits	Total
Turkish Lira								
Interbank Deposits	-	-	-	-	-	-	-	-
Savings Deposit	-	10,461	229,391	247,177	84,212	13,888	-	585,129
Official Deposit	-	-	-	-	-	-	-	-
Trade Deposit	-	90,631	393,341	63,475	28,064	1,392	-	576,903
Other Deposit	-	619	47,868	15,396	-	-	-	63,883
7-Day Notice Deposit	-	-	-	-	-	-	-	-
Precious Metal Reserve	-	-	-	-	-	-	-	-
Total	-	101,711	670,600	326,048	112,276	15,280	-	1,225,915
Foreign Currency								
Foreign currency deposits	-	4,202	77,051	12,581	356	183	-	94,373
Interbank Deposits	-	-	-	-	-	-	-	-
7-Day Notice Deposit	-	-	-	-	-	-	-	-
Precious Metal	-	-	-	-	-	-	-	-
Total	-	4,202	77,051	12,581	356	183	-	94,373
Grand Total								
Grand Total	-	105,913	747,651	338,629	112,632	15,463	-	1,320,288

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IV. Explanations and Disclosures Related to the Statement of Income (cont'd)

d. Display of the interest paid on the deposit according to the maturity structure (cont'd) :

30 September 2022								
Time Deposits								
Account Name	Demand Deposits	Up to 1 month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Acc. Deposits	Total
Turkish Lira								
Interbank Deposits	-	-	-	-	-	-	-	-
Savings Deposit	-	8,120	73,772	50,840	1,517	1,801	-	136,050
Official Deposit	-	-	-	-	-	-	-	-
Trade Deposit	-	28,216	94,262	5,209	634	1	-	128,322
Other Deposit	-	589	1,048	9,090	-	-	-	10,727
7-Day Notice Deposit	-	-	-	-	-	-	-	-
Precious Metal Reserve	-	-	-	-	-	-	-	-
Total	-	36,925	169,082	65,139	2,151	1,802	-	275,099
Foreign Currency								
Foreign currency deposits	-	2,023	54,268	3,447	555	22	-	60,315
Interbank Deposits	-	-	567	-	-	-	-	567
7-Day Notice Deposit	-	-	-	-	-	-	-	-
Precious Metal	-	-	-	-	-	-	-	-
Total	-	2,023	54,835	3,447	555	22	-	60,882
Grand Total	-	38,948	223,917	68,586	2,706	1,824	-	335,981

3. Information on dividend income: As of 30 September 2023, dividend income TL 56 (30 September 2022: TL 57).

4. Explanations on trade profit loss:

	30 September 2023	30 September 2022
Profit	3,252,868	740,655
Profit from Capital Market Operations	81,270	-
From Derivative Financial Transactions	2,343,474	458,980
Profit from Foreign Exchange	828,124	281,675
Loss (-)	(2,343,199)	(678,956)
Loss from Capital Market Operations	-	(10,148)
From Derivative Financial Transactions	(1,894,379)	(370,734)
Loss from Foreign Exchange	(448,820)	(298,074)
Total	909,669	61,699

5. Information on other operating income:

	30 September 2023	30 September 2022
Income from sales of assets	35,991	16,485
Prior years' income	-	79
Provisions for communication expense collected from customers	7,213	181
Provisions for expenditure collected from customers	-	-
Other	8,159	3,504
Total	51,363	20,249

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IV. Explanations and Disclosure Related to the Statement of Income (cont'd)

6. Provision for impairment of loans and other receivables of banks

	30 September 2023	30 September 2022
Provisions for Expected Credit Losses	29,246	(109,231)
<i>12 Month ECL (Stage 1)</i>	<i>13,963</i>	<i>(7,955)</i>
<i>Significant Increase in Credit Risk (Stage 2)</i>	<i>(8,302)</i>	<i>(2,234)</i>
<i>Default (Stage 3)</i>	<i>23,585</i>	<i>(99,042)</i>
Provision for Impairment Losses on Securities	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Provision for Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Partnerships under Common Control (Business partnerships)	-	-
Other	-	-
Total	29,246	(109,231)

7. Information on other operating expenses:

	30 September 2023	30 September 2022
Provision for Employee Termination Benefits	-	-
Tax, Duty, Fees	10,307	5,818
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible assets	-	-
Depreciation Expenses of Tangible assets	32,608	17,974
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Depreciation Expenses of Intangible Assets	5,427	4,515
Impairment for Investments Accounted for under Equity Method	-	-
Impairment Expenses of Assets to be Disposed	-	-
Depreciation Expenses of Assets to be Disposed	3	78
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	101,323	62,790
Operating Lease Expenses	937	-
Maintenance Expenses	37,002	21,958
Advertisement Expenses	721	429
Other Expenses (*)	62,663	40,403
Loss on Sales of Assets	966	-
Other (**)	40,119	18,145
Total	190,753	109,320

(*) Included in other operating expenses; vehicle expenses are TL 4,448, communication expenses are TL 5,529, heating-lightening expenses are TL 4,974, stationery expenses are TL 539, cleaning expenses are TL 1,799, non-deductible expenses are TL 3,361, computer usage expenses are TL 13,716, subcontractor company expenses are TL 12,197, expertise expenses are TL 563, common expenses are TL 2,780, insurance expenses are TL 6,692, representation expenses are TL 1,098, other expenses are TL 4,967 (30 September 2022: vehicle expenses are TL 5,239, communication expenses are TL 4,359, heating-lightening expenses are TL 5,274, stationery expenses are TL 399, cleaning expenses are TL 907, non-deductible expenses are TL 643, computer usage expenses are TL 7,940, subcontractor company expenses are TL 6,283, expertise expenses are TL 429, common expenses are TL 1,280, insurance expenses are TL 3,591, representation expenses are TL 1,242 and other expenses are TL 2,817).

(**) Of the other operating expenses, TL 12,243 consists of Audit and Consultancy expenses, TL 6,777 from Savings Deposit Insurance Fund expenses and TL 21,099 from other expenses (30 September 2022: Of the other operating expenses, TL 10,752 consists of Audit and Consultancy expenses, TL 3,099 from Savings Deposit Insurance Fund expenses and TL 4,294 from other expenses).

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IV. Explanations and Disclosure Related to the Statement of Income (cont'd)

8. Explanation on tax provision for continued and discontinued operations:

As of 30 September 2023, current tax expense: none (30 September 2022: None).

As of 30 September 2023, deferred tax expense: none (30 September 2022: None).

9. Explanations on net profit and loss for the period:

- a) If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary for understanding the performance of the bank during the period, the nature and amount of these items: None.
- b) The effect of a change in the estimation made regarding the financial statement items on the profit/loss, if there is a possibility that it will affect the following periods, the effect including those periods: None.
- c) Profit/loss attributable to minority shares: None.

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IV. Explanations and disclosure Related to the Statement of Income (cont'd)

10. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below:

	30 September 2023	30 September 2022
<u>Other fees and commissions received</u>		
Expertise fees collected from customers	558	396
Transfer commissions	5,159	103
Insurance commissions	348	378
Cheque expense	113,200	-
Safe deposit box commissions	29	19
Intelligence Fee	7	171
Bill of Credit Commissions	-	-
Letter of Credit Commissions	67	57
Credit card commissions and fees	13	8
Collection bill commissions	-	-
Other banking service income (*)	2,795	4,695
Total	122,176	5,827

(*) Other banking operations income includes accounts such as bank operations income, collection expenses, loan expenses.

	30 September 2023	30 September 2022
<u>Other fees and commissions</u>		
Other commissions paid to banks	2,780	1,979
EFT expense commission	338	238
Bond stock market share	341	160
Transfer commissions	178	73
Exchange custody commission	270	133
Credit card commissions	530	230
ATM expense commission	10	5
Other	523	223
Total	4,970	3,041

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V. Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) 30 September 2023:

Risk Group of The Bank	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at Beginning of Period	-	-	84	21,057	1,057	15,100
Balance at End of Period	-	-	121	66,426	195	21,994
Interest Received and Commission Income	-	-	-	-	79	-

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contains "Foreign Banks" amounting to TL 121.

b) 31 December 2022:

Risk Group of The Bank	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at Beginning of Period	-	-	61	2,031	-	9,317
Balance at End of Period	-	-	84	21,057	1,057	15,100
Interest Received and Commission Income	-	-	-	-	115	-

(*) Interest received: Interest income for the period of September 2022.

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contains "Foreign Banks" amounting to TL 84.

c.1) Information on deposits belonging to the risk group of the Bank:

Risk Group of The Bank	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons Included in the Risk Group	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Deposit						
Beginning of the Period	-	-	1,125	1,036	607	688
End of the Period	-	-	2,332	1,125	7,595	607
Deposit Interest Expense (*)	-	-	-	-	468	50

(*) Interest expense on deposits is interest expense for the period to September 2022, respectively.

In addition, the Bank has no "Funds Borrowed" used from risk group of the Bank (31 December 2022: None) and there is no interest expense was incurred from funds borrowed in 2023 (30 September 2022: None).

c.2) Information on forward and option agreements and other similar agreements made with related parties:
None.

d) As of 30 September 2023, the total amount of remuneration and benefits provided to the senior management of the Bank TL 33,909 (30 September 2022: TL 18,956).

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V. Explanations on the Risk Group of the Bank (continued)

2. Explanations on the risk group of the bank:

- a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

The Bank conducted various commercial transactions with group companies.

- b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Balance	% Compared to the Amounts in the Financial Statements
Banks and other receivables	121	0.01
Borrowings	195	0.00
Non-cash loans	88,420	4.44
Deposit	9,927	0.07

These transactions are priced in accordance with the general pricing policies of the Bank.

- c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: Explained in disclosure b).
- d) Transactions accounted under the equity method: None.
- e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.68%. Details of these loans are explained in 1a above.

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VI. Explanations on Post-Balance Sheet Matters

The acquisition of approximately 100% of the shares of Turkland Bank A.Ş., which is under the joint control of Bankmed SAL and Arab Bank PLC, by Zeren Grup Yatırım Holding A.Ş. was approved by the Competition Authority on 23 October 2023. The transfer process is still ongoing.

Currency conversion deposit and currency protected deposit product is one of the banking products used to increase the demand for TL. With the Presidential Decree No. 4970, the withholding tax rate for the related products was adjusted as 0% by adding to the Council of Ministers Decision, which determined the rates of withholding to be applied on deposit interests.

Considering the current exchange rate changes and interest rates, banks have brought up the issue of providing additional benefits to their customers in order to make the demand for currency conversion deposit products attractive and increase the transaction volume by taking advantage of the exemption granted in Article 6 of the CBRT Circular No. 2021/14. Opinion was requested from Republic of Turkey Ministry of Treasury and Finance Revenue Administration, due to the uncertainty about whether these additional benefits provided to customers are subject to withholding and there are differences between banks. At the same time, the opinions of the Tax Advisors were also requested by the Bank, and based on the opinions of the advisors, withholding tax was deducted for the relevant benefits and deposited with the tax office. On the other hand, on 06.07.2023, Republic of Turkey Ministry of Treasury and Finance Revenue Administration has decided that the additional benefits provided to customers, in order to increase the demand for Currency Protected Deposit accounts, should be evaluated within the scope of deposit interests paid for currency-protected time deposit accounts and deposit accounts converted from foreign currency deposit accounts to Turkish lira at the conversion rate and it is possible to make 0% withholding on the said payments as per the Decision annexed to the Council of Ministers Decision No. 2006/10731.

Based on the response received from the Institution as a bank, the previously overpaid withholding tax and late payment interest (TL 38 Million) was requested from the Tax Office. The requested amount was refunded in cash on 4 October 2023.

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SECTION SIX

INDEPENDENT AUDITOR’S REVIEW REPORT

I. Explanations on Independent Auditor’s Review Report

The financial statements and footnotes of the Bank disclosed to the public as of 30 September 2023 and for the period ending on the same date are published by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of DELOITTE TOUCHE TOHMATSU LIMITED).

The independent audit report dated 10 November 2023 is at the top of the financial statements and the notes related to the financial statements.

II. Explanations and Notes Prepared by Independent Auditors

None.

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SECTION SEVEN (*)

EXPLANATIONS ON INTERIM ACTIVITY REPORT

Message from the Chairman of the Board of Directors and the General Manager

Dear Shareholders;

2023 is a very meaningful and special year for our country. We celebrate the 100th anniversary of our Republic with great pride and honor.

In the first nine months of 2023, we see that Central Banks around the world are continuing their tightening steps and maintaining tight monetary policies within the scope of combating inflation. Although global inflation continues to decline with the support of these monetary policies, it still remains above long-term averages.

The Turkish economy has grown despite this environment both inside and outside. Under these conditions, the CBRT increased the policy interest rate to 35% as part of the fight against the deteriorating inflation outlook and stated that additional steps would be taken for monetary tightening if necessary.

Despite all these developments and uncertainties, our Bank has shown a very successful performance in the first nine months of 2023.

As of 30 September 2023, our total assets were TL 15,5 Billion, our loans TL 9,5 Billion and our deposits TL 13,4 Billion. In the first nine months of 2023, our net profit for the period was TL 609,5 million and our capital adequacy ratio was 19.32%.

Our strategy going forward is to carefully manage the risk portfolio and expand our client base in promising industries.

Finally, on behalf of T-Bank management, we would like to thank our customers for their continued trust, our shareholders for their strong support, and all our employees for their devoted work.

Changes in the main contract during the period:

None.

Financial situation evaluation

In the third quarter of 2023, T-Bank's assets amounted to TL 15,489 million, cash loans amounted to TL 9,069 million, and guarantees and sureties amounted to TL 1,964 million.

In the third quarter of 2023, the securities portfolio is TL 827 Million.

Deposit volume is TL 13,375 Million in the third quarter of 2023.

Making a net profit of TL 140 million in the third quarter of 2022, the Bank closed the same period of 2023 with a net profit of TL 609 million.

Credit risk and capital adequacy

The legal limit of the Capital Adequacy Ratio is 8%, and the Bank's Capital Adequacy Ratio as of September 2023 has been 19.32%.

The share of loans under follow-up in total loans in 6.14%, and the provision ratio for loans under follow-up is 63.16%.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 SEPTEMBER 2023

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

Explanations on interim activity report (cont'd)

Summary Financial Information

Thousand TL	30 September 2023	31 December 2022
Total Assets	15,488,571	7,438,727
Loan Portfolio (net)	9,069,411	3,462,018
Loan Portfolio (gross)	9,457,233	3,843,677
Securities Portfolio (Net)	827,453	1,825,396
Banks/Receivables from Money Markets(Net)	2,318,627	843,284
Total Deposit	13,374,919	5,645,316
Loans Received	-	-
Equity	1,258,299	650,171
Guarantees and Sureties	1,964,197	1,610,517

Thousand TL	30 September 2023	30 September 2022
Net Interest Income	(53,397)	158,831
Net Commission Income	131,254	18,117
Profit / (Loss) Before Taxes	609,493	140,087
Net Profit / (Loss)	609,493	140,087

Condensed Financial Rates (%)

	30 September 2023	31 December 2022
Capital Adequacy Ratio	19.32	13.75
Loans/Deposit	67.81	61.33
Loans/Total Assets	58.56	46.54
Liquid Assets/ Total Assets	18.30	12.96
Loans Under Follow-up (net) / Total Loans (net)	2.36	10.85
Loans Under Follow-up (gross) / Total Loans (gross)	6.14	19.30
Loans Under Follow-up (net) / Total Assets	1.38	5.05
Loan Provisions / Loans Under Follow-up	63.16	49.39

T-Bank at the end of September 2023

T-Bank is presented in one of Turkey's leading financial and industrial centers with its 12 branch offices and a staff of 273 employees.

Determining to provide solutions to its customers as its mission, T-Bank focuses on raising the quality bar of its services and products within the framework of its sustainable growth strategy. Increasing its satisfaction and loyalty ratio day by day, the Bank aims to provide its customers with a unique banking experience.

T-Bank succeeds in transforming its main shareholders' effective and wide correspondent bank network in the Middle East and North Africa Region into a competitive advantage. The Bank also takes care to establish long-term relationships with the banks that will add added value to its services and further strengthen its financial structure.

(*) The amounts in Section Seven represent the full TL amount unless otherwise stated.