

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi

A. Audit of the consolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying consolidated financial statements of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi (the "Bank"), and its subsidiaries (collectively referred to as the "Group"), which comprise the statement of consolidated balance sheet as at 31 December 2022, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, except for the effect of the matter on the consolidated financial statements described in the basis for the qualified opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2. Basis for Qualified Opinion

As explained in Section Five Part II. 9.3 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 December 2022 include a free provision amounting to TL 29.304.000 thousand which consist of TL 3.730.000 thousand provided in prior periods, TL 25.574.000 thousand recognized in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

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

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Expected credit losses for loans and receivables</p> <p>The Group has total expected credit losses for loans and receivables amounting to TL 1.446.999.818 thousand in respect to total loans and receivables amounting to TL 54.354.709 thousand which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2022. Explanations and notes related to expected credit losses provisions for loans and receivables are presented Section Three VII, Section Three VIII, Section Four II, Section Four VIII-3, Section Five I.7 and Section Five II-9 in the accompanying consolidated financial statements as at 31 December 2022.</p> <p>The Group recognizes provision for impairment in accordance with "TFRS 9 Financial Instruments" ("TFRS 9") requirements effective in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Group exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.</p> <p>To determine expected credit losses the Group determines stage classification of loans by identifying significant increase in credit risk with quantitative and qualitative assessments and identification of default events. The Group uses complex models derived from more than one system to determine significant increase in credit risk and calculate the expected loan loss provision. These models contain judgement and estimations in regard to forward looking estimations, scenarios of macro-economic conditions and weighing of scenarios based on expert opinion. Information used in the individually or collectively assessment of expected credit loss such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>With respect to stage classification of loans and receivables and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Group within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>For important loan portfolios, we checked appropriateness of matters considered in methodology applied by the Group with TFRS 9 for calculation of the provision amount through stage classification of loans and receivables. For forward looking assumptions made by the Group's management in its expected credit losses calculations, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, exposure at default model, loss given default model and the approaches to reflecting reasonable and supportable forward looking expectations with our financial risk experts.</p> <p>We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors).</p> <p>Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology made within the year and the performance of the impairment models used.</p> <p>We have checked models used in determination of provisions for various loans and receivables portfolios with our financial risk experts by reperforming on a sample selection basis.</p> <p>For a selected sample of loans and receivables, we checked expected credit losses determined based on individual assessment per Group's policy by means of supporting data, and evaluated appropriateness via communications with management.</p> <p>We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</p> <p>We checked accuracy of resultant expected credit losses calculations.</p> <p>To assess appropriateness of the Group's determination of staging for credit risk for loans and receivables, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</p> <p>We evaluated the adequacy of the disclosures made in the consolidated financial statements regarding the provision for impairment of loans and receivables.</p>

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	How the key audit matter was addressed in the audit
<p data-bbox="97 363 248 390">Pension funds</p> <p data-bbox="97 414 657 553">Explanations on Valuation of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (“TZHEMSAN”) Foundation are presented in the Section Three XVI in the accompanying consolidated financial statements as at 31 December 2022.</p> <p data-bbox="97 578 715 968">TZHEMSAN foundation (“Fund”) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President of the Republic is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumptions for benefits to be transferred and for non-transferrable benefits. The valuations of the pension obligations require significant judgement and technical expertise in choosing appropriate assumptions. Calculation of Fund liabilities include estimates and uncertain assumptions such as transferrable social benefits, discount rates, salary increases, economic and demographic assumptions. The Bank’s management uses external actuaries for the purpose of valuations of Fund obligations.</p> <p data-bbox="97 993 715 1156">During our audit, above mentioned fundamental assumption and estimates used in calculations of Fund obligations, uncertainty of the transfer date, technical interest rate determined by the law and significant impact from differentiation of these assumptions were taken into consideration, and this area is considered as key audit matter.</p>	<p data-bbox="746 363 1353 472">Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation of Fund obligations. In addition, we verified the existence and values of the Fund assets.</p> <p data-bbox="746 496 1353 605">We examined whether significant changes in actuarial assumptions used in calculation, employee benefits in the period, plan assets and liabilities, and regulations related to valuations exist, and tested significant changes.</p> <p data-bbox="746 629 1299 717">Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p data-bbox="746 741 1283 829">In addition to the above procedures, we have checked the disclosures made with respect to Fund obligations in the consolidated financial statements.</p>

4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29-Financial Reporting in Hyperinflationary Economies as of 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Didem Demer Kaya, SMMM
Partner

İstanbul, 17 February 2023

THE CONSOLIDATED FINANCIAL REPORT OF TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş. AS OF 31 DECEMBER 2022

(Convenience Translation of Publicly Announced Consolidated Financial Statements and Related Disclosures With Auditor's Report Originally Issued in Turkish, See Note I. of Section Three)

The Bank's Headquarter Address : Hacıbayram Mahallesi Atatürk Bulvarı
No: 8 06050-Altındağ/ANKARA

Phone : (312) 584 20 00
Facsimile : (312) 584 49 63
Website : www.ziraatbank.com.tr

The consolidated financial report for the year ended prepared in accordance with the "Communiqué on the Financial Statements and Related Policies and Disclosures to be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency, is consist of the section listed below:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATIONS ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP
- EXPLANATIONS AND DISCLOSURES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

Within the framework of this financial report, our consolidated financial statements of subsidiaries, associates and entities under common control are as follows:

DOMESTIC SUBSIDIARIES

Ziraat Yatırım Menkul Değerler A.Ş.
Ziraat Portföy Yönetimi A.Ş.
Ziraat Katılım Bankası A.Ş.
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.
Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.

FOREIGN SUBSIDIARIES

Ziraat Bank International AG
Ziraat Bank BH d.d.
Ziraat Bank (Moscow) JSC
Kazakhstan Ziraat International Bank
Ziraat Bank Azerbaycan ASC
Ziraat Bank Montenegro AD
JSC Ziraat Bank Georgia
Ziraat Bank Uzbekistan JSC

ASSOCIATES

Arap Türk Bankası A.Ş.

ENTITIES UNDER COMMON CONTROL

Turkmen Turkish Joint Stock Commercial Bank

The accompanying consolidated financial statements and notes to these financial statements for the year ended 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 the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.

Burhaneddin TANYERİ
Chairman of the Board

Alpaslan ÇAKAR
Member of the Board, CEO

Fazlı KILIÇ
Member of the Board,
Member of the Audit Committee

Mahmut KAÇAR
Member of the Board,
Member of the Audit Committee

Emrah GÜNDÜZ
Assistant General Manager Banking
Operations and Corporate Communications

Rehber BİRKAN
Senior Vice President of Financial
Coordination and Reporting

For the questions regarding this financial report, contact details of the personnel in charge are presented below:

Name/Title : Menşure BEŞKAYA/Financial Statements Manager
Telephone Number : 0312 584 59 24
Fax Number : 0312 584 59 38

CONTENTS

	Page Number
SECTION ONE	
General Information about the Bank	
I. HISTORY OF THE PARENT BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS	306
II. EXPLANATION ABOUT THE PARENT BANK'S CAPITAL STRUCTURE, SHAREHOLDERS OF THE PARENT BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE PARENT BANK BELONGS TO	306
III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CEO AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS	307
IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT BANK	307
V. SUMMARY INFORMATION ON THE PARENT BANK'S ACTIVITIES AND SERVICES	308
VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS	308
VII. CURRENT OR LIKELY, ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES	308
SECTION TWO	
Consolidated Financial Statements	
I. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)-ASSETS	160
II. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)-LIABILITIES	161
III. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	162
IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS	164
V. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	165
VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	166
VII. CONSOLIDATED STATEMENT OF CASH FLOWS	170
VIII. CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION	171
SECTION THREE	
Explanations on Accounting Policies	
I. BASIS OF PRESENTATION	322
II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS	323
III. INFORMATION ON CONSOLIDATED SUBSIDIARIES	324
IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS	325
V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE	326
VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE	326
VII. EXPLANATIONS ON FINANCIAL ASSETS	326
VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS	328
IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS	330
X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS	330
XI. INFORMATION ON NON-CURRENTS ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS	331
XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS	331
XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT	332
XIV. EXPLANATIONS ON INVESTMENT PROPERTIES	332
XV. EXPLANATIONS ON LEASING TRANSACTIONS	332
XVI. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES	333
XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS	334

	Page Number
XVIII. EXPLANATIONS ON TAXATION	335
XIX. EXPLANATIONS ON BORROWINGS	337
XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES	338
XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES	338
XXII. EXPLANATIONS ON GOVERNMENT GRANTS	338
XXIII. CASH AND CASH EQUIVALENTS	338
XXIV. EXPLANATIONS ON SEGMENT REPORTING	338
XXV. EXPLANATIONS ON OTHER MATTERS	338
 SECTION FOUR	
Explanations Related to the Financial Position and Risk Management of the Bank	
I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY	338
II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK	346
III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK	359
IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK	363
V. EXPLANATIONS ON THE POSITION RISK OF CONSOLIDATED EQUITY INSTRUMENTS	366
VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO	367
VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO	373
VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT	374
IX. EXPLANATIONS ON HEDGING PROCEDURES	401
X. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS	402
XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES	405
XII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES	407
 SECTION FIVE	
Explanations and Notes Related to Consolidated Financial Statements	
I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS	407
II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES	428
III. EXPLANATIONS AND NOTES TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS	435
IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS STATEMENT	439
V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS' EQUITY	445
VI. EXPLANATIONS ON CASH FLOW STATEMENTS	445
VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE PARENT BANK BELONGS TO	446
VIII. EXPLANATIONS AND NOTES RELATED TO POST-BALANCE SHEET MATTERS	447
IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK	447
 SECTION SIX	
Other Explanations	
I. INFORMATION ON THE PARENT BANK'S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES	448
II. OTHER EXPLANATIONS ON THE GROUP'S OPERATIONS	448
 SECTION SEVEN	
Explanations on Independent Audit Report	
I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT	449
II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR	449

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

I. HISTORY OF THE PARENT BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS

The foundation of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (“Ziraat Bankası” or “The Parent Bank”) is based on Government Funds established in 1863. In 1883, Government Funds were replaced with Benefit Funds. The Parent Bank was officially established by the re-organization of the Benefit Funds in 1888, to grant loans to farmers, to accept interest-bearing deposits and to act as a moneylender and an intermediary for agricultural operations. All shares of the Parent Bank, which was given the authority to perform all banking activities, belonged to the Republic of Türkiye Prime Ministry Undersecretariat of Treasury (“Treasury”) transferred to the Türkiye Wealth Fund with the decision of the Council of Ministers numbered 2017/9756 dated 24 January 2017. The Parent Bank’s head office is located in Ankara.

II. EXPLANATION ABOUT THE PARENT BANK’S CAPITAL STRUCTURE, SHAREHOLDERS OF THE PARENT BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE PARENT BANK BELONGS TO

The total share capital of the Parent Bank is TL 34.900.000. This capital is divided into 34.900.000.000 registered share with a nominal value of TL 1 each and is fully paid. The Parent Bank’s sole and controlling shareholder is the Turkish Wealth Fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CEO AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE PARENT BANK THEY POSSESS

Name	Administrative Function
Members of the Board of Directors	
Burhaneddin TANYERİ	Chairman
Alpaslan ÇAKAR	CEO and Member
Veysi KAYNAK	Vice Chairman and Member
Dr. Ahmet GENÇ	Member
Faruk ÇELİK	Member
Fazlı KILIÇ	Member
Feyzi ÇUTUR	Member
Mahmut KAÇAR	Member
Serruh KALELİ	Member
Audit Committee Members	
Fazlı KILIÇ	Member
Mahmut KAÇAR	Member
Executive Vice Presidents	
Cüneyt SAĞLIK	Digital Banking and Payment Systems
Emrah GÜNDÜZ	Banking Operations and Corporate Communications
Ferhat PİŞMAF	Corporate Banking
Mehmet Şükrü TAŞCI	Credit Allocation and Management
Recep TÜRK	Credit Risk Monitoring and Liquidation
Yüksel CESUR	Retail Banking

The Parent Bank's Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Deputy General Managers do not own any shares of the Parent Bank.

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT BANK

Name/Trade Name	Amount of Share	Percentage of Share (%)	Paid-in Shares	Unpaid Shares
Türkiye Wealth Fund	34.900.000	100	34.900.000	-

The Parent Bank's sole shareholder is the Türkiye Wealth Fund.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

V. SUMMARY INFORMATION ON THE PARENT BANK’S ACTIVITIES AND SERVICES

The purpose of activity of the Parent Bank is stated in articles of association as to perform all kinds of banking activities including acceptance of deposits. For this purpose, the Parent Bank can perform all sorts of operations, without prejudice to the provisions of banking regulations and other legislations, such as launching all kinds of cash and non-cash loans in terms of Turkish Lira and foreign currencies, acting as an intermediary in trade and issue of the financial instruments that are used in local and international markets, performing investment banking transactions, forwards dealing in domestic and foreign futures markets, providing funds from interbank money market, domestic and foreign markets, making all kinds of capital market transactions, acting as an intermediary in export and import transactions, acting as an agency for insurance and other financial institutions, participating in all sort of partnership that is founded by domestic or foreign banks or participated by them within the terms of the related legislation or establishing new partnerships for this purpose, performing all kinds of transactions, such as; acquiring limited real and personal claims like all kinds of movable and immovable goods, industrial and intellectual properties, right of usufruct, easement, superficies and disposing and transferring acquired properties and rights, placing pledge and mortgage on those properties and rights, releasing pledged and mortgaged items and declaring leasing agreements and sale commitments to the registry office.

As of 31 December 2022, the Parent Bank carries its activities with a grand total of 1.733 branches; (31 December 2021: 1.727 domestic branches) and branches abroad which are London branch in England, Baghdad and Arbil branches in Iraq, Athens, Komotini, and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali, Varna and Burgas branches in Bulgaria, Jeddah branch in Saudi Arabia, Prishtina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Lefkoşa, Girne, Güzelyurt, Gazimağusa, Gönyeli, Taşkinköy, Karaoğlanoğlu and İskele branches in Turkish Republic of Northern Cyprus, It operates with a total of 25 branches and a total of 1.758 branches.

The Parent Bank and the consolidated subsidiaries in Note III of Section Three are referred to “Group”.

As of 31 December 2022, the Group has 27.794 employees (31 December 2021: 27.447).

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

According to Communiqué regarding the Preparation of the Consolidated Financial Statements and Turkish Accounting Standards, Arap Türk Bankası A.Ş., one of the associates of the Parent Bank, and Turkmen Turkish Joint Stock Commercial Bank, jointly controlled partnership of the Parent Bank, are accounted by using equity method in the consolidated financial statements of the Parent Bank.

As Ziraat Teknoloji A.Ş. and Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş. are non-financial subsidiaries of the Bank, is not consolidated in the consolidated financial statements of the Bank in accordance with Communiqué of the Preparation Consolidated Financial Statements. Moreover, Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş. are non-financial associates of the Bank which are kept at cost value are not consolidated in the consolidated financial statements. Central Oto Kiralama A.Ş., ZG Tarım Piyasaları A.Ş., which are subsidiaries of Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. and its subsidiaries, ZY Elektrikli Traktör San. ve Tic. A.Ş. and MESA İmalat Sanayi ve Ticaret A.Ş. as they are not financial institutions, they are not consolidated. All other associates and subsidiaries are fully consolidated.

With the Parent Bank’s Extraordinary General Assembly Resolution dated 13 December 2022, it was decided to establish Ziraat Bank Education Foundation (Foundation). The Foundation was established on 30 December 2022 to carry the Bank’s deep-rooted education experience, which has been going on for nearly 100 years, to a different point. The Parent Bank will continue to contribute to the Türkiye Banking Sector with the Education Foundation, which will become operational after the legal processes are completed.

VII. CURRENT OR LIKELY, ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

SECTION TWO

Consolidated Financial Statements

- I. Consolidated Balance Sheet (Statement of Financial Position)-Assets
- II. Consolidated Balance Sheet (Statement of Financial Position)-Liabilities
- III. Consolidated Statement of Off-Balance Sheet Commitments
- IV. Consolidated Statement of Profit or Loss
- V. Consolidated Statement of Profit or Loss and Other Comprehensive Income
- VI. Consolidated Statement of Changes in Shareholders’ Equity
- VII. Consolidated Statement of Cash Flows
- VIII. Statement of Profit Distribution

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of consolidated financial statements originally issued in Turkish)

I- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five I)	Current Period 31 December 2022			Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (NET)		259.914.301	639.391.596	899.305.897	165.396.524	401.313.694	566.710.218
1.1 Cash and Cash Equivalents		41.328.380	397.543.289	438.871.669	27.946.723	218.366.784	246.313.507
1.1.1 Cash and Balances with Central Bank	(1)	34.559.591	369.418.501	403.978.092	26.386.921	201.162.438	227.549.359
1.1.2 Banks	(4)	511.944	28.145.159	28.657.103	765.446	16.770.195	17.535.641
1.1.3 Money Market Receivables		6.283.112	-	6.283.112	799.134	450.634	1.249.768
1.1.4 Expected Loss Provision (-)		26.267	20.371	46.638	4.778	16.483	21.261
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	4.933.872	31.141.244	36.075.116	2.020.029	26.531.093	28.551.122
1.2.1 Government Debt Securities		218.920	29.826.133	30.045.053	154.528	25.561.364	25.715.892
1.2.2 Equity Investments		98.791	-	98.791	25.041	-	25.041
1.2.3 Other Financial Assets		4.616.161	1.315.111	5.931.272	1.840.460	969.729	2.810.189
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5),(6)	210.384.316	205.114.691	415.499.007	124.979.090	154.798.964	279.778.054
1.3.1 Government Debt Securities		208.910.220	203.834.751	412.744.971	123.483.145	153.859.483	277.342.628
1.3.2 Equity Investments		939.832	47.378	987.210	313.821	51.962	365.783
1.3.3 Other Financial Assets		534.264	1.232.562	1.766.826	1.182.124	887.519	2.069.643
1.4 Derivative Financial Assets	(3)	3.267.733	5.592.372	8.860.105	10.450.682	1.616.853	12.067.535
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		3.267.733	5.592.372	8.860.105	10.450.682	1.616.853	12.067.535
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		1.080.608.782	477.418.820	1.558.027.602	558.002.814	329.838.000	887.840.814
2.1 Loans	(7)	998.852.227	426.895.470	1.425.747.697	569.903.237	294.948.693	864.851.930
2.2 Lease Receivables	(12)	14.356.192	6.895.929	21.252.121	4.090.120	5.476.486	9.566.606
2.3 Factoring Receivables		-	-	-	-	18.204	18.204
2.4 Other Financial Assets Measured at Amortized Cost	(8)	117.627.313	47.795.772	165.423.085	14.359.307	31.979.718	46.339.025
2.4.1 Government Debt Securities		114.479.629	46.764.524	161.244.153	14.243.051	31.755.026	45.998.077
2.4.2 Other Financial Assets		3.147.684	1.031.248	4.178.932	116.256	224.692	340.948
2.5 Expected Credit Loss (-)		50.226.950	4.168.351	54.395.301	30.349.850	2.585.101	32.934.951
III. NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)	(15)	7.128.510	53.971	7.182.481	5.426.813	23.474	5.450.287
3.1 Held for Sale Purpose		7.128.510	53.971	7.182.481	5.426.813	23.474	5.450.287
3.2 Held from Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		2.420.808	899.078	3.319.886	1.226.842	513.257	1.740.099
4.1 Investments in Associates (Net)	(9)	690.784	2.971	693.755	466.171	10.087	476.258
4.1.1 Associates Valued Based on Equity Method		282.763	-	282.763	205.959	-	205.959
4.1.2 Unconsolidated Associates		408.021	2.971	410.992	260.212	10.087	270.299
4.2 Subsidiaries (Net)	(10)	1.503.959	21.933	1.525.892	641.049	16.416	657.465
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		1.503.959	21.933	1.525.892	641.049	16.416	657.465
4.3 Entities under Common Control (Joint Ventures) (Net)	(11)	226.065	874.174	1.100.239	119.622	486.754	606.376
4.3.1 Joint Ventures Valued Based on Equity Method		226.065	874.174	1.100.239	119.622	486.754	606.376
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	(16)	35.134.714	1.700.414	36.835.128	12.308.429	1.191.686	13.500.115
VI. INTANGIBLE ASSETS (Net)	(19)	2.576.920	189.462	2.766.382	1.555.241	121.892	1.677.133
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		2.576.920	189.462	2.766.382	1.555.241	121.892	1.677.133
VII. INVESTMENT PROPERTY (Net)	(14)	775.075	-	775.075	1.268.500	-	1.268.500
VIII. CURRENT TAX ASSET		2.637	-	2.637	24.273	56.563	80.836
IX. DEFERRED TAX ASSET	(20)	5.925.700	2.387	5.928.087	2.943.674	47.845	2.991.519
X. OTHER ASSETS (Net)	(22)	33.544.569	5.434.369	38.978.938	9.463.237	2.811.122	12.274.359
TOTAL ASSETS		1.428.032.016	1.125.090.097	2.553.122.113	757.616.347	735.917.533	1.493.533.880

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

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of consolidated financial statements originally issued in Turkish)

II- CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)	Note (Section Five II)	Current Period 31 December 2022			Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
LIABILITIES							
I. DEPOSITS	(1)	1.022.611.831	917.697.241	1.940.309.072	409.476.012	642.384.689	1.051.860.701
II. FUNDS BORROWED	(3)	10.585.299	104.826.734	115.412.033	500.906	60.439.925	60.940.831
III. MONEY MARKETS BORROWINGS	(4)	21.081.863	71.536.825	92.618.688	143.430.704	37.053.037	180.483.741
IV. SECURITIES ISSUED (Net)	(5)	5.043.347	26.762.609	31.805.956	5.157.858	25.151.722	30.309.580
4.1 Bills		-	644.547	644.547	-	97.988	97.988
4.2 Asset Backed Securities		4.394.241	-	4.394.241	4.156.876	-	4.156.876
4.3 Bonds		649.106	26.118.062	26.767.168	1.000.982	25.053.734	26.054.716
V. FUNDS		34.703	-	34.703	31.956	-	31.956
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		34.703	-	34.703	31.956	-	31.956
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	(2)	230.714	2.928.846	3.159.560	1.273.552	2.428.525	3.702.077
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		230.714	2.928.846	3.159.560	1.273.552	2.428.525	3.702.077
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING LIABILITIES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	(7)	1.708.872	141.207	1.850.079	948.398	114.129	1.062.527
X. PROVISIONS	(9)	50.350.077	789.053	51.139.130	9.278.734	512.274	9.791.008
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		6.913.761	19.662	6.933.423	1.766.511	11.961	1.778.472
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		43.436.316	769.391	44.205.707	7.512.223	500.313	8.012.536
XI. CURRENT TAX LIABILITY	(10)	9.488.172	68.321	9.556.493	1.661.061	19.120	1.680.181
XII. DEFERRED TAX LIABILITY	(10)	279.620	22.178	301.798	-	21.837	21.837
XIII. LIABILITIES RELATED TO NON-CURRENT ASSETS "HELD FOR SALE" AND "HELD FROM DISCONTINUED OPERATIONS" (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale Purpose		-	-	-	-	-	-
13.2 Held from Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	-	31.546.716	31.546.716	-	22.741.964	22.741.964
14.1 Loans		-	2.597.654	2.597.654	-	1.314.363	1.314.363
14.2 Other Debt Instruments		-	28.949.062	28.949.062	-	21.427.601	21.427.601
XV. OTHER LIABILITIES	(6)	47.989.401	13.316.734	61.306.135	24.089.118	5.675.240	29.764.358
XVI. SHAREHOLDERS' EQUITY	(13)	230.967.047	(16.885.297)	214.081.750	107.946.273	(6.803.154)	101.143.119
16.1 Paid-in capital		34.900.000	-	34.900.000	13.100.000	-	13.100.000
16.2 Capital Reserves		-	-	-	-	-	-
16.2.1 Share Premium		-	-	-	-	-	-
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		-	-	-	-	-	-
16.3 Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		23.287.460	710.470	23.997.930	8.693.884	60.178	8.754.062
16.4 Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		49.275.364	(19.920.751)	29.354.613	9.797.763	(9.020.047)	777.716
16.5 Profit Reserves		72.407.679	2.324.984	74.732.663	66.408.996	2.156.715	68.565.711
16.5.1 Legal Reserves		5.980.365	101.455	6.081.820	5.611.495	65.239	5.676.734
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		66.219.530	91.651	66.311.181	60.658.319	63.332	60.721.651
16.5.4 Other Profit Reserves		207.784	2.131.878	2.339.662	139.182	2.028.144	2.167.326
16.6 Profit or (Loss)		47.416.520	-	47.416.520	8.355.475	-	8.355.475
16.6.1 Prior Periods' Profit or (Loss)		954.399	-	954.399	436.497	-	436.497
16.6.2 Current Period Profit or (Loss)		46.462.121	-	46.462.121	7.918.978	-	7.918.978
16.7 Minority Interest		3.680.024	-	3.680.024	1.590.155	-	1.590.155
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1.400.370.946	1.152.751.167	2.553.122.113	703.794.572	789.739.308	1.493.533.880

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

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of consolidated financial statements originally issued in Turkish)

III. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 December 2022			Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		471.798.516	986.564.940	1.458.363.456	248.130.209	701.019.633	949.149.842
I. GUARANTEES AND WARRANTIES	(1,3)	160.834.936	300.894.991	461.729.927	64.309.001	227.996.203	292.305.204
1.1 Letters of Guarantee		144.309.592	216.165.034	360.474.626	61.275.279	145.438.377	206.713.656
1.1.1 Guarantees Subject to State Tender Law		4.023.376	39.196.533	43.219.909	2.086.436	30.435.739	32.522.175
1.1.2 Guarantees Given for Foreign Trade Operations		112.910.266	134.083.385	246.993.651	52.152.951	76.521.243	128.674.194
1.1.3 Other Letters of Guarantee		27.375.950	42.885.116	70.261.066	7.035.892	38.481.395	45.517.287
1.2 Bank Acceptances		1.808.014	10.470.395	12.278.409	211.032	11.757.674	11.968.706
1.2.1 Import Letter of Acceptance		1.808.014	10.451.684	12.259.698	211.032	11.754.283	11.965.315
1.2.2 Other Bank Acceptances		-	18.711	18.711	-	3.391	3.391
1.3 Letters of Credit		1.447.753	71.665.733	73.113.486	866.296	64.310.028	65.176.324
1.3.1 Documentary Letters of Credit		1.447.753	71.174.892	72.622.645	866.296	64.179.015	65.045.311
1.3.2 Other Letters of Credit		-	490.841	490.841	-	131.013	131.013
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		12.912.019	1.429.664	14.341.683	1.942.394	4.067.073	6.009.467
1.5.1 Endorsements to the Central Bank of Türkiye		12.912.019	1.429.664	14.341.683	1.942.394	4.067.073	6.009.467
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Purchase Guarantees for Securities Issued		-	-	-	-	-	-
1.7 Factoring Guarantees		-	-	-	-	-	-
1.8 Other Guarantees		340.558	1.164.165	1.504.723	14.000	2.419.706	2.433.706
1.9 Other Collaterals		17.000	-	17.000	-	3.345	3.345
II. COMMITMENTS		201.093.905	61.500.957	262.594.862	113.896.111	44.445.609	158.341.720
2.1 Irrevocable Commitments	(1,3)	201.093.905	28.961.039	230.054.944	113.896.111	26.387.386	140.283.497
2.1.1 Asset Purchase Commitments		16.547.842	23.293.657	39.841.499	6.171.884	18.645.704	24.817.588
2.1.2 Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3 Share Capital Commitments to Associates and Subsidiaries		150.000	-	150.000	3.150	-	3.150
2.1.4 Loan Granting Commitments		51.521.682	75.904	51.597.586	22.868.861	60.618	22.929.479
2.1.5 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6 Commitments for Reserve Requirements		-	-	-	-	-	-
2.1.7 Commitments for Cheques Payments		10.866.061	71	10.866.132	7.058.090	76	7.058.166
2.1.8 Tax and Fund Liabilities from Export Commitments		95.161	-	95.161	22.637	-	22.637
2.1.9 Commitments for Credit Card Limits		101.406.012	97.165	101.503.177	61.848.867	65.822	61.914.689
2.1.10 Commitments for Credit Cards and Banking Services Promotions		162.830	-	162.830	102.027	-	102.027
2.1.11 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13 Other Irrevocable Commitments		20.344.317	5.494.242	25.838.559	15.820.595	7.615.166	23.435.761
2.2 Revocable Commitments		-	32.539.918	32.539.918	-	18.058.223	18.058.223
2.2.1 Revocable Loan Granting Commitments		-	882.400	882.400	-	501.351	501.351
2.2.2 Other Revocable Commitments		-	31.657.518	31.657.518	-	17.556.872	17.556.872
III. DERIVATIVE FINANCIAL INSTRUMENTS	(2)	109.869.675	624.168.992	734.038.667	69.925.097	428.577.821	498.502.918
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2 Transactions for Cash Flow Hedge		-	-	-	-	-	-

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

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of consolidated financial statements originally issued in Turkish)

III. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 December 2022			Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
3.1.3	Transactions for Foreign Net Investment Hedge	-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments	109.869.675	624.168.992	734.038.667	69.925.097	428.577.821	498.502.918
3.2.1	Forward Foreign Currency Buy/Sell Transactions	1.079.526	1.245.729	2.325.255	5.484.022	8.215.000	13.699.022
3.2.1.1	Forward Foreign Currency Transactions-Buy	898.509	340.805	1.239.314	2.461.616	4.354.090	6.815.706
3.2.1.2	Forward Foreign Currency Transactions-Sell	181.017	904.924	1.085.941	3.022.406	3.860.910	6.883.316
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	105.501.863	610.830.567	716.332.430	64.441.075	410.366.391	474.807.466
3.2.2.1	Foreign Currency Swap-Buy	27.605.856	280.625.767	308.231.623	4.980.360	194.149.164	199.129.524
3.2.2.2	Foreign Currency Swap-Sell	77.616.007	225.101.612	302.717.619	59.090.715	131.942.283	191.032.998
3.2.2.3	Interest Rate Swap-Buy	140.000	52.551.594	52.691.594	185.000	42.137.472	42.322.472
3.2.2.4	Interest Rate Swap-Sell	140.000	52.551.594	52.691.594	185.000	42.137.472	42.322.472
3.2.3	Foreign Currency, Interest rate and Securities Options	2.588.463	11.531.741	14.120.204	-	9.996.430	9.996.430
3.2.3.1	Foreign Currency Options-Buy	1.205.579	5.851.074	7.056.653	-	4.998.463	4.998.463
3.2.3.2	Foreign Currency Options-Sell	1.382.884	5.680.667	7.063.551	-	4.997.967	4.997.967
3.2.3.3	Interest Rate Options-Buy	-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell	-	-	-	-	-	-
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-
3.2.4	Foreign Currency Futures	699.823	560.955	1.260.778	-	-	-
3.2.4.1	Foreign Currency Futures-Buy	-	560.955	560.955	-	-	-
3.2.4.2	Foreign Currency Futures-Sell	699.823	-	699.823	-	-	-
3.2.5	Interest Rate Futures	-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6	Other	-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	3.513.442.747	907.777.186	4.421.219.933	2.023.689.677	621.895.957	2.645.585.634
IV.	ITEMS HELD IN CUSTODY	594.754.521	212.675.066	807.429.587	268.786.682	128.563.910	397.350.592
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-
4.2	Investment Securities Held in Custody	28.657.879	88.904.097	117.561.976	18.330.909	54.004.146	72.335.055
4.3	Checks Received for Collection	58.723.615	2.968.243	61.691.858	25.347.206	5.545.781	30.892.987
4.4	Commercial Notes Received for Collection	37.674.944	2.242.823	39.917.767	21.658.335	2.033.670	23.692.005
4.5	Other Assets Received for Collection	8.816	-	8.816	8.816	-	8.816
4.6	Assets Received for Public Offering	370.354.780	4.478.652	374.833.432	178.476.218	811.746	179.287.964
4.7	Other Items Under Custody	99.332.838	107.880.546	207.213.384	24.963.549	62.095.577	87.059.126
4.8	Custodians	1.649	6.200.705	6.202.354	1.649	4.072.990	4.074.639
V.	PLEDGES RECEIVED	2.915.537.538	683.998.138	3.599.535.676	1.752.586.741	485.083.577	2.237.670.318
5.1	Marketable Securities	5.557.821	4.013.053	9.570.874	5.674.092	2.855.088	8.529.180
5.2	Guarantee Notes	46.004.677	21.653.334	67.658.011	26.821.920	15.320.366	42.142.286
5.3	Commodity	9.320.955	4.143.695	13.464.650	3.823.143	2.359.395	6.182.538
5.4	Warranty	-	-	-	-	-	-
5.5	Immovable	2.379.209.478	407.462.562	2.786.672.040	1.407.801.570	291.014.842	1.698.816.412
5.6	Other Pledged Items	475.439.398	246.657.488	722.096.886	308.460.807	173.485.771	481.946.578
5.7	Pledged Items-Depository	5.209	68.006	73.215	5.209	48.115	53.324
VI.	ACCEPTED BILL, GUARANTEES AND WARRANTIES	3.150.688	11.103.982	14.254.670	2.316.254	8.248.470	10.564.724
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		3.985.241.263	1.894.342.126	5.879.583.389	2.271.819.886	1.322.915.590	3.594.735.476

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of consolidated financial statements originally issued in Turkish)

	Note (Section Five IV)	Current Period 1 January- 31 December 2022	Prior Period 1 January- 31 December 2021
IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS			
I. INTEREST INCOME	(1)	243.398.423	109.453.321
1.1 Interest on Loans		137.383.422	78.419.381
1.2 Interest on Reserve Requirements		528.766	1.541.102
1.3 Interest on Banks		2.908.984	214.351
1.4 Interest on Money Market Transactions		92.310	8.658
1.5 Interest on Marketable Securities Portfolio		100.298.692	28.275.160
1.5.1 Fair Value Through Profit or Loss		698.951	362.717
1.5.2 Fair Value through Other Comprehensive Income		71.516.519	24.309.155
1.5.3 Measured at Amortized Cost		28.083.222	3.603.288
1.6 Financial Lease Interest Income		1.257.347	553.946
1.7 Other Interest Income		928.902	440.723
II. INTEREST EXPENSE (-)	(2)	111.944.304	66.917.573
2.1 Interest on Deposits		84.583.177	44.412.446
2.2 Interest on Funds Borrowed		3.734.831	1.432.793
2.3 Interest Expense on Money Market Transactions		12.185.119	17.831.743
2.4 Interest on Securities Issued		3.709.498	2.727.815
2.5 Interest on Leases		266.699	147.723
2.6 Other Interest Expenses		7.464.980	365.053
III. NET INTEREST INCOME (I-II)		131.454.119	42.535.748
IV. NET FEES AND COMMISSIONS INCOME		14.673.232	6.269.616
4.1 Fees and Commissions Received		19.738.133	8.655.312
4.1.1 Non-cash Loans		2.984.717	1.449.438
4.1.2 Other		16.753.416	7.205.874
4.2 Fees and Commissions Paid (-)		5.064.901	2.385.696
4.2.1 Non-cash Loans		1.024	315
4.2.2 Other		5.063.877	2.385.381
V. DIVIDEND INCOME	(3)	50.126	34.726
VI. TRADING PROFIT/(LOSS) (Net)	(4)	3.509.147	(10.772.786)
6.1 Trading Gains/(Losses) on Securities		3.320.733	661.263
6.2 Gains/(Losses) on Derivative Financial Transactions		(8.380.696)	(11.934.566)
6.3 Foreign Exchange Gains/(Losses)		8.569.110	500.517
VII. OTHER OPERATING INCOME	(5)	10.213.682	5.594.561
VIII. GROSS OPERATING INCOME (III+IV+V+VI+VII)		159.900.306	43.661.865
IX. EXPECTED CREDIT LOSS (-)	(6)	33.000.917	16.285.959
X. OTHER PROVISION EXPENSES (-)	(6)	29.968.573	507.892
XI. PERSONNEL EXPENSE (-)		10.617.697	5.803.803
XII. OTHER OPERATING EXPENSES (-)	(7)	17.876.020	10.193.937
XIII. NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)		68.437.099	10.870.274
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV. PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		315.745	137.196
XVI. PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(10)	68.752.844	11.007.470
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(11)	(22.139.383)	(3.018.958)
18.1 Current Tax Provision		(33.599.073)	(3.422.904)
18.2 Deferred Tax Expense Effect (+)		(4.707.072)	(3.497.365)
18.3 Deferred Tax Income Effect (-)		16.166.762	3.901.311
XIX. CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(12)	46.613.461	7.988.512
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from Non-Current Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Entities under Common		-	-
20.3 Income from Other Discontinued Operations		-	-
XXI. EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses on Non-Current Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses for Other Discontinued Operations		-	-
XXII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)	(10)	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(11)	-	-
23.1 Current Tax Provision		-	-
23.2 Deferred Tax Expense Effect (+)		-	-
23.3 Deferred Tax Income Effect (-)		-	-
XXIV. CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	(11)	-	-
XXV. NET PROFIT/(LOSS) (XVIII+XXII)	(12)	46.613.461	7.988.512
25.1 Profit/(Loss) from the Group		46.462.121	7.918.978
25.2 Profit/(Loss) from Minority Interest	(8)	151.340	69.534
Earnings/(Loss) per share (in TL full)		1,523	0,610

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of consolidated financial statements originally issued in Turkish)

V. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Current Period	Prior Period
	1 January-31 December 2022	1 January-31 December 2021
I. PROFIT (LOSS)	46.613.461	7.988.512
II. OTHER COMPREHENSIVE INCOME	43.806.604	(2.686.982)
2.1 Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	15.227.178	1.054.978
2.1.1 Gains (Losses) on Revaluation of Property, Plant and Equipment	19.101.116	836.615
2.1.2 Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3 Gains (losses) on remeasurements of defined benefit plans	(4.095.923)	270.280
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	690.593	(9.426)
2.1.5 Taxes Relating to Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	(468.608)	(42.491)
2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss	28.579.426	(3.741.960)
2.2.1 Exchange Differences on Translation	1.226.805	1.360.552
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets at Fair Value Through Other Comprehensive Income	33.892.131	(8.311.262)
2.2.3 Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4 Income (Loss) Related with Hedges of Net Investments in Foreign Operations	1.597.336	1.550.776
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6 Taxes Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	(8.136.846)	1.657.974
III. TOTAL COMPREHENSIVE INCOME (I+II)	90.420.065	5.301.530

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of consolidated financial statements originally issued in Turkish)

VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premiums	Share Cancellation profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss		
					1	2	3
Current Period							
31 December 2022							
I. Prior Period End Balance	13.100.000	-	-	-	6.983.490	219.940	1.550.632
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-
2.1 Effects of Adjustment	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-
III. New Balance (I+II)	13.100.000	-	-	-	6.983.490	219.940	1.550.632
IV. Total Comprehensive Income (Loss)	-	-	-	-	17.746.646	(3.071.942)	552.474
V. Capital Increase in Cash	21.800.000	-	-	-	-	-	-
VI. Capital Increase Through Internal Reserves	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-
IX. Subordinated debt instruments	-	-	-	-	-	-	-
X. Increase/(Decrease) Through Other Changes	-	-	-	-	-	-	(8.958)
XI. Profit distribution	-	-	-	-	-	-	25.648
11.1 Dividends paid	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	25.648
Balance at the end of the period (III+IV+.....+X+XI)	34.900.000	-	-	-	24.730.136	(2.852.002)	2.119.796

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

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

Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Profit/ (Loss)	Current Period Net Profit/ (Loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
4	5	6						
4.396.571	(5.813.923)	2.195.068	68.565.711	8.355.475	-	99.552.964	1.590.155	101.143.119
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
4.396.571	(5.813.923)	2.195.068	68.565.711	8.355.475	-	99.552.964	1.590.155	101.143.119
1.226.805	25.755.285	1.597.336	-	-	46.462.121	90.268.725	151.340	90.420.065
-	-	-	-	-	-	21.800.000	-	21.800.000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(2.529)	-	(1.461.395)	255.739	-	(1.217.143)	1.938.529	721.386
-	-	-	7.628.347	(7.656.815)	-	(2.820)	-	(2.820)
-	-	-	-	(2.820)	-	(2.820)	-	(2.820)
-	-	-	7.590.296	(7.590.296)	-	-	-	-
-	-	-	38.051	(63.699)	-	-	-	-
5.623.376	19.938.833	3.792.404	74.732.663	954.399	46.462.121	210.401.726	3.680.024	214.081.750

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2021

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of consolidated financial statements originally issued in Turkish)

VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premiums	Share Cancellation profits	Other capital reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss		
					1	2	3
Prior Period							
31 December 2021							
I. Prior Period End Balance	13.100.000	-	-	(17.745)	6.136.881	3.716	(553.770)
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-
III. New Balance (I+II)	13.100.000	-	-	(17.745)	6.136.881	3.716	(553.770)
IV. Total Comprehensive Income (Loss)	-	-	-	-	846.609	216.224	(7.855)
V. Capital Increase in Cash	-	-	-	-	-	-	-
VI. Capital Increase Through Internal Reserves	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-
IX. Subordinated debt instruments	-	-	-	-	-	-	-
X. Increase/(Decrease) Through Other Changes	-	-	-	17.745	-	-	(2.117)
XI. Profit distribution	-	-	-	-	-	-	2.114.374
11.1 Dividends paid	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	2.114.374
Balance at the end of the period (III+IV+.....+X+XI)	13.100.000	-	-	-	6.983.490	219.940	1.550.632

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

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

Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Profit/ (Loss)	Current Period Net Profit/ (Loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
4	5	6						
3.036.019	839.365	644.292	58.720.828	13.159.432	-	95.069.018	4.535	95.073.553
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3.036.019	839.365	644.292	58.720.828	13.159.432	-	95.069.018	4.535	95.073.553
1.360.552	(6.653.288)	1.550.776	-	-	7.918.978	5.231.996	69.534	5.301.530
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	(824.515)	60.837	-	(748.050)	1.516.086	768.036
-	-	-	10.669.398	(12.783.772)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	10.018.237	(10.018.237)	-	-	-	-
-	-	-	651.161	(2.765.535)	-	-	-	-
4.396.571	(5.813.923)	2.195.068	68.565.711	436.497	7.918.978	99.552.964	1.590.155	101.143.119

CONSOLIDATED STATEMENT OF CASH FLOWS

AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of consolidated financial statements originally issued in Turkish)

	Note (Section Five)	Current Period 1 January- 31 December 2022	Prior Period 1 January- 31 December 2021
VII. CONSOLIDATED STATEMENT OF CASH FLOWS			
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	76.085.746	10.843.434
1.1.1	Interest Received	198.653.832	94.115.132
1.1.2	Interest Paid	(101.490.515)	(64.892.427)
1.1.3	Dividend Received	50.126	34.726
1.1.4	Fees and Commissions Received	26.938.883	8.916.382
1.1.5	Other Income	7.779.508	2.361.370
1.1.6	Collections from Previously Written-off Loans and Other Receivables	5.918.343	4.304.146
1.1.7	Cash Payments to Personnel and Service Suppliers	(11.102.158)	(6.456.199)
1.1.8	Taxes Paid	(26.272.628)	(3.967.727)
1.1.9	Other	(24.389.645)	(23.571.969)
1.2	Changes in Operating Assets and Liabilities	137.552.640	86.411.824
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(7.726.578)	(4.464.178)
1.2.2	Net (Increase)/Decrease in due from banks and other financial institutions	(69.431.199)	(71.745.309)
1.2.3	Net (Increase)/Decrease in loans	(533.065.970)	(120.024.538)
1.2.4	Net (Increase)/Decrease in other assets	(36.614.028)	(4.962.795)
1.2.5	Net Increase/(Decrease) in bank deposits	16.267.070	14.345.169
1.2.6	Net Increase/(Decrease) in other deposits	802.670.078	203.578.494
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8	Net Increase/(Decrease) in funds borrowed	28.351.629	(2.610.288)
1.2.9	Net Increase/(Decrease) in payables	-	-
1.2.10	Net Increase/(Decrease) in other liabilities	(62.898.362)	72.295.269
I.	Net Cash Provided from Banking Operations	213.638.386	97.255.258
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities	(113.078.290)	(31.137.042)
2.1	Cash Paid for Acquisition of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)	(109.579)	(147.737)
2.2	Cash Obtained from Disposal of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)	1.750	-
2.3	Purchases of Property and Equipment	(4.567.101)	(2.052.540)
2.4	Disposals of Property and Equipment	286.760	1.328.311
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(102.493.761)	(70.946.216)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	76.625.461	41.672.891
2.7	Purchase of Financial Assets at Measured at Amortized Cost	(84.597.720)	(3.781.582)
2.8	Sale of Financial Assets at Measured at Amortized Cost	1.775.900	2.789.831
2.9	Other	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities	13.872.885	(438.619)
3.1	Cash Obtained from Funds Borrowed and Securities Issued	18.931.781	17.907.409
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	(26.307.725)	(17.962.537)
3.3	Issued Equity Instruments	21.800.000	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(551.171)	(383.491)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	4.750.901
V.	Net Increase in Cash and Cash Equivalents (I+II+III+IV)	119.183.882	67.119.321
VI.	Cash and Cash Equivalents at the Beginning of the Period	(1)	110.121.555
VII.	Cash and Cash Equivalents at the End of the Period	(1)	229.305.437

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

STATEMENT OF PROFIT DISTRIBUTION AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of consolidated financial statements originally issued in Turkish)

VIII. STATEMENT OF PROFIT DISTRIBUTION^(*)		Current Period 31 December 2022	Prior Period 31 December 2021
I. DISTRIBUTION OF CURRENT YEAR INCOME			
1.1	Current Year Income	61.250.539	8.913.442
1.2	Taxes and Duties Payable (-)	(20.158.162)	(2.622.133)
1.2.1	Corporate Tax (Income tax)	(30.324.299)	(2.793.348)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	10.166.137	171.215
A.	NET INCOME FOR THE YEAR (1.1-1.2)	41.092.377	6.291.309
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	-	314.565
1.5	Other Statutory Reserves (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	-	5.976.744
1.6	First Dividend to Shareholders (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	Dividends to Personnel (-)	-	-
1.8	Dividends to Board of Directors (-)	-	-
1.9	Second Dividend to Shareholders (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.10	Statutory Reserves (-)	-	-
1.11	Extraordinary Reserves	-	5.976.744
1.12	Other Reserves	-	-
1.13	Special Funds	-	-
II. DISTRIBUTION OF RESERVES			
2.1	Appropriated Reserves	-	-
2.2	Dividends to Shareholders (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Privileged Shares	-	-
2.3.3	To Owners of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders of Profit and Loss Sharing Certificates	-	-
2.3.	Dividends to Personnel (-)	-	-
2.4	Dividends to Board of Directors (-)	-	-
III. EARNINGS PER SHARE			
3.1	To Owners of Ordinary Shares	-	0,4803
3.2	To Owners of Ordinary Shares (%)	-	48,03
3.3	To Owners of Privileged Shares	-	-
3.4	To Owners of Privileged Shares (%)	-	-
IV. DIVIDEND PER SHARE			
4.1	To Owners of Ordinary Shares	-	-
4.2	To Owners of Ordinary Shares (%)	-	-
4.3	To Owners of Privileged Shares	-	-
4.4	To Owners of Privileged Shares (%)	-	-

^(*)Profit distribution is decided by the Ordinary General Assembly of the Parent Bank. As of the date of the preparation of financial statements, the meeting for Ordinary General Assembly meeting for 2022 has not been held.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

The format and content of the publicly announced consolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements”, published in the Official Gazette No. 28337, dated 28 June 2012 and the “Communiqué on Public Disclosures on Risk Management by Banks”, published in the Official Gazette No. 29511, dated 23 October 2015 and amendments to these Communiqué. The Parent Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation.

Financial statements of subsidiaries in abroad are prepared in accordance with prevalent law and legislation in their country, adjustments and reclassifications are reflected on the purpose of fair presentation pursuant to Reporting Standards.

The consolidated financial statements have been prepared under the historical cost convention, except for the financial assets and liabilities carried at fair value.

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

Unless otherwise specified, all balances in the financial statements and related disclosures are expressed in Thousand Turkish Lira (“TL”).

The Parent Bank reflected the estimates and judgments into the calculation of expected credit losses with the maximum effort and the best estimation method. The Parent Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 31 December 2022, by taking into account the change in probability of default and loss given default.

In this context, the Parent Bank has measured the impact of its macroeconomic expectations on NPL receivables in different scenarios. In the NPL conversion rate, it has taken into consideration in the calculation by reflecting the coefficient, which is considered to reflect the current situation, to the loan parameters. The Parent Bank increased the weight of the adverse scenario in the expected credit loss calculation.

On 20 January 2022, the Public Oversight Authority made a statement on whether the Financial Reporting Standard (“TAS 29”) in Hyperinflationary Economies shall be applied within the scope of Turkish Financial Reporting Standards. Accordingly, it has been stated that companies applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of the preparation date of these financial statements, no new announcement has been made by the Public Oversight Authority in this context, and no inflation adjustment has been made in the financial statements dated 31 December 2022 within the scope of TAS 29 Financial Reporting Standard in Hyperinflationary Economies.

The Parent Bank has a subsidiary operating in Russia with the title of “Ziraat Bank (Moscow) JSC”. The tension between Russia and Ukraine for a long time turned into a hot conflict in the first quarter of 2022. In the process that started with Russia’s intervention in Ukraine, international sanctions against the Russian Federation and countermeasures implemented by Russia against them had significant effects on financial markets. Entering this process with a strong equity structure and high liquidity, Ziraat Bank (Moscow) JSC, the subsidiary of the Bank, did not encounter any difficulties.

The new measures and practices introduced by the Central Bank of Russia were especially aimed at reducing the foreign exchange outflow from the country and keeping the credit channels provided to the real sector open. All financial services previously provided by Ziraat Bank (Moscow) JSC are maintained in line with the rules of the local regulatory authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

The crisis is not expected to have a negative impact on the Group’s activities. Developments that may occur on a global scale, their possible repercussions on the global and regional economy, and their effects on the Parent Bank’s operations are closely monitored and considered with the best estimation approach in the preparation of the financial statements.

Benchmark Rate Reform

The Benchmark Interest Rate Reform, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2022, has been implemented. With the amendments made, certain exceptions are provided in the basis for determining contractual cash flows and hedge accounting provisions. The Parent Bank has participated in international protocols within the scope of IBOR transformation. Indicative Interest Rates have started to be used in new transactions with variable interest rates, and contract amendment processes regarding existing transactions are continuing. In addition, real and legal person customers who use Reference Interest Rates such as USD LIBOR, EUR LIBOR, GBP LIBOR, JPY LIBOR, EURIBOR, or TRLIBOR in the calculation of interest rates in loan, derivative products and securities transactions regarding the changes in Reference Interest Rates are informed on the website. The date on which the publication of LIBOR benchmark interest rates in US Dollars (USD) for overnight, 1-month, 3-month, 6-month and 12-month maturities will cease or will cease to be representative is 30 June 2023.

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

Main activity of the Parent Bank comprises of banking services, such as launching all kinds of cash and non-cash loans denominated in Turkish Lira and foreign currencies, performing transactions in local, international money and capital markets, supporting agricultural sector financially and collecting deposits denominated in Turkish Lira and foreign currencies. The Parent Bank’s main funding sources are deposits denominated in Turkish Lira, repurchase agreements, issued securities and shareholders’ equity. The Parent Bank directs these funds to assets with high return and low risk that include predominantly domestic government bonds and loans. The Parent Bank’s liquidity structure is considered the financing of all liabilities at due date. Although most of the sources in the Parent Bank’s balance sheet are with fixed interest rate, some of the securities in assets’ return have floating interest rate. Since the remaining time to re-pricing date of sources is short, cost of sources is repriced in short periods based on the market conditions. Moreover, the Parent Bank adopts higher return principle for its long-term placements.

Loans and securities are instruments from which the Parent Bank gets returns above the average returns within its activity. Letter of guarantees, bank loans, commercial letter of credits, commitments for cheques payments and commitments for credit card limit are the most important risk areas within the off-balance sheet accounts.

Since the Parent Bank’s total debt to the market is low among its total liabilities, the Parent Bank can borrow easily from short-term markets, such as Borsa Istanbul (“BIST”), Central Bank of the Republic of Türkiye, Money Market or Interbank Money Market in case of need. In case of a liquidity crisis, the deposit base of The Parent Bank is not presumed to be significantly affected from liquidity risk since the Parent Bank is a public bank with an extensive branch network.

Cost and return of foreign currency assets are subject to a close follow up. Positive margin of profit is sustained by adjusting deposit interest rates in line with the market interest rates.

Foreign currency operations are valued by the Bank’s prevailing counter currency buying rate at transaction date and reflected to records. At period ends, foreign currency asset and liability balances are valued at the Bank’s period end counter currency buying rates and converted to Turkish currency and the resulting exchange differences are recognized as a “foreign exchange profit or loss”.

For the exchange risk arising from foreign currency conversion of Ziraat Bank International AG, Ziraat Bank BH dd and Ziraat Bank Montenegro AD, the Parent Bank’s subsidiaries to which capital was paid in Euro amounts, Euro deposits are used for hedging purposes. Information on fair value hedge accounting applied in order to hedge the said total capital amount of EUR 336.627 thousand (31 December 2021: EUR 288.527 thousand), which is associated with this purpose, from exchange rate risk effects arising from changes in foreign exchange rates, is presented in Section Four, article no IX.

Assets and liabilities of the overseas branches of the Parent Bank are converted into Turkish Lira with the Parent Bank’s prevailing counter currency buying rates at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES

1. Consolidation Principles Applied

The consolidated financial statements have been prepared in accordance with the procedures listed in the “Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks” published in the Official Gazette No. 26340 dated 8 November 2006 and the “Consolidated Financial Statements” (“TFRS 10”).

1.1. Consolidation Principles for Subsidiaries

Subsidiaries are all entities in which the Group has the power to control financial and operational policies for the benefit of the Parent Bank (a) directly and indirectly, with the authority to exercise more than 50% of the voting rights pertaining to shares in the owned companies; or (b) not having the power to exercise more than 50% of the rights of use, otherwise having control over financial and business policies.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method, taking into account the size of their assets and equity within the scope of their activities and the materiality principle. Subsidiaries are included in the scope of consolidation since the control of their activities is transferred to the group and are excluded from the scope of consolidation from the date the control disappears. Where necessary, the accounting policies of the subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

According to the full consolidation method, 100% of the balance sheet, profit or loss statement and off-balance sheet items of the subsidiaries are consolidated with the balance sheet, profit or loss statement and off-balance sheet items of the Parent Bank. The carrying amount of the Group’s investments in each subsidiary is netted off with the portion of the capital of each subsidiary that belongs to the Group. Unrealized gains and losses and balances arising from transactions between subsidiaries included in consolidation are eliminated. In order to determine the net income of the Group, minority interest in the net income of the consolidated subsidiaries have been determined and deducted from the net income of the subsidiary. Minority interest in the consolidated balance sheet are presented separately from the liabilities and shares of the Group shareholders. In addition, minority interest are presented separately in the profit or loss statement interest.

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	Parent Bank’ Share Percentage (%)	Parent Bank’s Risk Group Share Percentage (%)
Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	Brokerage Houses	99,60	99,60
Ziraat Portföy Yönetimi A.Ş.	İstanbul/Türkiye	Portfolio Management	74,90	99,80
Ziraat Katılım Bankası A.Ş.	İstanbul/Türkiye	Banking	100,00	100,00
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	Real Estate	81,06	81,06
Ziraat Girişim Sermayesi Ortaklığı A.Ş.	İstanbul/Türkiye	Venture Capital	100,00	100,00
Ziraat Bank International AG	Frankfurt/Germany	Banking	100,00	100,00
Ziraat Bank BH d.d.	Sarajevo/Bosnia and Herzegovina	Banking	100,00	100,00
Ziraat Bank (Moscow) JSC	Moscow/Russia	Banking	99,91	100,00
Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	Banking	99,92	99,92
Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	Banking	99,98	100,00
Ziraat Bank Montenegro AD	Podgorica/Montenegro	Banking	100,00	100,00
JSC Ziraat Bank Georgia	Tbilisi/Georgia	Banking	100,00	100,00
Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	Banking	100,00	100,00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1.2. Consolidation Principles of Associates and Entities under common control

An associate is a partnership with which the Parent Bank participates in its capital and has significant effect on it although it has no capital or management control, whose main operation is banking, and which operates according to special legislation with permission and license and is established abroad. The related associate is consolidated with equity method in accordance with materiality principle. Significant effect refers to the participation power on the constitution of the financial and management policies of the participated associate. If the Parent Bank has 10% or more voting right on the associate, as long as it is not proved otherwise, it will be accepted that the Parent Bank has significant effect on that associate. Equity method is an accounting method which foresees the increase or decrease of the book value of capital share in an associate from the changed amount in the associate participating shareholder’s equity during the period by the portion of the participant and the deduction of the dividend from the associate from the changed value of the associate amount. The associates and entities under common control consolidated with the equity method, their title, place of incorporation, main activities, effective shareholding rates and direct and indirect shareholding rates are as follows:

Title	Address (City/Country)	Main Activities	Parent Bank’s Share Percentage (%)	Parent Bank’s Risk Group Share Percentage (%)
Turkmen Turkish Joint Stock Commercial Bank	Ashkhabad/ Turkmenistan	Banking	50,00	50,00
Arap Türk Bankası A.Ş.	İstanbul/Türkiye	Banking	15,43	15,43

1.3. Principles Applied During Share Transfer, Merger and Acquisition

Acquisition of entities are accounted by the purchase method on the date of purchase when the control is being transferred to the Group. Control explains managing power of Group on entity’s financial and operational policies for the purpose of providing benefit from operations of entity. While evaluating control, executable potential voting rights are taken consideration by Group.

1.4. Transactions with Minority Shareholders

The Group considers transactions with minority shareholders as transactions within the Parent Bank. For acquisitions from minority shareholders, the difference between the acquisition cost and related portion of net assets’ booked value is deducted from equity. Profit or loss resulting from sales to minority shareholders is booked under equity.

1.5. Presentation of Unconsolidated Subsidiaries and Associates in Consolidated Financial Statements

Subsidiaries, which are not included in the scope of consolidation, are accounted for their fair values, while associates are accounted for at their cost values after netting impairment if any, and are reflected in the consolidated financial statements.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

The Group’s derivative transactions include cross currency swaps, interest rate swaps, currency and precious metal swaps, long-term financing transactions, fully or partially covered options and forward foreign currency buy/sell transactions. The Parent Bank has no embedded derivative instruments separated from the articles of association.

Derivative financial instruments of the Group are classified under “IFRS 9 Financial Instruments Standard” (“IFRS 9”), “Derivative Financial Assets Measured at Fair Value through Profit or loss”.

Derivative financial instruments are initially recognized at fair value. Derivative transactions, depending on the fair value being positive or negative is shown as derivative financial assets at fair value through profit or loss or derivative financial liabilities measured at fair value through profit or loss in the following periods of the recording. Differences in fair value as a result of the valuation are accounted for under profit/loss from derivative financial transactions and profit/loss from foreign exchange transactions in the commercial profit/loss item in the profit or loss statement.

The fair value of derivative instruments is calculated by taking into account the market values or by applying the cash flow model discounted with market rates.

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts with their contractual values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses of the group are recognized according to the effective interest method (rate equal to the rate in calculation of present value of future cash flows of financial assets or liabilities).

Interest income from financial assets is recognized as gross carrying amount according to the effective interest rate method except for interest income from purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. The Parent Bank has started to calculate rediscount as of 1 January 2018 for its non-performing loans. Rediscount is calculated over the net book value (Gross Book Value-Expected Credit Losses Reserve) of the non-performing loans.

If the expectations for the cash flows in the financial asset are revised for reasons other than the credit risk, the amendment is reflected in the carrying amount of the asset and in the related profit or loss statement line and is amortized over the estimated life of the financial asset.

Total of minimum rental payments including interests and principals are recorded under “financial lease receivables” as gross. The interest which is the difference between the total of rental payments and the cost of the related tangible asset is recorded under “unearned income”. When the rent payment incurs, the rent amount is deducted from “financial lease receivables”; and the interest portion is recorded as interest income in the profit or loss statement.

Profit share income is accounted for by applying the internal rate of return method. Group calculates expense accrual according to the unit value calculation method over the participation accounts.

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

Income and expense from banking, agency and intermediary services are recognized as income/expense and conformant with TFRS 15 Revenue from Contracts with Customers on the date they are collected.

Prepaid expense amounts are recognized as expense on an accrual basis during the service period.

Commission income from consumer, corporate and commercial loans are transferred to income accounts according to periodicity principle using effective interest rate method on an accrual basis.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Recognition and Derecognition. Financial assets are measured at fair value at initial recognition in the financial statements. They are included in the balance sheet of the Group, if the Group is a legal party to these instruments.

The Group classifies and recognizes its financial assets as “Financial assets measured at fair value through profit/loss”, “Financial assets measured at fair value through other comprehensive income” or “Financial assets measured at amortized cost”. This classification is based on the contractual cash flow characteristics of the related business model used for management of the financial assets at initial recognition.

Financial assets mainly constitute the Group’s commercial activities and operations. These instruments have the ability to expose, affect, and diminish the liquidity, credit and interest rate risks in the financial statements.

Classification and Measurement within the Scope of TFRS 9

In accordance with TFRS 9 Financial Instruments Standard, financial assets are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss by;

“Business Model Assessment” and “Contractual Cash Properties Test” are performed to determine the classification of financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss are the assets that are managed by business model other than the business model that aims to “hold to collect” and “hold & sell” the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at the fair value through profit or loss are initially recognized at fair value. All gains and losses arising from these valuations are reflected in the profit or loss statement. Earned interests are included in interest income and dividends received are included in dividend income.

Among the financial assets at fair value through profit or loss, Government Bonds and Treasury Bills traded in the BIST, the weighted average clearing prices formed in the BIST on the balance sheet date, and the financial assets not traded in the BIST, with the prices of the Central Bank of the Republic of Türkiye, Eurobonds Bench The transaction prices in the Upmarket and the funds in the Parent Bank’s portfolio are valued according to the fund price announced for the relevant day. Gains and losses resulting from the valuation are included in the profit/loss accounts.

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are classified as 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 asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at fair value through other comprehensive income are subsequently measured at their fair value. The interest income of financial assets at fair value through other comprehensive income that are calculated by effective interest rate method and dividend income from equity instruments are reflected in the statement of profit or loss. “Unrealized profits and losses”, the difference between the fair value of debt instruments at fair value through other comprehensive income and their amortized cost, are not reflected in the statement of profit or loss for the period until the corresponding financial asset is collected, sold, disposed of or weakened and is followed in the “Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss” account under equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

Securities representing the share in the capital are accounted with their fair values if they are traded in organized markets and/or their fair value can be determined reliably, and if they are not traded in organized markets, they are reflected in the financial statements with their values found by using other valuation models. The valuation differences of the said securities are followed in the “Other Accumulated Comprehensive Income or Expenses That Will Not Be Reclassified in Profit or Loss” account under equity.

Financial Assets at Measured at Amortized Cost

A financial asset is classified as a financial asset measured at amortized cost when the Parent Bank’s policy within a business model is to hold the asset to collect contractual cash flows and the terms give rise to cash flows that are solely payments of principal of interest at certain dates.

Measured at amortized cost are recognized at which represents its fair value at initial recognition by adding the transaction costs and subsequently measured at amortized cost by using the effective interest rate method. Interest income related to the financial asset measured at amortized cost is recognized in the statement of profit or loss.

Financial assets measured at fair value through other comprehensive income” and “financial assets measured at amortized cost” portfolios of the Parent Bank include Consumer Price Index (CPI) indexed bonds and lease certificates. Mentioned securities are valued and accounted according to the effective interest rate method which is calculated according to the real coupon and dividend rate and the reference inflation index on the issue date. The actual coupon and dividend payment amounts of these securities, purchase and sale transactions and year-end valuations are calculated by using the index announced by the treasury. Index calculations related to CPI indexed bonds are made by the method specified in Ministry of Treasury and Finance’s CPI Indexed Bonds Investor Guide. The Parent Bank also updates the estimated inflation rate used throughout the year in case of necessity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Loans

Loans consist of financial assets which are created by providing money, goods or services to the debtor. Loans are initially recognized at acquisition cost presenting their fair value and thereafter measured at amortized cost using the “Effective Interest Rate Method”.

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity, and collateral structures. Foreign exchange loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Parent Bank. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Parent Bank at usage date. The repayments of foreign exchange indexed loans, which were extended in TL at the Parent Bank’s counter foreign exchange buying rate valid on the date of use, are collected in TL equivalents calculated over the Parent Bank’s counter foreign exchange selling rate valid on the installment collection date.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

The Group sets aside the expected loss provision for its loans and receivables by taking into consideration the “Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside” published in the Official Gazette dated 22 June 2016 and numbered 29750. In this context, the Parent Bank takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data, and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

- 12-Month Expected Loss Provision (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- Lifetime Expected Loss Provision (Stage 2 and Stage 3) is applied when there is a significant increase in credit risk.

In addition, the Bank made provision on the model outputs for customer groups, which it believed that the model did not statistically respond to credit risk factors, using expert opinion. The reserve will be reviewed in the following reporting periods, taking into account, the loan portfolio and changes in future expectations.

Impairment

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

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

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

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of the money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

12 Month Expected Credit Losses (Stage 1)

These are the financial assets that do not have a significant increase in credit risk at the time of recognition or since initial recognition. For such assets, impairment for credit risk is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the credit quality.

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

Significant Increase in Credit Risk (Stage 2)

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While 1-year expected credit loss is calculated for the at stage 1, all remaining maturity expected credit loss is calculated for loans at stage 2.

The main criteria taken into consideration in determining the credit risk of the financial asset to be significantly increased and transferred to the stage 2 are, having day-past-due more than and equal to 30 days, and the Parent Bank's internal early warning system note.

Credit-Impaired Losses (Stage 3)

Includes financial assets with unbiased evidence that they are impaired as of the reporting date. For these assets, lifetime expected credit losses are recognized.

The Group considers the debt to be in default in the following two cases:

- Objective Default Definition: It means debt having past due more than 90 days. This assumption can be proved otherwise in the light of supportable information.
- Subjective Default Definition: It means it is considered as unlikeliness to pay. 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.

Collective assessment of financial instruments is based on homogeneous group assets referring to portfolio segmentation including similar credit risk and product characteristics. This section provides an overview of the risk parameter estimation methods for the expected loss calculation approach on a common basis for each stage.

Credits that differ in cash flows or have different characteristics with other credits may be subject to individual valuation instead of aggregate valuation. A credit loss can be defined as the difference between all contractual cash flows that are outstanding under the contract and the original expected Effective Interest Rate value and discounted cash flows.

When cash flows are estimated, the following situations are considered:

- All contractual terms of the financial instrument during the expected life,
- Cash flows expected to be obtained from collateral sales.

In the calculation of the expected credit loss, the basic parameters which are expressed as probability of default, loss in default and default amount are used.

Probability of Default (PD)

Probability of default refers to the likelihood that a loan will default at a certain time.

In default probability models, sectorial information for the corporate portfolio and product information for the individual portfolio are taken as the basis.

Exposure at Default (EAD)

The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Loss Given Default (LGD)

Loss given default refers to the ratio of the economic net loss resulting from the default of a loan to the default amount. In other words, it refers to the ratio of net loss due to a defaulted loan to the balance at the time of default.

Future Expectations

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. The Parent Bank uses the macroeconomic estimation model it developed during the creation of multiple scenarios to be used in expected credit loss calculations. The macroeconomic variables that stand out during the estimation are the Gross Domestic Product (GDP) and the Consumer Price Index (CPI), and the risk parameters are updated if deemed necessary, taking into account the compatibility with the portfolio. In addition to macroeconomic indicators, the Parent Bank preferred the precautionary approach by adding expert opinion while creating macroeconomic models, taking into account the economic conditions, and the numerical effects of these risks were also included in the models.

The Methodology of Behavioral Maturity Calculation

The loans in Stage 1, expected loss provision is calculated until their maturity for the ones which have less than one year to due date and for 1 year which have more than one year to due date. The loans in Stage 2, expected loss provision is calculated for lifetime (until maturity date) of the loan. In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, behavioral maturity is calculated by analyzing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

Write-off Policy

The amendment with respect to the regulation “Regulation on the Amendment of the Regulation on the Classification of Loans and the Procedures and Principles Regarding the Classification of Loans and Provisions for These” entered into force with its publication in the Official Gazette No.31533 on 6 July 2021. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as “Group V Loan” (Loans Classified as Loss) within the period deemed appropriate by the bank specific to the situation of the debtor, if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

Securities sold under agreements for repurchase agreements (“Repos”) are classified as “Fair Value Through Profit or Loss”, “Fair Value Through Other Comprehensive Income” and “Financial Asset Measured at Amortized Cost” in the portfolio of the bank, according to the purposes of the Group is subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in “Money Markets Receivables” account and interest expense accruals for the period are calculated with the effective interest rate method.

Securities purchased with Resale commitment (“Reverse Repo”) are accounted in “Money Markets Receivables” on the balance sheet and interest income accruals for the period are calculated with the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

XI. INFORMATION ON NON-CURRENTS ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

The assets acquired by the Group due to its receivables are accounted for in accordance with “IFRS 5 Turkish Financial Reporting Standard for Non-current Assets Held for Sale and Discontinued Operations” in financial statement of the Group.

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, and depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order to an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. In order to have a high probability of sales, a plan for the sale of the asset (or group of assets to be disposed of) must have been prepared by an appropriate management team and an active program has been initiated to identify buyers and complete the plan. Various events or circumstances may extend the completion time of the sale transaction beyond one year. Assets are continued to be classified as held for sale if there is sufficient evidence that the delay is due to events or conditions beyond the Parent Bank’s control and that the Parent Bank’s plan to sell the related asset (or disposal group) is in progress.

The properties acquired by the Group due to receivables are shown in the line of held for sale purpose in the financial statements depending on the termination of the term sales contract.

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the date of balance sheet, the Group has no goodwill in its financial statements. (31 December 2021: None.)

Other intangible assets are based on their initial acquisition amounts and other direct costs required to make the asset available. Other intangible assets were revalued over their remaining amounts after deducting the accumulated depreciation and, if any, the accumulated depreciation from the cost value in the period following their recording.

Other intangible assets are amortized using the straight-line method based on their useful lives. Useful lives of other intangible assets are determined with assessments such as the expected life of the asset, technical, technological, or other types of aging and the maintenance costs required to obtain the economic benefit expected from the asset. There is no change in the depreciation method applied in the current period. Expenditures for other intangible assets are amortized with equal amounts within the lease period, and if the lease period is not certain or is more than five years, the redemption period is accepted as five years (depreciation rate 20%).

The Group recognizes its software costs incurred under the intangible assets-intangible rights account and the expenses that qualify as development are added to software’s initial costs and amortized over 3 years considering the useful lives. The Parent Bank has determined estimated useful lives of the intangible assets between 3 and 15 years and it applies depreciation rates between 33,3% to 6,7%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment are measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014, the Parent Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. Valuation differences arising as a result of the valuation made by independent expertise firms for real estates are accounted under the tangible asset revaluation differences account under equity.

Property and equipment (except for immovables) are presented in the financial statements over their remaining cost after deducting accumulated depreciation from cost amounts, if any, and after deducting accumulated depreciation from their fair values. Property and equipment are depreciated over their estimated useful lives using the straight-line method. The amortization method applied in the current period has not been changed.

Estimated useful lives and amortization rates of property and equipment are below:

	Estimated Useful Lives (Year)	Amortization Rate
Buildings	50	2%
Safe-deposit boxes	50	2%
Other movable properties	3-15	4-33,33%
Assets held under leases	4-5	20-25%

Gains or losses arising from the disposal of property and equipment are reflected in the profit or loss accounts as the difference between the net disposal revenue of the tangible asset and the net book value.

Ordinary maintenance and repair expenses incurred for tangible assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of property and equipment are capitalized. The investment expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

There are no mortgages, pledges or similar precautionary measures on tangible assets or commitments given for the purchase or any restrictions designated for the use of those tangible assets.

XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

Investment properties consist of assets held to earn rent and/or value increase. The mentioned real estates owned by the Group are shown in the consolidated financial statements using the fair value method within the framework of TAS 40 “Investment Properties”. Gains and losses arising from a change in the fair value of investment properties are reflected in the profit/loss accounts in the period they occur.

XV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in TFRS 16

The Group measures the operational lease liabilities based on the present value of the lease payments that have not been paid at the date of lease is actually started, in accordance with TFRS 16. Lease payments are discounted by using the Group’s incremental borrowing rate. 2-year government bond indicator interest rates are used for Turkish Lira rentals, and Eurobond indicator interest rates are used for foreign currency leasing transactions for ongoing contracts.

After the lease actually started, the Group; Increases the carrying amount to reflect the interest in the lease obligation, reduce the carrying value to reflect the lease payments made, and re-measure the carrying value to reflect reassessments and changes to the lease, or to reflect fixed lease payments in revised core.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

The interest on the lease liability for each period of the lease term, is the amount calculated by charging a fixed periodic interest rate on remaining balance of lease liability.

After the date of lease actually started, the Group remeasures the lease liability to reflect the changes in lease payments. The Group reflects the remeasurement amount of the lease liability, in financial statements as adjustments in right to use assets.

The Group uses a revised discount rate that reflects changes in the interest rate if there is a change in the initial lease period or the use of the purchase option.

The Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate for a lease modification that is not accounted for as a separate lease, at the effective date of the lease modification. The revised discount rate is determined as the alternative borrowing interest rate at the effective date of the modification. The Parent Bank decreases carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognized in profit or loss. A corresponding adjustment to the right-of-use asset is made for all other lease modifications.

The Group does not apply the standard provisions for leases shorter than 1 year in line with the exception provisions of the relevant standard. The Bank reflects the lease payments associated with these leases linearly throughout the lease period and reflects them in the financial statements.

Subject to financial leasing in the consolidated balance sheet of the entity is shown as a receivable equal to net leasing. The interest income is determined so as to form a fixed revenue return ratio using net investment method related to lease asset of the lessor, and the portion of interest income which does not take part in the related term is followed under the unearned interest income account.

Tangible assets that are acquired under leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under leases are recognized under the tangible assets account and are depreciated on annual and monthly basis with respect to their useful lives. Principal and installment paid for tangible assets that are acquired under leasing are charged to liability account “Lease Liabilities”, whereas interests are recognized in “Deferred Leasing Expenses” account. At installment payments, principal and interest amount of installment amount is debited to “Lease Liabilities” account, whereas interest is credited in “Deferred Leasing Expenses” account and recorded to the “Other Interest Expenses”.

XVI. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

Provisions other than provisions for impairment set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 “Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding”.

The Group provides provision in case of an existing liability (legal or implicit) as a result of an incident that took place in the past, there is possibility of disposal of assets that bring economic benefit, and the liability is measurable. When a reliable estimate of the amount of obligation from the Parent Bank cannot be made, it is considered that a “contingent” liability exists, and it is disclosed in the related notes to the financial statements.

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

The Group recognizes its liabilities of employment terminations and vacation benefits in accordance with TAS 19 “Turkish Accounting Standard about Benefits for Employee” and estimates the net present value of future liabilities arising from employment terminations and vacation benefits and reflects this provision amount in the financial statements.

Under the Turkish legislation as supplemented by union agreements, Employment Termination Benefit payments are made in case of retirement or employment termination or resignation depending on the arise of the legal conditions. According to the related legislation, depending on the status and position of the employee in the Group and social security institution, retirement bonus pension/severance payments are calculated for the time that the personnel has worked. Employment termination is calculated based on actuarial assumptions. These assumptions based on the calculation are below:

The Parent Bank uses independent actuaries in determining liability and makes assumptions about issues such as discount rate and inflation. As of 31 December 2022, retirement benefit obligation is TL 6.140.669 (31 December 2021: TL 1.393.410).

	Current Period	Prior Period
Discount Rate	10,60%	19,20%
Inflation	10,08%	14,30%

The Group accounts for actuarial losses and gains under shareholders’ equity in accordance with the revised TAS 19 Turkish Accounting Standard for Employee Benefits, which came into force as of 1 January 2013. The Group reclassified actuarial loss of TL 2.852.002 after deferred tax effect under shareholders’ equity. (31 December 2021: TL 219.940 loss).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days.

The Parent Bank is not employing its personnel by means of limited-period contracts.

Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

Some of the Parent Bank and Ziraat Katılım Bankası A.Ş. personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees’ Pension Fund (“Fund”) which was established by 20th provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Banking Law numbered 5411; the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution (“SSI”) is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

With the publication of the reasoning of the decision, the Grand National Assembly of Türkiye (“GNAT”) started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the “Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations” No 5754 (“the New Law”) regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870, and came into force.

According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9,80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

In accordance with 58th article and 7th provisional article of the Banking Law, restricting banks from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from 1 January 2008, has been delayed up to 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Based on the Council of Ministers' decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years.

Besides, the phrase of "two years" in Clause (2), Article 1 of the temporary 20th provision of the law numbered 5510 is revised as "four years" with the law numbered 6283 amending on the Social Insurance and General Health Insurance Law, published in the Official Gazette numbered 28227, dated 8 March 2012.

Based on the Council of Ministers' decree numbered 2014/6042 and issued in the Official Gazette numbered 28987 dated 30 April 2014, the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for one year.

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; "Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506. As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 31 December 2022 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above-mentioned fund. Since the Parent Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Parent Bank's financial statements.

XVIII. EXPLANATIONS ON TAXATION

Current Tax

The corporate tax rate of 20% was designated in Corporate Tax Law No. 5520 which was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205 for corporate earnings.

However;

Pursuant to Article 25 of Law No. 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810; Corporate tax rate has been determined as 25% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. This provision entered into force on 15 April 2022 to be applied to corporate earnings for the 2022 taxation period, and as of December 31, 2022, the corporate tax rate was applied as 25% in the financial statements.

The corporate tax rate is applied to the tax base to be found as a result of the addition of the non-deductible expenses in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions (such as the participation earnings exemption) and deductions in the tax laws. No further tax is paid if the profit is not distributed.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Türkiye or to resident corporations are not subject to withholding tax. While dividends paid to individuals and corporations were subject to withholding tax at the rate of 15%, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated 22 December 2021 and No. 31697. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Corporations calculate advance tax quarterly on their financial profits at the corporate tax rate valid for that year and declare and pay until the 17th day of the second month following that period. Advance tax paid by corporations for the current period is offset against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be used to offset any other financial liabilities to the government.

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from corporation tax (It was changed with 89th article of code 7061 that entries into force in 5 December 2017).

This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered tax loss.

Taxes which do not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warranters' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 50% of the profits arising from the sale of the said assets obtained by the banks in this way, and 75% of the profits arising from the sale of others are exempted from corporation tax.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

Tax returns are required to be filled and delivered to the related tax office until the end of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings. As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, including the provisional tax periods. Financial statements will not be subject to inflation adjustment for the 2022 and 2023 accounting periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met, It has been enacted that the 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years' profit/loss account.

Tax rates used in tax calculation considering the related countries' tax legislation as of 31 December 2022 are presented below:

Russia	20%
Kazakhstan	20%
Germany	15%
Bosnia Herzegovina	10%
Azerbaijan	20%
Montenegro	15%
Georgia	15%
Uzbekistan	20%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Deferred Tax

In accordance with TAS 12 “Turkish Accounting Standards Relating to Income Tax” and taking into account the additional regulation introduced by the Law No. 7316 of 22 April 2021, the Parent Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation.

In accordance with the Law No. 7316 published in the Official Gazette dated 22 April 2021, the corporate tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of 1 July 2021 and being valid for the taxation period starting from 1 January 2021. It was announced that this rate would be applied as 23% for the taxation period of 2022 and 20% for the taxation periods of 2023 and beyond. However, with the Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette dated 15 April 2022 and numbered 31810, and the Law on Amendments to Some Laws and Decree-Laws, Article 26 With the paragraph added to the temporary article 13 of the Corporate Tax Law No. 5520, it is stated that the Corporate Tax rate will be rearranged for the corporate earnings of the 2022 taxation period and the tax rate will be applied as 25% for the banks.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. In the deferred tax calculation, the Parent Bank estimates the time when temporary differences will be taxable/deductible and uses the legal tax rates valid as of the balance sheet date in accordance with the current tax legislation. As deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) effective or almost certain to come into effect as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Parent Bank has as of 31 December 2022, deferred tax calculations were made based on rates varying 25% on assets and liabilities. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled, or the asset realized and reflected in the statement of income as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity.

Deferred tax assets and liabilities are reflected in the consolidated financial statements by offsetting in the separate financial statements of the consolidated subsidiaries.

According to December 8, 2004 BRSA.DZM.2/13/1-a-3 notice, there is no deferred tax assets on general provision and free provision. In addition to this, deferred tax asset calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles, beginning from 1 January 2018. Deferred rate calculation for free provisions are not calculated.

XIX. EXPLANATIONS ON BORROWINGS

The Group recognizes its debt instruments in accordance with TFRS 9 “Financial Instruments” and all financial liabilities are carried at amortized cost by using effective interest rate method. The Group has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

If required, the Group borrows from domestic and foreign real people and entities with debt instruments such as bill/bond issuance. These transactions are recognized at fair value including acquisition costs at the transaction date while accounted with effective interest rate method over their discounted costs in the following periods.

The Group has issued no convertible bonds to shares and has no instruments representing its own borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

There are no issued shares by the Group.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Commitments regarding bill guarantees and acceptances of the Group are presented in the “Off-Balance Sheet” commitments.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

There are no government incentives utilized by the Group as of the balance sheet date.

XXIII. CASH AND CASH EQUIVALENTS

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

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

XXIV. EXPLANATIONS ON SEGMENT REPORTING

Information about operating segments which are determined in line with TFRS 8 “Turkish Accounting Standard Operating Segments” together with organizational and internal reporting structure of the Group, are disclosed in Note X of Section Four.

XXV. EXPLANATIONS ON OTHER MATTERS

None.

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

Shareholders' equity and capital adequacy ratio were calculated within the framework of “Regulation on Banks' Equity” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” and in addition to these, the following regulations of the BRSA.

- In accordance with the Decision of the Banking Regulation and Supervision Agency dated 28 April 2022 and numbered 10188, the Central Bank's foreign exchange buying rate of 31 December 2021 was used while calculating the valued amounts in foreign currency in calculating the amount subject to credit risk.
- Within the framework of the regulation dated 21 December 2021 No. 9996, if the net valuation differences of the securities held by banks in the portfolio of “Financial Assets at Fair Value through Other Comprehensive Income” are negative, these differences may not be taken into consideration in the calculation of equity amount. The said exception was not used in the calculation of equity as of 31 December 2022.

As of 31 December 2022, the Group's total capital has been calculated as TL 255.818.605 (31 December 2021: TL 135.084.119), capital adequacy ratio is 15,78% (31 December 2021: 15,66%). This ratio is well above the minimum ratio required by the legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1. Information Related to the Components of Shareholders' Equity

	Current Period 31 December 2022	Prior Period 31 December 2021
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	34.900.000	13.100.000
Share issue premiums	-	-
Reserves	74.732.663	68.565.711
Gains recognized in equity as per TAS	72.993.953	18.413.122
Profit	47.416.520	8.355.475
Current Period Profit	46.462.121	7.918.978
Prior Period Profit	954.399	436.497
Shares acquired free of charge from associates, subsidiaries and entities under common control and cannot be recognized within profit for the period	279.341	138.703
Minority Interest	1.986	923
Common Equity Tier 1 Capital Before Deductions	230.324.463	108.573.934
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	19.920.751	3.209.640
Improvement costs for operating leasing	154.357	76.178
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2.766.382	1.677.133
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 th clause of the 56 th 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 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	Current Period 31 December 2022	Prior Period 31 December 2021
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 I Capital	22.841.490	4.962.951
Total Common Equity Tier I Capital	207.482.973	103.610.983
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	30.236.921	21.860.635
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital--	-	-
Third parties' share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	30.236.921	21.860.635
Deductions from Additional Tier I Capital	-	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	30.236.921	21.860.635
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	237.719.894	125.471.618
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)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	18.123.366	9.628.527
Tier II Capital Before Deductions	18.123.366	9.628.527
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	18.123.366	9.628.527
Total Capital (The sum of Tier I Capital and Tier II Capital)	255.843.260	135.100.145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	Current Period 31 December 2022	Prior Period 31 December 2021
Total Tier I Capital and Tier II Capital (Total Equity)	255.843.260	135.100.145
Deductions from Capital Loans granted contrary to the 50 th and 51 th 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 Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA	24.655	16.026
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 does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	255.818.605	135.084.119
Total Risk Weighted Assets	1.621.034.385	862.578.752
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	12,80	12,01
Consolidated Tier I Capital Ratio (%)	14,67	14,55
Consolidated Capital Adequacy Ratio (%)	15,78	15,66
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,56	4,56
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific countercyclical buffer requirement (%)	0,06	0,06
c) Higher bank buffer requirement ratio (%)	2	2
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	8,30	7,51
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	307.624	251.635
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	135.876	95.387
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	5.928.087	2.991.519
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand)	46.570.632	19.856.675
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	18.123.366	9.628.527
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. Information on the Items Included in the Equity Calculation

Information about instruments included in total capital calculation-Current Period	
Issuer	T.C. Ziraat Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	None.
Eligible on consolidated and/or unconsolidated basis	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	27.980
Nominal value of instrument (TL million)	27.980
Accounting classification of the instrument	347001-Subordinated Debts Instruments
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24.04.2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.
Subsequent call dates, if applicable	24.04.2024
Interest/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger (s)	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature
If temporary write-down, description of write-up mechanism.	Has-write up mechanism
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Information about instruments included in total capital calculation-Current Period	
Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Identifier (CUSIP, ISIN vb.)	-
Governing law (s) of the instrument	The Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity of the BRSA. 5 October 2013
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	None
Eligible on consolidated and/or unconsolidated basis	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Credit (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.557
Nominal value of instrument (TL million)	1.995
Accounting classification of the instrument	347000-Subordinated Loans
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24.04.2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Option date is 5 years, (subject to BRSA permission)
Subsequent call dates, if applicable	-
Interest/dividend payment	
Fixed or floating coupon/dividend payments	None
Coupon rate and any related index	None
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	None
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger (s)	If the Core Capital adequacy ratio or the consolidated Core Capital adequacy ratio falls below 5,125 percent
If bond can be written-down, full or partial	Yes
If bond can be written-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism.	It is possible to write up after temporary write down.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	i. After payments within the scope of Priority Liabilities, ii. Equal (pari passu) among themselves and with all other Co-Liabilities without order of preference, and iii. Prior to all payments under Low-Degree Liabilities
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Information about instruments included in total capital calculation-Current Period	
Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Identifier (CUSIP, ISIN vb.)	-
Governing law (s) of the instrument	The Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks' Equity of the BRSA. 5 October 2013
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	None
Eligible on consolidated and/or unconsolidated basis	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Credit (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	700
Nominal value of instrument (TL million)	1.138
Accounting classification of the instrument	347000-Subordinated Loans
Original date of issuance	09.03.2022
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	09.03.2022
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Option date is 5 years, (subject to BRSA permission)
Subsequent call dates, if applicable	-
Interest/dividend payment	
Fixed or floating coupon/dividend payments	None
Coupon rate and any related index	None
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	None
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger (s)	If the Core Capital adequacy ratio or the consolidated Core Capital adequacy ratio falls below 5,125 percent
If bond can be written-down, full or partial	Yes
If bond can be written-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism.	It is possible to write up after temporary write down.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	i. After payments within the scope of Priority Liabilities, ii. Equal (pari passu) among themselves and with all other Co-Liabilities without order of preference, and iii. Prior to all payments under Low-Degree Liabilities
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

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

	Current Period	Prior Period
Balance Sheet-Equity	214.081.750	101.143.119
Operational Leasing Development Costs	(154.357)	(76.178)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(2.766.382)	(1.677.133)
TIER 2 Capital (Provisions)	18.123.366	9.628.527
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	30.236.921	21.860.635
Other deductions from common equity	(24.655)	(16.026)
Minority interest	(3.678.038)	(1.589.232)
Other regulations	-	5.810.407
Amount recognized in regulatory capital	255.818.605	135.084.119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK

1. Information on Credit Risk

Credit risk is the possibility of loss that the Group may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The limits of the credit customers are identified, after combined assessment of various factors like the financial and nonfinancial information of the credit customers, credit requirements, sectoral and geographical features and, in conformity with the legal legislation, in line with the credit authorization limits of the branches, Group Presidencies, Department Presidencies, Assistant General Management, General Manager, Credit Committee and Board of Directors.

In order to prevent the risk intensity on the Corporate/Commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The Group’s credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Directorates/Branches.

The limits, subjects, collateral structure, maturities, accounts booked, outstanding balances of the loans allocated by the branches are periodically analyzed depending on the number of customers and monitored on customer and regional basis.

In corporate/commercial loans, companies continue to be monitored after the allocation of the loan, and changes in the financial structures and market relations of loan companies are followed. Credit limits are determined and approved to be valid for one year, and renewals are made provided that there is no negative change in the customer’s situation (financial structure, market, collateral, etc.).

The Parent Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors’ credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Parent Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Parent Bank’s credit risk significantly declines.

On August 2012 the Parent Bank started applying internal ratings processes as a decision support system for analyzing credit worthiness and determining credit allocation for Corporate/Commercial consumer loans.

The Parent Bank makes provision in conformity with the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”.

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Since the Parent Bank’s abroad lending operations have no significant effect on the financial statements, and operations and transactions are diversified via the use of different financial institutions in various countries, The Parent Bank is not believed to be exposed to a significant credit risk as a result of these operations.

Foreign financial institution and country risks of the Parent Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the client.

The Parent Bank engages in foreign currency swaps and forward transactions considering its asset-liability balance and legal limits within the framework of the authorities and limits determined by the Board of Directors. These are not considered to generate material risk given the amount of these transactions in the balance sheet.

Non-cash risks of customers classified as non-performing loans in accordance with the Communiqué on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions” are subjected to expected loss provision (Stage 3) under the same regulation, when the related risks are reimbursed and transformed into cash receivables, they are followed up in the same risk group as the cash loan which was previously classified as non-performing loans and the expected losses provision (Stage 3) continues to be provided.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the Parent Bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 28% and 34% respectively (31 December 2021: 29% and 34%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 46% and 56% respectively (31 December 2021: 51% and 62%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 28% and 35% respectively (31 December 2021: 30% and 37%).

The total amount of the first and second phase provisions set aside for the credit risk undertaken by the Group is TL 46.368.264. (31 December 2021: TL 19.764.706)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. The Profile of Important Risks of Important Regions

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development bank	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporate receivables	Conditional and unconditional retail receivables
Current Period								
Domestic	767.061.180	727.678	13.023.438	-	-	27.763.097	748.829.337	359.264.273
European Union Countries	808.846	-	-	-	-	26.248.385	11.845.538	416.238
OECD Countries ⁽¹⁾	-	-	-	-	-	55.740.210	639.944	38.663
Off-shore banking	41	-	-	-	-	1.728.423	-	1.935
USA, Canada	-	-	-	-	-	2.687.129	1.005.136	24.951
Other Countries	3.616.421	5.193	27	-	-	6.990.082	18.653.623	3.484.358
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities ⁽²⁾	-	-	-	-	-	-	-	-
Total	771.486.488	732.871	13.023.465	-	-	121.157.326	780.973.578	363.230.418

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

⁽¹⁾OECD Countries other than EU countries, USA and Canada.

⁽²⁾Assets and liabilities that could not be distributed on a consistent basis.

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development bank	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporate receivables	Conditional and unconditional retail receivables
Prior Period								
Domestic	466.229.438	463.257	6.043.516	-	-	21.634.146	439.273.197	283.055.124
European Union Countries	403.034	-	-	-	-	53.719.505	8.317.504	356.679
OECD Countries ⁽¹⁾	-	-	-	-	-	1.795.066	465.167	37.947
Off-shore banking	37	-	-	-	-	1.202.275	198.913	1.496
USA, Canada	-	-	-	-	-	1.818.472	434.135	24.952
Other Countries	3.332.116	17.051	24	-	-	6.769.972	9.138.580	2.221.951
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities ⁽²⁾	-	-	-	-	-	-	-	-
Total	469.964.625	480.308	6.043.540	-	-	86.939.436	457.827.496	285.698.149

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

⁽¹⁾OECD Countries other than EU countries, USA and Canada.

⁽²⁾Assets and liabilities that could not be distributed on a consistent basis.

Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	Total
238.788.891	3.008.502	98.510.074	-	-	-	1.776.330	837.504	94.342.338	2.353.932.642
328.654	4.092	58.241	-	-	-	-	4.035	167.915	39.881.944
46.822	484	3.669	-	-	-	-	-	-	56.469.792
1.803	5	249	-	-	-	-	-	-	1.732.456
37.669	749	3.069	-	-	-	-	-	-	3.758.703
441.501	3.994	10.661.108	-	-	-	-	30.043	3.402.784	47.289.134
-	-	-	-	-	-	1.117.093	1.892.678	-	3.009.771
-	-	-	-	-	-	-	-	-	-
239.645.340	3.017.826	109.236.410	-	-	-	2.893.423	2.764.260	97.913.037	2.506.074.442

Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high-risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	Total
106.002.214	4.252.148	11.652.938	-	-	-	1.065.711	1.349.590	37.418.927	1.378.440.206
145.032	6.269	33.984	-	-	-	-	3.645	173.956	63.159.608
17.369	477	4.295	-	-	-	-	-	-	2.320.321
2.557	4	134	-	-	-	-	-	-	1.405.416
17.271	487	1.356	-	-	-	-	-	-	2.296.673
204.785	3.795	6.630.047	-	-	-	-	312.987	2.385.573	31.016.881
-	-	-	-	-	-	10.923	388.743	100	399.766
-	-	-	-	-	-	-	-	-	-
106.389.228	4.263.180	18.322.754	-	-	-	1.076.634	2.054.965	39.978.556	1.479.038.871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3. Risk Profile by Sectors or Counterparties

Current Period	Risk Classes								
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages
Sectors/Counter Parties									
Agriculture	82	59.512	35.150	-	-	-	32.551.185	151.503.183	17.610.511
Farming and Stockbreeding	5	59.512	35.150	-	-	-	31.266.208	150.806.203	17.517.337
Forestry	77	-	-	-	-	-	196.687	578.986	56.669
Fishing	-	-	-	-	-	-	1.088.290	117.994	36.505
Manufacturing	129.541	1.104	280.106	-	-	-	342.046.768	32.641.565	4.883.286
Mining and Quarrying	-	-	-	-	-	-	15.328.789	464.649	116.469
Production	129.530	9	119.426	-	-	-	253.248.181	31.855.869	4.705.324
Electric, Gas and Water	11	1.095	160.680	-	-	-	73.469.798	321.047	61.493
Construction	-	-	11	-	-	-	87.408.734	10.550.748	4.059.157
Services	351.164.458	19.759	1.058.264	-	-	121.157.326	289.565.876	57.854.566	10.142.433
Wholesale and Retail Trade	-	26	4.592	-	-	-	79.654.784	42.436.423	7.093.166
Hotel Food and Beverage Services	13.886	35	2.452	-	-	-	18.585.535	3.431.655	816.343
Transportation and Telecommunication	-	25	932.590	-	-	-	106.457.485	5.197.136	767.913
Financial Institutions	348.728.601	-	9.074	-	-	119.425.536	10.795.982	26.891	17.141
Real Estate and Leasing Services	2.300.128	19.672	31.571	-	-	1.731.790	69.604.657	5.068.111	1.192.295
Self Employment Services	-	-	-	-	-	-	35.863	41.064	28.355
Education Services	120.403	-	17.723	-	-	-	1.361.871	588.900	85.665
Health and Social Services	1.440	1	60.262	-	-	-	3.069.699	1.064.386	141.555
Other	420.192.407	652.496	11.649.934	-	-	-	29.401.015	110.680.356	202.949.953
Total	771.486.488	732.871	13.023.465	-	-	121.157.326	780.973.578	363.230.418	239.645.340

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction

Risk Classes

Past due receivables	Receivables defined in high-risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other Receivables	TL	FC	Total
171.654	4.339.769	-	-	-	-	-	-	204.731.909	1.539.137	206.271.046
170.309	4.298.967	-	-	-	-	-	-	203.252.523	901.168	204.153.691
711	4.899	-	-	-	-	-	-	814.260	23.769	838.029
634	35.903	-	-	-	-	-	-	665.126	614.200	1.279.326
329.160	28.687.823	-	-	-	-	-	-	239.478.978	169.520.375	408.999.353
1.982	1.978.292	-	-	-	-	-	-	6.359.175	11.531.006	17.890.181
307.379	23.719.359	-	-	-	-	-	-	199.526.869	114.558.208	314.085.077
19.799	2.990.172	-	-	-	-	-	-	33.592.934	43.431.161	77.024.095
192.104	6.680.566	-	-	-	303.180	-	-	54.783.215	54.411.285	109.194.500
415.107	23.145.031	-	-	-	2.590.061	2.124.655	70.417.237	365.791.206	563.863.567	929.654.773
329.486	14.104.647	-	-	-	-	-	-	117.554.070	26.069.054	143.623.124
31.373	960.196	-	-	-	-	-	-	9.924.734	13.916.741	23.841.475
20.221	1.753.329	-	-	-	-	-	-	14.376.718	100.751.981	115.128.699
1	3.797.251	-	-	-	1.597.500	-	70.417.237	180.518.673	374.296.541	554.815.214
27.798	2.008.023	-	-	-	992.561	2.124.655	-	37.946.411	47.154.850	85.101.261
-	19	-	-	-	-	-	-	96.270	9.031	105.301
3.002	152.246	-	-	-	-	-	-	1.627.095	702.715	2.329.810
3.226	369.320	-	-	-	-	-	-	3.747.235	962.654	4.709.889
1.909.801	46.383.221	-	-	-	182	639.605	27.495.800	565.468.867	286.485.903	851.954.770
3.017.826	109.236.410	-	-	-	2.893.423	2.764.260	97.913.037	1.430.254.175	1.075.820.267	2.506.074.442

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Risk Classes								
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages
Sectors/Counter Parties									
Agriculture	82	1.078	10.881	-	-	-	14.646.439	88.172.607	5.272.058
Farming and Stockbreeding	5	1.078	10.881	-	-	-	13.989.591	87.746.978	5.242.773
Forestry	77	-	-	-	-	-	63.782	337.997	16.740
Fishing	-	-	-	-	-	-	593.066	87.632	12.545
Manufacturing	1.608.905	585	272.330	-	-	-	186.384.075	24.778.485	1.979.225
Mining and Quarrying	-	-	-	-	-	-	9.233.033	369.933	51.629
Production	1.608.897	7	110.647	-	-	-	136.277.381	24.120.136	1.887.971
Electric, Gas and Water	8	578	161.683	-	-	-	40.873.661	288.416	39.625
Construction	-	-	11	-	-	-	58.679.415	8.826.535	1.965.347
Services	265.706.017	18.767	427.461	-	-	86.851.466	172.785.520	53.401.901	4.472.691
Wholesale and Retail Trade	-	20	7.573	-	-	-	43.729.838	38.868.235	2.861.309
Hotel Food and Beverage Services	6.711	35	1.288	-	-	-	12.440.806	3.485.085	398.457
Transportation and Telecommunication	-	25	328.705	-	-	-	58.067.937	4.872.330	331.060
Financial Institutions	265.384.098	-	9.858	-	-	82.659.649	5.197.605	26.595	6.695
Sectors/Counter Parties	236.571	18.686	17.194	-	-	4.191.817	49.942.402	4.552.574	744.515
Real Estate and Leasing Services	-	-	-	-	-	-	-	-	-
Self-Employment Services	77.122	-	28.501	-	-	-	1.293.562	616.265	76.969
Education Services	1.515	1	34.342	-	-	-	2.113.370	980.817	53.686
Health and Social Services	202.649.621	459.878	5.332.857	-	-	87.970	25.332.047	110.518.621	92.699.907
Other	469.964.625	480.308	6.043.540	-	-	86.939.436	457.827.496	285.698.149	106.389.228

Risk Classes

Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgage	Securitization positions	Short-term from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other Receivables	TL	FC	Total
263.782	1.938	-	-	-	-	214.435	-	107.867.185	716.115	108.583.300
262.287	1.846	-	-	-	-	214.435	-	107.177.086	292.788	107.469.874
414	2	-	-	-	-	-	-	401.413	17.599	419.012
1.081	90	-	-	-	-	-	-	288.686	405.728	694.414
373.673	11.431	-	-	-	-	196.154	-	98.491.323	117.113.540	215.604.863
4.216	28	-	-	-	-	-	-	2.038.979	7.619.860	9.658.839
365.882	11.383	-	-	-	-	196.154	-	87.653.952	76.924.506	164.578.458
3.575	20	-	-	-	-	-	-	8.798.392	32.569.174	41.367.566
222.957	36.906	-	-	-	216.669	119.622	-	34.876.109	35.191.353	70.067.462
624.318	1.708.463	-	-	-	859.924	1.355.629	29.927.596	248.136.926	370.002.827	618.139.753
484.077	6.751	-	-	-	-	-	-	71.468.144	14.489.659	85.957.803
40.838	3.308	-	-	-	-	-	-	6.035.251	10.341.277	16.376.528
40.702	1.800	-	-	-	-	-	-	9.687.950	53.954.609	63.642.559
5	1.694.761	-	-	-	519.087	-554.863	29.927.596	126.657.876	258.213.206	384.871.082
41.494	1.699	-	-	-	340.837	1.910.492	-	30.044.409	31.953.876	61.998.285
-	-	-	-	-	-	-	-	-	-	-
10.470	26	-	-	-	-	-	-	1.572.313	530.602	2.102.915
6.732	118	-	-	-	-	-	-	2.670.983	519.598	3.190.581
2.778.450	16.564.016	-	-	-	41	169.125	10.050.960	307.486.287	159.157.206	466.643.493
4.263.180	18.322.754	-	-	-	1.076.634	2.054.965	39.978.556	796.857.830	682.181.041	1.479.038.871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

4. Analysis of maturity-bearing exposures according to remaining maturities

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	113.615.352	3.470.587	11.947.034	59.514.961	582.938.554
Conditional and unconditional exposures to regional governments or local authorities	6.482	7.227	16.959	57.798	644.405
Conditional and unconditional receivables from administrative units and non-commercial enterprises	10.254	21.651	207.953	1.691.561	11.092.046
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	45.092.658	15.493.391	11.986.860	4.623.302	43.961.115
Conditional and unconditional exposures to corporates	43.029.859	59.743.020	69.842.761	189.452.072	418.905.866
Conditional and unconditional retail exposures	5.363.757	15.944.616	23.272.994	160.681.598	157.967.453
Conditional and unconditional exposures secured by real estate property	942.794	2.002.926	2.516.988	17.559.489	216.623.143
Past due receivables	718.888	127.365	531.432	239.937	1.400.204
Receivables defined in high risk category by BRSA	3.955.563	4.170.579	10.574.731	43.641.073	46.894.464
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	51.094	107.646	1.079.210	1.655.473
Investments in Equity Instruments	-	-	-	-	2.764.260
Grand Total	212.735.607	101.032.456	131.005.358	478.541.001	1.484.846.983

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	120.195.995	9.301.808	3.154.865	18.347.515	318.964.442
Conditional and unconditional exposures to regional governments or local authorities	7.863	1.839	9.991	91.227	369.388
Conditional and unconditional receivables from administrative units and non-commercial enterprises	46.482	3.227	506.799	194.452	5.292.580
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	32.541.315	16.932.692	5.222.004	3.474.173	28.769.252
Conditional and unconditional exposures to corporates	14.060.925	29.291.933	32.262.046	103.139.884	279.072.708
Conditional and unconditional retail exposures	3.268.755	10.042.445	11.223.112	85.474.845	175.688.992
Conditional and unconditional exposures secured by real estate property	178.822	757.971	918.768	5.389.712	99.143.955
Past due receivables	824.342	100.478	94.399	166.813	3.077.148
Receivables defined in high risk category by BRSA	2.269.085	199.529	1.121.556	1.513.906	13.218.678
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	68.611	-	89.640	918.383
Investments in Equity Instruments	-	-	-	-	2.054.965
Grand Total	173.393.584	66.700.533	54.513.540	217.882.167	926.570.491

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as “Gradeless” and take the risk weight which is appropriate for the “Gradeless” category in the related risk class.

In order to determine the risk weight of regarding items that export, or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer’s credit rating is considered in the absence of export rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Fitch Rating’s and the Islamic International Rating Agency’s (IIRA) risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Ratings Long Term Credit Rating	Exposure to Banks and Brokerage Houses	
		Exposures with Original Maturities Less Than 3 Months	Exposures with Original Maturities More Than 3 Months
1	AAA to AA-	20%	20%
2	A+ to A-	20%	50%
3	BBB+ to BBB-	20%	50%
4	BB+ to BB-	50%	100%
5	B+ to B-	50%	100%
6	CCC+ and below	150%	150%

Credit Quality Grade	IIRA Long Term Credit Rating	Receivables from the Central Governments and the Central Banks
1	AAA to AA-	0%
2	A+ to A-	20%
3	BBB+ to BBB-	50%
4	BB+ to BB-	100%
5	B+ to B-	100%
6	CCC+ and below	150%

5. Exposures by risk weights

Current Period

Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Other	Deductions from Equity
1 Exposures before Credit Risk Mitigation	784.288.690	-	46.238.558	-	5.378.281	167.570.273	480.569.207	912.768.077	47.153.815	-	62.107.541	2.945.394
2 Exposures after Credit Risk Mitigation	863.416.292	-	45.975.174	-	136.476.515	152.214.302	327.673.855	871.185.389	47.025.374	-	62.107.541	2.945.394

Prepared with the numbers after conversion rate to credit

Prior Period

Risk Weights	0%	10% ^(*)	20%	25%	35%	50%	75%	100%	150%	250%	Other	Deductions from Equity
1 Exposures before Credit Risk Mitigation	475.305.383	-	27.463.700	-	3.438.596	76.174.991	348.878.623	514.842.373	18.313.684	-	14.621.521	1.769.337
2 Exposures after Credit Risk Mitigation	563.610.970	-	12.389.612	-	70.871.811	77.304.996	252.223.212	483.294.235	18.216.712	-	1.127.323	1.769.337

Prepared with the numbers after conversion rate to credit

^(*)In accordance with the Regulation on Measurement and Evaluation of Banks’ Capital Adequacy risk weights of 2% and/or 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

6. Information in terms of major sectors and type of counterparties

Current Period	Loans		Provisions
	Impaired (TFRS 9)		Provisions for Expected Credit Loss (TFRS)
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
Agriculture	3.798.858	953.502	1.021.046
Farming and Stockbreeding	3.787.838	938.201	1.007.413
Forestry	6.166	9.438	8.323
Fishery	4.854	5.863	5.310
Manufacturing	36.505.877	2.934.846	17.343.091
Mining and Quarrying	727.461	36.627	137.166
Production	29.252.291	2.642.643	15.677.227
Electricity, Gas and Water	6.526.125	255.576	1.528.698
Construction	9.224.863	3.935.665	6.737.985
Services	31.960.042	5.084.000	13.869.055
Wholesale and Retail Trade	6.017.430	3.033.916	3.683.167
Accommodation and Dining	6.528.333	664.395	2.308.812
Transportation and Telecom.	571.312	188.017	170.299
Financial Institutions	140.537	12.718	28.450
Real Estate and Rental Services	16.894.102	1.112.594	7.043.097
Professional Services	26.006	90	158
Educational Services	864.403	17.890	184.202
Health and Social Services	917.919	54.380	450.870
Other	9.965.134	6.339.940	6.376.993
Total	91.454.774	19.247.953	45.348.170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Loans		Provisions
	Impaired (TFRS 9)		Provisions for Expected Credit Loss (TFRS)
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
Agriculture	6.163.652	1.252.576	1.160.147
Farming and Stockbreeding	6.134.911	1.234.196	1.144.857
Forestry	18.739	11.537	9.463
Fishery	10.002	6.843	5.827
Manufacturing	28.942.182	3.078.357	11.596.817
Mining and Quarrying	252.933	37.923	58.031
Production	23.900.303	2.809.180	10.211.423
Electricity, Gas and Water	4.788.946	231.254	1.327.363
Construction	9.602.610	3.410.313	5.032.188
Services	25.692.112	6.093.893	8.156.349
Wholesale and Retail Trade	7.439.596	3.647.863	3.125.350
Accommodation and Dining	6.076.332	594.100	1.016.795
Transportation and Telecom.	979.903	217.375	183.586
Financial Institutions	146.444	11.664	9.760
Real Estate and Rental Services	9.360.640	1.464.067	3.437.207
Professional Services	3.330	174	130
Educational Services	698.445	82.069	76.917
Health and Social Services	987.422	76.581	306.604
Other	14.287.873	6.371.061	4.319.208
Total	84.688.429	20.206.200	30.264.709

7. Information about Value Adjustment and Change in Provisions

	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
Current Period					
1 Stage 3 Expected Loss Provisions	15.272.896	6.007.385	(4.823.134)	(582.612)	15.874.535
2 Stage 1 and 2 Expected Loss Provisions	17.651.921	20.967.069	(124.128)	(14.688)	38.480.174
Prior Period					
1 Stage 3 Expected Loss Provisions	11.911.061	5.273.331	(2.953.820)	1.042.324	15.272.896
2 Stage 1 and 2 Expected Loss Provisions	9.111.627	9.858.415	(1.318.091)	(30)	17.651.921

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

8. Risks Included Capital Capacity Buffer Calculations

Current Period

Country	Banking Accounts RWA	Trading Accounts RWA	Total
Bosnia and Herzegovina	13.912.126	-	13.912.126
Germany	11.235.323	-	11.235.323
Kazakhstan	4.637.595	-	4.637.595
Azerbaijan	4.455.894	-	4.455.894
Russia	3.379.162	-	3.379.162
Turkish Republic of Northern Cyprus	3.377.246	-	3.377.246
Uzbekistan	2.791.932	-	2.791.932
USA	906.371	1.300.213	2.206.584
Iraq	1.508.709	590.783	2.099.492
Kosovo	1.630.051	136.256	1.766.307
Other	8.227.356	-	8.227.356

Prior Period

Country	Banking Accounts RWA	Trading Accounts RWA	Total
Bosnia and Herzegovina	5.057.363	-	5.057.363
Germany	49.552.789	-	49.552.789
Turkish Republic of Northern Cyprus	2.875.782	-	2.875.782
Azerbaijan	2.307.808	-	2.307.808
Holland	2.238.210	-	2.238.210
Kazakhstan	2.040.795	-	2.040.795
USA	1.585.613	-	1.585.613
Montenegro	1.130.892	422.709	1.553.601
Iraq	1.436.290	-	1.436.290
Russia	452.491	957.428	1.409.919
Other	5.711.243	223.654	5.934.897

III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

1. Whether the Parent Bank is Exposed to Foreign Currency Risk, Whether the Effects of This Matter are Estimated, Whether Limits for The Daily Followed Positions are Determined by the Board of Directors

The Parent Bank's policy is to avoid carrying significant position by means of foreign currency management. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, Value at Risk (VAR) is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit approved by the Board of Directors is also monitored on daily basis. Additionally, dealer's position and operational limits for foreign exchange transactions are under the authorization of the Board of Directors.

2. Hedge Against Foreign Exchange Debt Instruments and Net Foreign Exchange Investments by Hedging Derivative Instruments, if Material

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3. Whether the Parent Bank Is Exposed to Currency Risk, Whether The Effects Of This Situation Are Estimated, Whether The Bank’s Board of Directors Set Limits For Positions Monitored On A Daily basis

The Parent Bank has adopted the principle of not holding a significant position within the framework of its foreign currency management policy. In addition to monitoring the currency risk through the currency risk table created within the scope of the standard method, the Bank’s daily value at risk is calculated for the foreign currency position and reported to the relevant units. VaR (Value at Risk) based currency risk limit approved by the Board of Directors is also followed daily. In addition, for foreign exchange transactions; position and transaction limits are determined by the decision of the Board of Directors.

4. Aspect of Hedging of Foreign Currency Debt Instruments and Net Foreign Currency Investments with Derivative Hedges, If Significant

None.

5. Management Policy for Foreign Currency Risk

Periodic “Liquidity Gap Analysis” and “Repricing Gap Analysis” to determine the liquidity and structural interest rate risks in the US Dollar and Euro, which are the most important foreign currencies in which the Parent Bank operates, and the historical renewal rates of foreign exchange deposit accounts. “Structural Liquidity Gap Analysis” is performed. In addition, daily VaR analysis for the follow-up of currency risk and within the scope of legal reporting, Foreign Currency Net General Position/Equity ratio and Foreign Currency Liquidity Position are regularly monitored. The Parent Bank manages the Turkish Lira or foreign currency risks that may occur in the domestic and international markets and follows the transactions that create these risks, and manages these risks at optimum levels within the framework of market expectations and within the scope of its strategies by considering the balances with other financial risks. Sensitivity analysis regarding the currency risk that the Group is exposed to is explained in Note 6.

6. Current Foreign Exchange Bid Rates of The Parent Bank for The Last 5 Business Days Prior to The Financial Statement Date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
23.12.2022	18,6053	19,7285	12,4319	2,6535	1,7683	19,9471	13,6383	1,8781	22,3922	4,9489	13,9831
26.12.2022	18,5906	19,7544	12,4971	2,6572	1,7710	19,9593	13,6769	1,8876	22,4422	4,9430	13,9859
27.12.2022	18,6369	19,8035	12,5566	2,6636	1,7811	20,0461	13,8033	1,8944	22,4049	4,9599	13,9692
28.12.2022	18,6347	19,8576	12,6591	2,6708	1,7912	20,1285	13,7821	1,8997	22,5563	4,9587	13,9258
29.12.2022	18,6818	19,9134	12,6235	2,6783	1,7891	20,2656	13,7840	1,8931	22,5292	4,9706	14,0489
30.12.2022	18,6985	19,9856	12,6977	2,6883	1,7996	20,2820	13,8076	1,9009	22,5837	4,9770	14,1884

7. Simple Arithmetic Average of The Parent Bank’s Current Foreign Exchange Bid Rates for The Last 30 Days Prior to The Balance Sheet Date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
	18,5879	19,6845	12,5441	2,6473	1,7907	19,9534	13,6803	1,8832	22,6354	4,9445	13,7854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

8. Information on The Foreign Currency Risk of the Group

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Türkiye	98.482.659	224.302.153	46.626.689	369.411.501
Banks ⁽⁷⁾	7.621.282	12.422.813	8.087.693	28.131.788
Financial Assets at Fair Value Through Profit and Loss	-	1.334.582	29.806.662	31.141.244
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	15.074.343	189.633.140	407.208	205.114.691
Loans ^{(1) (6)}	190.429.063	225.935.698	13.473.999	429.838.760
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	874.175	24.903	899.078
Financial Assets Measured at Amortized Cost	36.773.171	10.847.009	156.499	47.776.679
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	348.097	6.860	1.345.457	1.700.414
Intangible Assets	59.668	9.548	120.246	189.462
Other Assets ⁽³⁾	2.976.628	7.513.672	512.802	11.003.102
Total Assets⁽⁴⁾	351.764.911	672.879.650	100.562.158	1.125.206.719
Liabilities				
Interbank Deposits	31.846.012	5.773.085	3.296.443	40.915.540
Foreign Currency Deposits	346.642.423	403.256.141	126.883.137	876.781.701
Money Markets Borrowings	21.197.370	50.339.455	-	71.536.825
Funds Provided from Other Financial Institutions	40.008.657	62.862.559	1.955.518	104.826.734
Issued Marketable Securities ⁽⁵⁾	28.949.062	25.269.861	1.492.748	55.711.671
Miscellaneous Payables	5.771.801	2.695.221	403.663	8.870.685
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	5.807.589	4.380.128	805.591	10.993.308
Total Liabilities	480.222.914	554.576.450	134.837.100	1.169.636.464
Net Balance Sheet Position	(128.458.003)	118.303.200	(34.274.942)	(44.429.745)
Net Off-Balance Sheet Position⁽²⁾	128.642.563	(117.581.650)	44.630.485	55.691.398
Financial Derivative Assets	158.343.592	131.879.951	49.706.652	339.930.195
Financial Derivative Liabilities	29.701.029	249.461.601	5.076.167	284.238.797
Non-Cash Loans	107.332.041	167.451.521	26.111.429	300.894.991
Prior Period				
Total Assets	253.299.389	413.574.708	69.264.835	736.138.932
Total Liabilities	350.705.225	349.953.009	95.884.228	796.542.462
Net Balance Sheet Position	(97.405.836)	63.621.699	(26.619.393)	(60.403.530)
Net Off-Balance Sheet Position⁽²⁾	100.986.295	(70.381.915)	32.096.177	62.700.557
Financial Derivative Assets	114.544.132	92.671.196	38.423.861	245.639.189
Financial Derivative Liabilities	13.557.837	163.053.111	6.327.684	182.938.632
Non-Cash Loans	82.654.563	128.029.712	17.311.928	227.996.203

⁽¹⁾ TL 116.426 equivalent of USD and TL 80.193 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2021: TL 133.697 equivalent of USD and TL 140.542 equivalent of EUR).

⁽²⁾ Indicates the net balance of receivables and payables on derivative financial instruments.

⁽³⁾ Prepared expenses in other assets amounting to TL 79.997 are not included in the table.

⁽⁴⁾ Expected loss provisions for financial assets and other assets are reflected in related items.

⁽⁵⁾ Includes subordinated debt instruments.

⁽⁶⁾ It also includes receivables from leasing and factoring transactions.

⁽⁷⁾ Includes the guarantees given for derivative and repo transactions with foreign banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Analysis of Sensitivity to Currency Risk

The effect of 10% depreciation of TL against USD, Euro and other currencies on equity and profit or loss statement (excluding tax effects) for the year ended 31 December 2022 and 31 December 2021 is shown in the table below.

This analysis has been prepared with the assumption that all other variables, especially interest rates, remain constant.

	Current Period - 31 December 2022		Prior Period - 31 December 2021	
	Profit or Loss Statement	Equity ^(*)	Profit or Loss Statement	Equity ^(*)
USD	(374.171)	(831.703)	(223.208)	(472.384)
EUR	142.301	(191.527)	101.066	(252.145)
Other Currencies	670.548	670.548	100.444	100.444
Total (Net)^(**)	438.678	(352.682)	(21.698)	(624.085)

^(*)Equity effect also includes the effect of profit or loss due to the 10% depreciation of TL against the relevant foreign currencies.

^(**)Associates, subsidiaries, and entities under common control are included in the profit or loss statement impact calculation, but not in equity impact calculation. Tangible and intangible assets are not included in the equity and profit or loss statement impact calculation.

The effect of 10% appreciation of TL against USD, Euro and other currencies on equity and profit or loss statement (excluding tax effect) for the year ending on 31 December 2022 and 31 December 2021 is shown in the table below.

	Current Period - 31 December 2022		Prior Period - 31 December 2021	
	Profit or Loss Statement	Equity ^(*)	Profit or Loss Statement	Equity ^(*)
USD	374.171	831.703	223.208	472.384
EUR	(142.301)	191.527	(101.066)	252.145
Other Currencies	(670.548)	(670.548)	(100.444)	(100.444)
Total (Net)^(**)	(438.678)	352.682	21.698	624.085

^(*)Equity effect also includes the effect of profit or loss due to the 10% appreciation of TL against related foreign currencies.

^(**)Associates, subsidiaries and entities under common control are included in the profit or loss statement impact calculation, but not in equity impact calculation. Tangible and intangible assets are not included in the equity and profit or loss statement impact calculation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

1. Information Related to Interest Rate Sensitivity of Assets, Liabilities and Off-Balance Sheet Items

(Based on days to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Türkiye	38.048.117	-	-	-	-	365.898.630	403.946.747
Banks ⁽⁸⁾	7.406.743	1.386.519	189.938	-	-	19.658.732	28.641.932
Financial Assets at Fair Value Through Profit and Loss	95.350	73.869	95.397	29.811.195	18.934	5.980.371	36.075.116
Money Markets Receivables	5.380.282	-	-	-	-	902.708	6.282.990
Financial Assets at Fair Value Through Other Comprehensive Income	97.093.862	22.095.922	127.886.487	90.544.173	75.741.323	2.137.240	415.499.007
Loans Given ^{(3) (7)}	464.070.869	159.943.524	323.653.579	332.695.588	108.908.131	3.373.418	1.392.645.109
Financial Assets Measured at Amortized Cost	2.731.393	50.061.035	22.894.015	63.440.978	26.255.072	-	165.382.493
Other Assets ⁽²⁾	4.809.498	2.350.830	2.072.668	386.820	71.640	94.957.263	104.648.719
Total Asset^{(1) (5)}	619.636.114	235.911.699	476.792.084	516.878.754	210.995.100	492.908.362	2.553.122.113
Liabilities							
Interbank Deposits	51.668.178	10.298.806	9.160.162	39.629	-	9.315.628	80.482.403
Other Deposits	826.643.143	286.581.492	120.844.849	8.374.970	1.215.724	616.166.491	1.859.826.669
Money Markets Borrowings	57.723.585	20.373.383	6.970.742	7.550.978	-	-	92.618.688
Miscellaneous Payables	-	-	-	-	-	37.724.077	37.724.077
Issued Marketable Securities ⁽⁶⁾	1.668.805	4.096.385	12.089.962	42.899.866	-	-	60.755.018
Funds Provided from Other Financial Institutions	26.663.592	47.326.727	26.093.701	11.595.664	3.732.349	-	115.412.033
Other Liabilities ^{(4) (6)}	6.855.318	716.109	1.869.030	871.365	562.350	295.429.053	306.303.225
Total Liabilities⁽¹⁾	971.222.621	369.392.902	177.028.446	71.332.472	5.510.423	958.635.249	2.553.122.113
Balance Sheet Long Position	-	-	299.763.638	445.546.282	205.484.677	-	950.794.597
Balance Sheet Short Position	(351.586.507)	(133.481.203)	-	-	-	(465.726.887)	(950.794.597)
Off-Balance Sheet Long Position	3.604.188	2.684.526	262.625	-	-	-	6.551.339
Off-Balance Sheet Short Position	-	-	-	-	(1.015.345)	(13.650)	(1.028.995)
Total Position	(347.982.319)	(130.796.677)	300.026.263	445.546.282	204.469.332	(465.740.537)	5.522.344

⁽¹⁾Balances without fixed maturity are shown in the "Non-Interest Bearing" columns.⁽²⁾Deferred tax asset is shown under the "Non-Interest Bearing" column.⁽³⁾Net balance of loans under follow-up is shown under the "Non-Interest Bearing" column in loans given.⁽⁴⁾Total shareholders' equity is shown under the "Non-Interest Bearing" column.⁽⁵⁾Allowance for expected losses for financial assets and other assets are reflected in the related items.⁽⁶⁾Includes subordinated debt instruments.⁽⁷⁾It also includes receivables from leasing and factoring transactions.⁽⁸⁾Includes the guarantees given for derivative and repo transactions with foreign banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

(Based on days to repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Türkiye	30.229.017	-	-	-	-	197.311.613	227.540.630
Banks	4.535.689	538.220	637.628	589	-	11.811.053	17.523.179
Financial Assets at Fair Value Through Profit and Loss	52.804	6.706.897	3.067.736	15.909.462	26.184	2.788.039	28.551.122
Money Markets Receivables	1.249.698	-	-	-	-	-	1.249.698
Financial Assets at Fair Value Through Other Comprehensive Income	42.468.332	20.572.880	59.285.568	96.175.210	60.561.662	714.402	279.778.054
Loans Given ^{(3) (7)}	251.702.029	81.325.397	166.982.372	262.666.274	73.902.547	4.933.304	841.511.923
Financial Assets Measured at Amortized Cost	813.081	1.110.034	10.184.626	27.787.469	6.433.681	-	46.328.891
Other Assets ⁽²⁾	4.466.630	4.320.376	2.853.665	563.769	357.272	38.488.671	51.050.383
Total Assets^{(1) (5)}	335.517.280	114.573.804	243.011.595	403.102.773	141.281.346	256.047.082	1.493.533.880
Liabilities							
Interbank Deposits	29.977.786	5.293.148	16.173.994	563.517	1.139.209	6.995.085	60.142.739
Other Deposits	399.092.536	136.846.047	78.282.668	9.080.479	4.252.706	364.163.526	991.717.962
Money Markets Borrowings	153.540.717	21.374.101	2.553.454	3.015.469	-	-	180.483.741
Miscellaneous Payables	-	-	-	-	-	19.033.000	19.033.000
Issued Marketable Securities ⁽⁶⁾	1.245.168	2.527.922	9.333.952	38.630.139	-	-	51.737.181
Funds Provided from Other Financial Institutions	3.235.390	21.521.436	24.651.350	10.806.615	714.206	11.834	60.940.831
Other Liabilities ⁽⁴⁾	337.503	804.305	1.964.292	1.982.537	636.606	123.753.183	129.478.426
Total Liabilities⁽¹⁾	587.429.100	188.366.959	132.959.710	64.078.756	6.742.727	513.956.628	1.493.533.880
Balance Sheet Long Position	-	-	110.051.885	339.024.017	134.538.619	-	583.614.521
Balance Sheet Short Position	(251.911.820)	(73.793.155)	-	-	-	(257.909.546)	(583.614.521)
Off-Balance Sheet Long Position	7.299.963	2.263.522	-	10	-	-	9.563.495
Off-Balance Sheet Short Position	16.883	30.847	(331.774)	26.227	(1.015.345)	-	(1.273.162)
Total Position	(244.594.974)	(71.498.786)	109.720.111	339.050.254	133.523.274	(257.909.546)	8.290.333

⁽¹⁾Balances without fixed maturity are shown in the “Non-Interest Bearing” columns.⁽²⁾Deferred tax asset is shown under the “Non-Interest Bearing” column.⁽³⁾Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.⁽⁴⁾Total shareholders’ equity is shown under the “Non-Interest Bearing” column.⁽⁵⁾Allowance for expected losses for financial assets and other assets are reflected in the related items.⁽⁶⁾Includes subordinated debt instruments.⁽⁷⁾It also includes receivables from leasing transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. Average Interest Rate Applied to the Monetary Financial Instruments (%) (Represents Values Belonging to the Parent Bank) (%)

	EUR	USD	JPY	TL
Current Period ⁽³⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye ⁽¹⁾	-	-	-	-
Banks	4,30	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Markets Receivables	-	5,41	-	26,23
Financial Assets at Fair Value Through Other Comprehensive Income	3,70	5,16	-	26,73
Loans Given ⁽¹⁾	5,83	7,71	-	13,59
Financial Assets Measured at Amortized Cost	4,66	7,58	-	15,90
Liabilities				
Interbank Deposits	1,40	4,17	-	10,43
Other Deposits	1,03	3,44	-	15,67
Money Markets Borrowings	3,52	5,58	-	9,17
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽²⁾	5,08	5,05	-	16,99
Funds Provided from Other Financial Institutions	2,84	4,85	-	8,83

⁽¹⁾Credit card loans are not included.⁽²⁾Subordinated debt instruments are included⁽³⁾Foreign branches are excluded.

	EUR	USD	JPY	TL
Prior Period⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye ⁽¹⁾	-	-	-	8,50
Banks	4,30	-	-	17,63
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Markets Receivables	-	-	-	17,31
Financial Assets at Fair Value Through Other Comprehensive Income	3,72	4,83	-	14,70
Loans Given ⁽²⁾	4,74	5,68	6,00	13,42
Financial Assets Measured at Amortized Cost	4,76	7,47	-	14,33
Liabilities				
Interbank Deposits	0,22	0,25	-	14,14
Other Deposits	0,27	0,93	-	14,15
Money Markets Borrowings	-	1,78	-	14,22
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	5,05	-	16,99
Funds Provided from Other Financial Institutions	1,69	2,38	-	15,67

⁽¹⁾The rate on TL column denotes the interest rates applied for required reserve at CBRT.⁽²⁾Credit card loans are not included.⁽³⁾Subordinated debt instruments are included⁽⁴⁾Foreign branches are excluded

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

V. EXPLANATIONS ON THE POSITION RISK OF CONSOLIDATED EQUITY INSTRUMENTS

1. Equity Instruments Position Risk Derived from Banking Books

Comparison with the market value if the market value is significantly different from the fair value for balance sheet, fair and market values of equity shares

Investments in Equity Instruments - Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ⁽¹⁾	987.208	987.208	-

⁽¹⁾The mentioned stock investments are not traded on the stock exchange and there is no stock market price since they are not open to the public.

Investments in Equity Instruments - Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ⁽¹⁾	379.440	379.440	-

⁽¹⁾The mentioned stock investments are not traded on the stock exchange and there is no stock market price since they are not open to the public.

The breakdown of capital requirements on the basis of related investments in equity instruments depending on the method of the calculation of capital requirement which is chosen by Bank among approaches that are allowed to be used within the Communiqué regarding Credit Risk Standard Method or the Calculation of Counterparty Credit Risk based upon Interior Rating Approaches

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 987.208 and all of them are 100% risk weighted (31 December 2021: are amounted TL 379.440 and all of them are 100% risk weighted).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Total unrealized gains or losses, total revaluation value increases and their amounts included in principal and contribution capital

Portfolio	Realized Gain/ Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total	Included in Contribution Capital	Total	Included in Supplementary Capital	Included in Contribution Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-	-
3. Other Stocks	-	533.193	533.193	-	-	-
Total	-	533.193	533.193	-	-	-

VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

Matters related to liquidity and financial emergency management are determined in the Liquidity and Financial Emergency Management-Liquidity Funding Plan Approved by the Board of Directors.

The Parent Bank conducts the remaining maturity analysis in order to observe the maturity structure of its balance sheet, liquidity gap and structural liquidity gap analysis to monitor the liquidity need by periods, and Liquidity Stress Test in order to evaluate the liquidity need of the Parent Bank in the worst possible situation. Core deposit analysis is carried out to determine the stable part of the deposit, which is the most important fund resource of the Parent Bank. In addition, the Parent Bank-sector maturity structures and legal liquidity ratios are monitored in order to compare the Parent Bank’s liquidity risk level with the sector.

1. Liquidity Risk

Explanations related to the liquidity risk management including the Parent Bank’s risk capacity, responsibilities and structure of liquidity risk management, reporting of liquidity risk in internal banking, the strategy of liquidity risk and how to provide the communication of policies and implementations with board of directors and business lines

The Parent Bank’s risk capacity, risk appetite, responsibilities and tasks of liquidity risk management and sharing of issues related to liquidity risk management with the Parent Bank network are explained in “Regulations of Risk Management, Stress Test Program and ICAAP Regulations” of the Parent Bank. In this context, liquidity risk strategies, policies and implementations are shared within the Parent Bank on a weekly, monthly, quarterly and annual basis with all relevant departments and the Parent Bank’s senior management. The analysis and reports made within this scope are handled at the Asset-Liability Committee meetings and the Board of Directors is informed through the Audit Committee.

Liquidity management and the degree of centralization of fund strategies, the information about the procedure between Bank and the subsidiaries of Bank

Continuously the information exchange is actualized about the liquidity need and surpluses between the Parent Bank and its subsidiaries, the necessary guidance and procedures are moderated by Treasury Management and International Banking Group Presidency in order to manage liquidity need and surplus in effective way.

Information on the Bank’s funding strategy, including policies on diversity of funding sources and duration

The Parent Bank’s main funding resource is deposit and the strategy of preserving the granular deposit structure is sustained. Moreover, within the diversification of funding strategy, long-term and cost-effective non-deposit funding is also targeted. In the non-deposit funding; repurchase agreements, post finance, syndication loan facility, loans from international financial institutions, marketable securities issuances, subordinated debt instruments and bilateral loan agreements are at the forefront.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Explanation related to liquidity management as currencies forming at least 5 percentage of aggregate liabilities of the Parent Bank

The Parent Bank’s total liabilities are consisted of mostly TL, USD and EUR currencies. Besides these currencies, for other currencies, daily and long-term cash flows are monitored and future projections are made for effective liquidity management purposes.

Information related to the techniques about the reduction of current liquidity risk

The Parent Bank’s source of funds is mainly formed of deposits. The Parent Bank’s deposits do not fluctuate considerably in line with the broadly dispersed customer network and the granular structure of the deposits. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non-deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed.

Explanation regarding the usage of the stress test

In the presence of unexpected negative circumstances, stress tests being done in order to test the endurance of the Parent Bank. These actions have been shared with key management of the Parent Bank and all related units for the purpose of taking necessary precautions. Additionally, stress tests also taken into consideration on subjects like the Parent Bank’s estimated financial position for the next period, the progress of legal ratios and the liquidity need in short and long term as part of budget practices.

General information on liquidity urgent and unexpected situation plan

The internal and external sources which can be used in an emergency case to satisfy the liquidity need are periodically monitored and the borrowing limits of the Parent Bank from organized market and other banks are on the level where they meet the structural liquidity deficits on different maturity segments. The Parent Bank lines off its exposition to liquidity risk by limits that are approved by Board of Directors and within the frame of “Regulation on Risk Management, Stress Test Program and ICAAP Regulations”. In addition, matters related to liquidity and financial emergency management were determined.

2. Liquidity Coverage Ratio

Within the framework of “Regulation on Calculation of Liquidity Covered Rate of Banks” published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, The Parent Bank calculates the liquidity coverage ratio and transmits to BRSA monthly on consolidated basis. Within the last 3 months the consolidated realized ratios are as follows:

Current Period-31 December 2022

	FC		TL+FC	
	Date	Ratio	Date	Ratio
Liquidity Coverage Ratio	October 2022	363,66	October 2022	179,92
	November 2022	410,45	November 2022	189,99
	December 2022	435,7	December 2022	194,62

Prior Period-31 December 2021

	FC		TL+FC	
	Date	Ratio	Date	Ratio
Liquidity Coverage Ratio	October 2021	501,32	October 2021	170,92
	November 2021	380,26	November 2021	178,36
	December 2021	412,09	December 2021	194,09

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Current Period	Total Unweighted Amount ^(*)		Total Weighted Amount ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			705.756.623	460.311.702
Cash Outflows				
Retail and Small Business Customers, of which;	1.007.872.426	548.849.632	90.416.451	54.883.503
Stable deposits	207.415.835	29.214	10.370.792	1.461
Less stable deposits	800.456.591	548.820.418	80.045.659	54.882.042
Unsecured wholesale funding, of which;	758.643.744	358.274.285	348.437.665	170.001.407
Operational deposit	33.907.001	6.853.366	8.425.176	1.661.768
Non-operational deposits	630.467.392	308.542.116	265.000.856	126.428.533
Other unsecured funding	94.269.351	42.878.803	75.011.633	41.911.106
Secured funding			-	-
Other cash outflows, of which;	228.595.424	38.687.464	32.179.698	24.553.084
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	17.014.572	21.207.751	17.014.572	21.207.751
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	211.580.852	17.479.713	15.165.126	3.345.333
Other revocable off-balance sheet commitments and contractual obligations	32.216.626	32.216.626	1.610.831	1.610.831
Other irrevocable or conditionally revocable off-balance sheet obligations	161.218.935	104.884.625	9.220.927	5.244.231
Total Cash Outflows			481.865.571	256.293.056
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	151.525.343	67.844.985	103.090.462	49.871.192
Other cash inflows	4.030.649	91.420.876	3.985.252	91.375.479
Total Cash Inflows	155.555.992	159.265.861	107.075.714	141.246.671
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			705.756.623	460.311.702
TOTAL NET CASH OUTFLOWS			374.789.858	115.046.385
LIQUIDITY COVERAGE RATIO (%)			188,31	400,11

(*)The average of last three months' liquidity coverage ratio calculated by monthly simple averages.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Total Unweighted Amount ⁽¹⁾		Total Weighted Amount ⁽¹⁾	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			322.965.247	218.841.464
Cash Outflows				
Retail and Small Business Customers, of which;	623.380.047	365.198.371	55.387.908	36.516.645
Stable deposits	139.001.924	63.842	6.950.096	3.192
Less stable deposits	484.378.123	365.134.529	48.437.812	36.513.453
Unsecured wholesale funding, of which;	307.755.422	144.545.013	143.765.782	68.741.940
Operational deposit	23.234.553	3.413.121	5.790.583	834.806
Non-operational deposits	228.893.514	126.380.404	101.843.105	53.562.568
Other unsecured funding	55.627.355	14.751.488	36.132.094	14.344.566
Secured funding			-	-
Other cash outflows, of which;	125.446.996	23.639.081	13.735.813	13.511.035
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	3.918.175	9.958.096	3.918.175	9.958.096
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	121.528.821	13.680.985	9.817.638	3.552.939
Other revocable off-balance sheet commitments and contractual obligations	15.827.184	15.827.184	791.359	791.359
Other irrevocable or conditionally revocable off-balance sheet obligations	100.068.408	71.449.597	5.525.433	3.572.480
Total Cash Outflows			219.206.295	123.133.459
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	61.962.519	30.516.139	37.983.787	20.076.485
Other cash inflows	4.457.071	50.092.952	4.440.532	50.076.413
Total Cash Inflows	66.419.590	80.609.091	42.424.319	70.152.898
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			322.965.247	218.841.464
TOTAL NET CASH OUTFLOWS			176.781.976	52.980.561
LIQUIDITY COVERAGE RATIO (%)			182,69	413,06

⁽¹⁾The average of last three months' liquidity coverage ratio calculated by monthly simple averages.

Important points affecting the results of liquidity coverage ratio and the changes of the considered items in the course of time to calculate this ratio

The Parent Bank deposits, which constitute a significant part of its resources and cash outflows in the liquidity coverage ratio, have a non-fluctuating structure, but may cause periodic changes in total deposits compared to public deposits and other deposits. While considering the previous periods, the amount of the total deposits has an increasing trend.

Although they have low conversion into cash rate, non-cash loans also have a remarkable extent in proportion to financial statement, they have an impact on the calculation of liquidity coverage ratio. Comparing to previous periods, non-cash loans are in increasing trend.

Bonds and bills in the securities portfolio are being used in repo transactions as collateral. Since the securities used in repo transactions lose the characteristic of being free, in accordance with that securities can be used as collateral, liquidity coverage ratio is affected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

The content of high-quality liquid assets

All of the high-quality liquid assets in the calculation of liquidity coverage ratio are first quality liquid assets. These are cash, the accounts in Central Bank, reserve requirements and securities from the portfolio (the important part of bonds and T-bills issued by Republic of Türkiye Ministry of Treasury and Finance and other bonds).

The content of funds and their share in the total liabilities and funding

A major part of the resources of funds in Group is comprised of deposits, the remaining is divided according to their share in the balance sheet as repo, funds borrowed, and issued securities.

Information about cash out-flows arising from derivative operations and margin operations likely to processing

Derivative operations in the Parent Bank are carried out on the purpose of protection from the risks that may exist or occur in the balance sheet, liquidity management, or meeting customer demand. Customer operations are carried out under the “Framework Agreement on Purchase and Sale of Derivative Instruments” or ISDA (International Swaps and Derivatives Association) and CSA (Credit Support Annex), as well as transactions with banks are performed again under ISDA and CSA agreements signed. Operations performed under the said contracts in the determined periods are subject to daily market valuation and additional cash margining. Operations could create additional collateral inflow or outflow depending on market valuation.

The concentration limits regarding collateral and counterparty and product-based fund resources

For the counterparty and product-based concentration limits are determined under Regulation on Risk Management, Stress Test Program and the Parent Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”) with the approval of the Parent Bank’s Senior Management. These limits are followed in particular frequency. Besides, it is being reported to the relevant units and senior management. There is no excess regarding the limits during operating period.

Liquidity risk and needed funding on the basis of the Bank itself, the branches in foreign countries and the partnerships consolidated by considering operational and legal factors preventing liquidity transfer

The needed and surplus of liquidity of the branches in foreign countries of the Parent Bank and partnerships consolidated are followed and managed regularly. There is no constraint of operational and legal factors preventing liquidity transfer. In the analysis made, it is observed that the impact of the foreign branches and subsidiaries on the Parent Bank’s liquidity structure remain limited comparing to the size of the balance sheet. The need and surplus of the liquidity is encountered properly between partnerships, as well as the branches abroad.

Explanations of cash in-flow and cash out-flow items that are considered to be related to liquidity profile of the Bank and to be placed on the calculation of liquidity coverage ratio but not on the second paragraph of the disclosure template

All items on the calculation of liquidity coverage ratio are included in calculation in aggregated form on the table. In this context, there is no point included in the calculation of liquidity coverage ratio and not included in the disclosure template.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

4. Presentation of Assets and Liabilities According to Their Remaining Maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistri- buted ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	199.077.738	204.869.009	-	-	-	-	-	403.946.747
Banks ⁽⁵⁾	19.658.732	7.308.446	1.364.054	310.700	-	-	-	28.641.932
Financial Assets at Fair Value Through Profit and Loss	561.399	95.350	73.869	110.295	29.811.195	18.934	5.404.074	36.075.116
Money Markets Receivables	902.708	5.380.282	-	-	-	-	-	6.282.990
Financial Assets at Fair Value Through Other Comprehensive Income	-	40.615.109	10.664.052	110.727.273	152.971.621	99.533.742	987.210	415.499.007
Loans Given ⁽⁴⁾	-	62.194.313	150.198.228	544.515.766	444.858.021	187.505.363	3.373.418	1.392.645.109
Investments Held-to-Maturity	-	691.263	15.078.755	13.287.059	72.126.318	64.199.098	-	165.382.493
Other Assets	34.299.418	4.509.634	2.350.830	2.072.668	386.820	71.640	60.957.709	104.648.719
Total Assets⁽²⁾	254.499.995	325.663.406	179.729.788	671.023.761	700.153.975	351.328.777	70.722.411	2.553.122.113
Liabilities								
Interbank Deposits	9.315.628	51.668.179	10.298.805	9.160.162	39.629	-	-	80.482.403
Other Deposits	616.166.491	826.636.070	286.560.371	120.747.779	8.495.952	1.220.006	-	1.859.826.669
Funds Provided from Other Financial Institutions	-	2.149.784	9.628.789	50.862.693	41.954.745	10.816.022	-	115.412.033
Money Markets Borrowings	-	57.723.585	20.373.383	6.970.742	7.550.978	-	-	92.618.688
Issued Marketable Securities ⁽³⁾	-	1.643.087	4.122.103	12.089.962	42.899.866	-	-	60.755.018
Miscellaneous Payables	10.703.657	24.942.182	-	-	-	-	2.078.238	37.724.077
Other Liabilities ⁽³⁾	52.147.323	2.429.086	6.666.329	1.869.030	871.365	7.307.090	235.013.002	306.303.225
Total Liabilities	688.333.099	967.191.973	337.649.780	201.700.368	101.812.535	19.343.118	237.091.240	2.553.122.113
Liquidity Gap	(433.833.104)	(641.528.567)	(157.919.992)	469.323.393	598.341.440	331.985.659	(166.368.829)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	3.078.210	(76.776)	263.284	-	2.256.893	-	5.521.611
Financial Derivative Liabilities	-	217.080.558	79.987.344	14.378.870	2.369.535	3.272.238	-	317.088.545
Non-cash Loans	129.374.760	17.327.045	48.622.420	155.246.177	94.685.727	16.473.798	-	461.729.927
Prior Period								
Total Assets	124.942.133	183.171.856	97.392.560	361.739.421	499.811.718	195.221.307	31.254.885	1.493.533.880
Total Liabilities	395.787.842	600.408.932	168.541.577	132.621.236	81.083.581	13.789.107	101.301.605	1.493.533.880
Liquidity Gap	(270.845.709)	(417.237.076)	(71.149.017)	229.118.185	418.728.137	181.432.200	(70.046.720)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	6.981.760	181.276	(400.762)	10	1.267.128	-	8.029.412
Financial Derivative Liabilities	-	148.640.930	34.588.934	23.872.474	1.558.882	2.282.473	-	210.943.693
Non-cash Loans	84.421.912	13.045.014	36.067.565	98.489.814	51.648.354	8.632.545	-	292.305.204

⁽¹⁾Assets which are required for banking operations and could not be converted into cash in short-term, such as; property and equipment, associates, subsidiaries and entities under common control, office supply inventory, prepaid expenses and net under follow-up loans as well as securities representing a share in capital; and other liabilities such as provisions which are not considered as payables and equity are classified as undistributed.

⁽²⁾Expected credit losses for financial assets and other assets are recognized in the related account.

⁽³⁾Includes subordinated debt instruments.

⁽⁴⁾It also includes receivables from leasing and factoring transactions.

⁽⁵⁾Includes the guarantees given for derivative and repo transactions with foreign banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

5. Presentation of Liabilities According to Their Remaining Maturities

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank Deposit	60.920.736	10.383.237	9.782.322	6.898.361	3.064.964	91.049.620
Other Deposit	1.445.115.696	290.768.113	123.453.918	8.824.595	1.223.545	1.869.385.867
Funds borrowed from other financial institutions	2.112.084	9.855.090	52.540.900	37.518.110	8.446.343	110.472.527
Funds borrowed from Interbank Money Market	57.798.179	20.501.945	7.034.894	8.237.972	-	93.572.990
Total	1.565.946.695	331.508.385	192.812.034	61.479.038	12.734.852	2.164.481.004
Prior Period						
Bank Deposit	36.999.725	5.380.801	16.321.306	563.517	1.139.209	60.404.558
Other Deposit	764.160.661	138.238.821	79.424.483	9.237.447	4.260.840	995.322.252
Funds borrowed from other financial institutions	1.244.384	1.726.143	25.083.011	29.015.479	6.563.627	63.632.644
Funds borrowed from Interbank Money Market	153.782.720	21.574.464	2.564.750	3.024.105	-	180.946.039
Total	956.187.490	166.920.229	123.393.550	41.840.548	11.963.676	1.300.305.493

VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO

1. Explanations on Issues that Cause Differences Between Leverage Ratios

The Group's consolidated leverage calculated by force of the regulation "Regulation on Measurement and Assessment of Leverage Ratios of Banks" is 7,12% (31 December 2021: 6,41%). The increase in leverage ratio occurs from the increase in total risk amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-balance sheet items (excluded derivative financial instruments and credit derivatives, included collateral)	2.442.705.557	1.383.075.977
(Assets deducted in determining Tier 1 capital)	(24.795.544)	(8.358.335)
Total on-balance sheet risks (sum of lines 1 and 2)	2.417.910.013	1.374.717.642
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	8.528.403	10.782.578
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	7.724.823	2.703.788
Total risks of derivative financial instruments and credit derivatives	16.253.226	13.486.366
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	54.738.885	18.983.986
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	54.738.885	18.983.986
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	702.194.547	409.632.556
(Adjustments for conversion to credit equivalent amounts)	(27.990.411)	(14.215.523)
Total risks of off-balance sheet items	674.204.136	395.417.033
Capital and total risks		
Tier 1 capital	225.438.413	114.811.438
Total risks	3.163.106.260	1.802.605.027
Leverage ratio		
Leverage ratio %	7,12	6,41

⁽¹⁾Three-month average of the amounts in the table are taken into account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

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

	Current Period ^(*)	Prior Period ^(*)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(**)	2.553.175.374	1.493.538.396
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements”	53.261	4.516
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	731.715.641	458.963.706
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts	62.450.262	131.178.567
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	27.990.411	14.215.523
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	(108.660.745)	(139.379.975)
Total Risk Amount	3.163.106.260	1.802.605.027

^(*)The amounts shown in the table are 3-month averages.

^(**)The current year balance of the Consolidated Financial Statements prepared in accordance with paragraph 6 of Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks has been prepared by using the temporary financial statements dated 31 December 2022 of the nonfinancial subsidiaries.

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section.

1. Explanations on Risk Management and Risk Weighted Amount

1.1 The Parent Bank’s Risk Management Approach

It has to do with how the business model determines The Parent Bank’s risk profile; how it interacts with it (e.g., key risks related to the business model and how each of these risks is reflected on explanations); and how The Parent Bank’s risk profile interacts with the risk appetite approved by the board of directors

While risk appetite determines the Parent Bank’s risk level, risk capacity determines its risk appetite and, therefore, risk profile. Local and international conjuncture is also considered to determine the risk level. Establishment of forward-looking strategies and policies is also considered in this regard. The Parent Bank’s risk level is restricted to the limits consistent with its risk appetite.

Risk limits are determined in accordance with the level of risks that may be assumed by the Parent Bank, its activities, size and complexity of its products and services. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Parent Bank’s strategy and risk appetite.

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters regarding signal and limit structure as well as limit values of parameters are determined in coordination with the relevant units and implemented upon approval of the Audit Commission and Board of Directors.

Risk weighted asset-based signal and limit values are regularly monitored by the Parent Bank Risk Management Department, and actual values are reported periodically to the Parent Bank Senior Management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Risk management structure: Responsibilities distributed at The Parent Bank (e.g., supervision and delegation of authority); segregation of duties by risk type, business unit, etc.; relations between structures included in risk management processes (e.g., board of directors, top management, separate risk committee, risk management unit, compliance and internal audit function)

The Parent Bank's Top Management and relevant units perform their risk management duties, authorities and responsibilities in line with the relevant legal legislation and internal Bank regulations.

Structure of the Parent Bank's risk management is compliance with the Regulation on Internal Systems and Internal Capital Adequacy Assessment Processes of Banks. Accordingly, internal system units consisting of the Inspection Board, the Internal Audit Department, the Compliance Department, and the Risk Management Department, report to the Audit Committee and the Board of Directors through the Head of Group responsible for internal systems, which operates separately from the executive units.

Risk measurement and monitoring activities are conducted as part of risk management and the results are considered in strategic decision-making process by relevant units and bodies. Risk management operations are conducted in accordance with the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks, issued by the BRSA, within the scope of Regulation on Risk Management, Stress Test Program and the Parent Bank's Internal Capital Adequacy Assessment Process ("ICAAP") approved by the Parent Bank's Board of Directors.

The organizational structure of the Parent Bank's Risk Management Department consists of credit risk management, market risk management, operational risk management and balance sheet risk management, credit risk control unit (KRKB) and validation unit services. Duties of Risk Management:

- Ensuring identification, measurement, reporting, monitoring, and control of risks exposed through policies, practices and limits established to monitor, control and revise, when necessary, the risk-return structure of the Parent Bank's cash flows in the future, quality, and level of its associated activities
- Preparing ICAAP reports periodically.
- Conducting stress tests and scenario analyses
- Establishing and maintaining a system that will ensure determination of capital required to cover significant risks that are or may be exposed and the evaluation of the level of capital adequacy/requirement in line with strategic objectives
- Developing internal models of our Bank's Probability of Default (PD), Loss at Default (THK) Default Amount (TT) within the scope of TFRS 9 expected credit risk loss calculation, monitoring their performance, developing scenario-based macroeconomic models of parameters regarding future expectations
- Ensuring the accuracy, consistency and adequacy of the analytical models and processes used in decision-making processes and to evaluate their performance and to report the results at regular intervals

The analyzes and studies carried out at ICAAP, including the validation studies, are examined by the Inspection Board and an Analysis Report is prepared regarding the results

Channels used for disseminating and implementing risk culture within The Bank (e.g., codes of conduct, manuals including operational limits or procedures to be performed when risk thresholds are exceeded, procedures for identifying and sharing risk issues between business units and risk units)

The Parent Bank exercises maximum efforts to perceive both risks and returns accurately during its activities and maintain its perspective for disseminating risk culture across the Parent Bank. Accordingly, goals, vision and strategic approaches are shared in large group meetings held by the Parent Bank's Top Management with employees.

Signal and limit structure established based on risk weighted assets is one of the channels used to disseminate risk culture within the Parent Bank. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units and approved by the Board of Directors.

It is ensured that risk signal and limit structure is forwarded to relevant units in the Parent Bank and the structure is understood by the staff. Usage levels for signal and risk parameters are subject to reports submitted to the Parent Bank's Top Management.

If limits are exceeded, the Parent Bank's Top Management is notified. In such a case, matters such as risk mitigation, risk transfer or risk-averse, increasing collaterals and so on can be considered as part of required actions. If limits are exceeded, forward-looking strategies and policies of the Parent Bank-including budget figures-can be reviewed or, where necessary, revised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Another channel used to disseminate the risk culture is in the scope of ICAAP activities. It is essential to include assessment results for capital adequacy in the ICAAP Report covering all significant risks of The Parent Bank. The report is prepared in coordination with risk management and with participation from other relevant units. Similarly, the Parent Bank’s budget goals for the upcoming years are also established with the participation of relevant units. The Parent Bank’s Top Management and relevant units conduct their ICAAP duties, authorities and responsibilities in line with the Parent Bank regulations and relevant legal legislation.

Principal elements and scope of risk measurement systems

The Parent Bank’s risk measurement system functions in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way. Regarding the inclusion of risk measurement results in decision-making processes, reports are elaborated with extensive explanations and assumptions to avoid any misinterpretation that may arise from errors and deficiencies.

Required activities are performed to engage in design, selection, implementation and pre-approval processes for risk measurement models; review accuracy, reliability and performance of models regularly through various methodologies and make required revisions; accordingly, and report results of analyses conducted with such models.

The Parent Bank’s capital adequacy ratio is calculated in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, Communiqué on Credit Risk Mitigation Techniques and other relevant legal regulations.

Counter parties/operations related to the credit risk are separated on the basis of risk classes mentioned in Appendix-1 of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, and each of them is assigned by the weight of risk in line with the matters specified for relevant risk class. Then, they are subject to risk mitigation in accordance with the principles of Communiqué on Credit Risk Mitigation Techniques and weighted based on the risk weights.

After deduction of expected loss provisions for the loans for the stage 3 in accordance with Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves, non-cash loans and commitments are included in the calculation of credit-risk-weighted amount with loan conversion rates presented in article 5 of Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

Trading accounts and the values deducted from the capital base in the shareholders’ equity computation are excluded from calculation of credit risk-weighted assets.

Calculations regarding to the counter party credit risk are made for repurchase agreement and derivative transactions. These transactions are added to the calculations after applying the rates presented in the amendments of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and Communiqué on Credit Risk Mitigation Techniques.

Calculations regarding counter parties credit risks are made with the basic financial collateral method and extensive collateral method for banking accounts and trading accounts respectively.

The amount subject to the total market risk is calculated through the standard method. Furthermore, value at risk forecasts is made on a daily basis and backward testing is performed so as to measure performance of the model.

Liquidity Coverage Ratio and Liquidity Risk Analysis reports for the liquidity risk are prepared in accordance with the relevant regulations. Furthermore, stress test is performed to assess maturity mismatch between sources and uses, contractual maturities as well as behavioral maturities of assets and liabilities, the Parent Bank’s liquidity requirement in a worst-case scenario and relevant damages that may be incurred based on scenario and sensitivity analysis activities.

Control of interest rate risk on banking accounts entails monitoring rate and maturity mismatch between sources and uses of fixed and variable interest rates, contractual maturities as well as behavioral maturities assets and liabilities and the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend.

Explanations provided to the Board of Directors and Top Management on risk reporting processes, particularly scope and main contents of reporting

It is essential to inform the Top Management about developments and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing Top Management is established and required measures are taken for healthy functioning of the system.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Informing process as part of reporting should be based on the most current data available on a periodical basis. Reports issued contain, at minimum, information on risk amount and development, legal capital requirement, legal ratios for liquidity and interest rate risks, stress test analysis results, effect of such results on capital adequacy level and ratios, realization level of risk limits and limitations, and assumptions of risk measurement method used.

As part of the reporting system, an information systems infrastructure is established for external reporting and required actions are taken to fulfill legal obligations fully in a timely manner in this regard

Explanations on stress test (e.g., assets subject to stress test, scenarios applied, methodologies used and the use of stress test in risk management)

Stress test is intended to pre-assess the effect of negative developments in specified risk factors on amounts subject to risk and capital adequacy/requirement level.

Conducting the stress test periodically is essential, and test result must be included in internal reporting and considered in strategic decision-making process or capital management. Results of stress test analysis are considered while establishing risk management policies.

In stress test activities, shock is applied to risk factors determined (factors specific to debtor or transaction or macroeconomic variables such as exchange rate, price, interest and so on), and the effects of results on risk-weighted asset amount and capital adequacy ratio are identified. Accordingly, risk factors are identified first and then assumptions to be implemented are determined and possible losses in the future are estimated. Stress test activities include creating scenarios, which are unlikely, if not impossible, and which may affect the Parent Bank's risk level significantly.

The results of stress test are subject to internal Bank reporting and ICAAP Report. The results of stress test may be used in processes to determine the Parent Bank's risk appetite or risk limits and identify new and current business strategies as a planning instrument and their effect on capital utilization.

Analyses of credit risk based on internal and external risk factors, counter party credit risk, liquidity risk, interest rate risk, operational risk and market risk are conducted in the case of stress tests which are subject to internal reporting.

The Board of Directors is responsible for assessing the results of the Stress Test Program and taking actions based on the results. Accordingly, actions such as revision of risk appetite, strategy and risk limits or restriction of activities to specific sectors or portfolios can be taken.

The Parent Bank's risk management, aversion and mitigation strategies and processes based on business model and monitoring processes for continuous efficiency of safeguards and mitigants

Amounts subject to credit risk can be mitigated by using one or more risk mitigation techniques in line with the legal regulations.

Funded or unfunded credit safeguard instruments are considered while using the risk mitigation technique. Whether credit safeguard instruments meet minimum compulsory conditions specified in legal regulations is checked via the system.

The Parent Bank performs risk mitigation with a simple financial method. Credibility of guarantors are monitored and assessed in the scope of credit revision maturity.

All Bank employees are responsible for control and mitigation of operational risks based on their job definitions and business processes. All Bank units are obliged to take risk mitigation measures for mitigation of operational risks that may occur in their respective fields of activity through insurance and other risk transfer mechanisms.

The market risk of the Parent Bank is reduced by using derivatives or other financial products, taking into account the current conjuncture, risk appetite, risk capacity and risk level. Thanks to the transactions made, long-term resources are obtained and the interest rate risk arising from liquidity and banking accounts is limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Diversification of fund is deemed important for managing the liquidity risk that may occur. While the Parent Bank's fundamental funding resources are deposits, the strategy of preserving the common base structure of deposits is sustained. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non-deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed as for the asset side of the Parent Bank, policies are pursued as part of measures to improve short term cash cycle and minimize maturity mismatch between assets and liabilities. As part of management of interest rate risk, measures are taken to reduce repricing maturity mismatch of interest sensitive assets and liabilities.

Overview of Risk Weighted Amounts

	Risk Weighted Amount		Minimum capital Requirement
	Current Period	Prior Period	Current Period
1 Credit Risk (excluding counterparty credit risk)	1.419.608.937	757.683.306	113.568.715
2 Standardized approach	1.419.608.937	757.683.306	113.568.715
3 Internal rating-based approach	-	-	-
4 Counterparty credit risk	27.959.366	11.589.174	2.236.749
5 Standardized approach for counterparty credit risk	27.959.366	11.589.174	2.236.749
6 Internal model method	-	-	-
7 Basic risk weight approach to internal models' equity position in the Banking account	-	-	-
8 Investments made in collective investment companies-look through approach	-	-	-
9 Investments made in collective investment companies-mandate-based approach	2.300.996	1.009.692	184.080
10 Investments made in collective investment companies-1250% weighted risk approach	-	-	-
11 Settlement risk	-	-	-
12 Securitization positions in banking accounts	-	-	-
13 IRB ratings-based approach	-	-	-
14 IRB Supervisory Formula approach	-	-	-
15 SA/simplified supervisory formula approach	-	-	-
16 Market risk	109.408.827	41.011.997	8.752.706
17 Standardized approach	109.408.827	41.011.997	8.752.706
18 Internal model approaches	-	-	-
19 Operational risk	61.756.259	51.284.583	4.940.501
20 Basic Indicator approach	61.756.259	51.284.583	4.940.501
21 Standard approach	-	-	-
22 Advanced measurement approach	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24 Floor adjustment	-	-	-
25 Total (1+4+7+8+9+10+11+12+16+19+23+24)	1.621.034.385	862.578.752	129.682.751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. Connections Between Financial Statements and the Risk Amounts

Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject

Current Period	Carrying values as reported in published financial statements ^(*)						
	Carrying values as reported in published financial statements ^(*)	Valued amount according to TAS within legal consolidation ^(**)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and Balances at Central Bank	403.946.747	403.946.747	403.946.747	-	-	-	-
Banks	28.641.932	28.641.932	28.641.932	-	-	-	-
Receivables from Money Markets	6.282.990	6.282.990	1.167.858	5.115.132	-	-	-
Financial Assets Measured at Fair Value to Profit or Loss	36.075.116	36.075.116	696.219	-	-	35.378.897	-
Financial Assets Measured at Fair Value to Other Comprehensive Income	415.499.007	415.499.007	330.237.299	98.062.871	-	85.261.708	-
Financial Assets Measured at Amortized Cost	165.382.493	165.382.493	165.382.493	22.603.804	-	-	-
Derivative Financial Assets	8.860.105	8.860.105	-	8.860.105	-	-	-
Loans (Net)	1.392.645.109	1.371.392.988	1.409.848.507	-	-	-	24.655
Investments in Associates (Net)	693.755	693.755	693.755	-	-	-	-
Investments in Subsidiaries (Net)	1.525.892	1.525.892	1.525.892	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	1.100.239	1.100.239	1.100.239	-	-	-	-
Receivables Form Leasing Transactions	21.252.121	21.252.121	21.252.121	-	-	-	-
Factoring receivables	-	-	-	-	-	-	-
Tangible Assets (Net)	36.857.821	36.835.128	36.680.771	-	-	-	154.357
Intangible Assets (Net)	2.770.249	2.766.382	-	-	-	-	2.766.382
Investment Properties (Net)	775.075	775.075	775.075	-	-	-	-
Tax Asset	5.930.724	5.930.724	5.930.724	-	-	-	-
Non-Currents Assets or Disposal Groups “Held for Sale” and “From Discontinued Operations (Net)	7.182.481	7.182.481	7.182.481	-	-	-	-
Other Assets	17.753.518	38.978.938	38.978.938	-	-	-	-
Total Assets	2.553.175.374	2.553.122.113	2.454.041.051	134.641.912	-	120.640.605	2.945.394
Liabilities							
Deposits	1.940.237.158	1.940.309.072	-	-	-	-	-
Funds Borrowed	115.412.033	115.412.033	-	1.111.812	-	-	-
Money Markets	92.618.688	92.618.688	-	92.618.687	-	-	-
Securities Issued (Net)	31.805.956	31.805.956	-	-	-	-	-
Funds	70.337	34.703	-	-	-	-	-
Derivative Financial Liabilities	3.159.560	3.159.560	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-	-
Other Liabilities	61.435.895	61.306.135	-	-	-	-	-
Factoring Liabilities	1.850.079	1.850.079	-	-	-	-	-
Provisions	51.139.130	51.139.130	-	-	-	-	-
Tax Liability	9.858.291	9.858.291	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups “Held for Sale” and “From Discontinued Operations (Net)	-	-	-	-	-	-	-
Subordinated Debt Instruments	31.546.716	31.546.716	-	-	-	-	-
Equity	214.041.531	214.081.750	-	-	-	-	-
Total Liabilities	2.553.175.374	2.553.122.113	-	93.730.499	-	-	-

^(*)Financial statements prepared in accordance with the sixth paragraph of the fifth article of the “Communiqué on the Preparation of Banks’ Consolidated Financial Statements” have been used.

^(**)Represents the consolidated financial statements of the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Carrying values as reported in published financial statements ^(*)						
	Carrying values as reported in published financial statements ^(*)	Valued amount according to TAS within legal consolidation ^(**)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization on framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Assets							
Cash and Balances at Central Bank	227.540.631	227.540.631	227.540.631	-	-	-	-
Banks	17.523.178	17.523.178	17.523.178	-	-	-	-
Receivables from Money Markets	1.249.698	1.249.698	570.988	678.710	-	-	-
Financial Assets Measured at Fair Value to Profit or Loss	28.551.122	28.551.122	37.342	-	-	28.513.780	-
Financial Assets Measured at Fair Value to Other Comprehensive Income	279.778.054	279.778.054	210.519.544	170.822.248	-	69.258.510	-
Financial Assets Measured at Amortized Cost	46.329.168	46.328.891	46.328.891	4.600.734	-	-	-
Derivative Financial Assets	12.067.535	12.067.535	-	12.067.535	-	-	-
Loans (Net)	831.927.113	831.927.113	849.563.008	-	-	-	16.026
Investments in Associates (Net)	476.258	476.258	476.258	-	-	-	-
Investments in Subsidiaries (Net)	657.465	657.465	657.465	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	606.376	606.376	606.376	-	-	-	-
Receivables Form Leasing Transactions	9.566.606	9.566.606	9.566.606	-	-	-	-
Factoring receivables	18.204	18.204	18.204	-	-	-	-
Tangible Assets (Net)	13.505.201	13.500.115	13.423.937	-	-	-	76.178
Intangible Assets (Net)	1.677.989	1.677.133	-	-	-	-	1.677.133
Investment Properties (Net)	1.268.500	1.268.500	1.268.500	-	-	-	-
Tax Asset	3.072.355	3.072.355	3.072.355	-	-	-	-
Non-Currents Assets or Disposal Groups “Held for Sale” and “From Discontinued Operations (Net)	5.450.287	5.450.287	5.450.287	-	-	-	-
Other Assets	12.272.656	12.274.359	12.274.359	-	-	-	-
Total Assets	1.493.538.396	1.493.533.880	1.398.897.929	188.169.227	-	97.772.290	1.769.337
Liabilities							
Deposits	1.051.829.717	1.051.860.701	-	-	-	-	-
Funds Borrowed	60.940.831	60.940.831	-	11.795.858	-	-	-
Money Markets	180.483.741	180.483.741	-	161.047.437	-	-	-
Securities Issued (Net)	30.309.580	30.309.580	-	-	-	-	-
Funds	45.908	31.956	-	-	-	-	-
Derivative Financial Liabilities	3.702.077	3.702.077	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-	-
Other Liabilities	29.830.188	29.764.358	-	-	-	-	-
Factoring Liabilities	1.062.527	1.062.527	-	-	-	-	-
Provisions	9.791.008	9.791.008	-	-	-	-	-
Tax Liability	1.702.018	1.702.018	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups “Held For Sale” and “From Discontinued Operations (Net)	-	-	-	-	-	-	-
Subordinated Debt Instruments	22.741.964	22.741.964	-	-	-	-	-
Equity	101.098.837	101.143.119	-	-	-	-	-
Total Liabilities	1.493.538.396	1.493.533.880	-	172.843.295	-	-	-

^(*)Financial statements prepared in accordance with the sixth paragraph of the fifth article of the “Communiqué on the Preparation of Banks’ Consolidated Financial Statements” have been used.

^(**)Represents the consolidated financial statements of the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

Current Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	2.553.122.113	2.454.041.051	134.641.912	120.640.605
Liabilities carrying value amount under regulatory scope of consolidation	-	-	93.730.499	-
Total net amount under regulatory scope of consolidation	2.553.122.113	2.454.041.051	40.911.413	120.640.605
Differences in valuations	1.074.171.103	313.316.733	403.703.302	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	3.627.293.216	2.767.357.784	444.614.715	120.640.605
Prior Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	1.493.533.880	1.398.897.929	188.169.227	97.772.290
Liabilities carrying value amount under regulatory scope of consolidation	-	-	172.843.295	-
Total net amount under regulatory scope of consolidation	1.493.533.880	1.398.897.929	15.325.932	97.772.290
Differences in valuations	691.567.637	187.847.877	265.502.197	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	2.185.101.517	1.586.745.806	280.828.129	97.772.290

Explanations on differences between risk amounts and valued amounts in accordance with the Turkish Accounting Standards

There is no significant difference between financial statement values of assets and liabilities and values included in capital adequacy calculation.

3. Credit Risk Explanations

3.1. Transformation of bank's business model into components in credit risk profile

The Banks must allocate risk limits approved by board of directors of the Banks and monitor limit utilization pursuant to Article 38 of the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks issued by the BRSA and published in the Official Gazette no. 29057 dated 11 July 2014. Furthermore, pursuant to paragraph 5 of the same article, it is expected to establish a signal structure that will serve as an early warning mechanism in addition to the limit structures.

Additionally, principle 5 of the Guideline for Counter Party Credit Risk Management announced to the public by the BRSA with the Agency Decision no. 6827 dated 31 March 2016 States that banks must allocate a limit for counter party credit risk (CCR).

Pursuant to aforementioned regulations, to what extent the Parent Bank gets closer to allocated limits approved by the board of directors or to what extent these levels were exceeded must be monitored by the risk management unit which was structured independent from executive units. This practice that was included in monitoring function of the risk management unit is significant as it presents a legal obligation, and it helps optimization of resource utilization.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

In accordance with the changing organizational structure of the Parent Bank, the signal and limit with risk of change in customer segmentation are on corporate, commercial and individual segment basis in accordance with the customer segment structure and are updated according to the changes in the segmentation structure. Signal and limit values for counter party credit risk transactions were determined separately for banking accounts and trading accounts based on portfolio type. Calculations were made based on ratio of risk weighted asset amounts calculated for relevant parameters to total credit and market risk weighted asset amounts and they are reported to the Parent Bank’s Top Management periodically through relevant units.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to market risk, it is essential to restrict risk level to the limits in line with the Bank’s risk appetite. Market risk limits were determined as interest rate risk and currency risk limits. Current values for such limits are calculated on a daily basis with market data and reported to the Bank’s Top Management through relevant units. Market risk signal and limit values are monitored dynamically in the light of market developments and, if necessary, updated based on the developments in the Bank’s strategy and risk appetite.

3.2. Criteria and approach adopted for determining credit risk policy and credit risk limits

As part of credit risk management, the Parent Bank’s risk management team conducts the functions of identification, measurement, monitoring and controlling of credit risk in line with the structure, size, complexity and growth rate of products and activities and reports the analysis, including stress test, and its results to the Bank’s Top Management.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to credit risk, credit risk level was restricted to the limits in line with the Parent Bank’s risk appetite. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Parent Bank’s strategy and risk appetite.

There is a signal and limit structure in place, indicating that credit risk limits are almost reached as a result of internal and external developments. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units. The approval of Audit Committee and Board of Directors is sought in order to implement parameters and signal/limit threshold values within The Parent Bank. It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the relevant staff. Actual values are monitored closely by the risk management. Actual values regarding signal and limit parameters are reported to the Bank’s Top Management.

3.3 Structure and organization of credit risk management and control function

The Parent Bank’s internal system units consist of the Inspection Board Presidency, Internal Control Presidency, Compliance Presidency and Risk Management Group Presidency. Credit risk management is one of the six services under the Risk Management Group Presidency.

Activities conducted at the credit risk management unit, which is subject to inspection and controlling activities periodically, aim to establish and maintain a credit risk management infrastructure that is structured enough to meet legal obligations and flexible enough to accommodate the best practices. Accordingly, capital amount that should be reserved for credit risk is calculated; risk mitigation techniques are implemented; stress tests are conducted; credit risk signal and limit structures are monitored; activities are conducted to calculate credit risk with advanced methods and developments that may affect the Bank’s credit risk are monitored. Analyses conducted are reported to the Top Management and relevant units periodically.

3.4. Relationship between credit risk management, risk control, legal compliance and internal audit functions

Risk Management Group Presidency goes through inspection and control activities periodically. In case of any findings, they are reported and required activities are performed.

In addition, audit and control units are also involved in the ICAAP studies, which constitute an important part of risk management activities. Accordingly, the analyzes and studies carried out at ICAAP, including the validation studies, are examined by the Inspection Board and an Investigation Report is prepared regarding the results.

The controls on Risk Management Disclosures are carried out within the scope of Risk Management Department activities. Two separate control processes are carried out periodically in the related unit, Capital Adequacy Calculation process and other Risk Management processes control and are carried out within the scope of capital adequacy check points and guide and control points and guidance related to other risk management activities.

All activities, new transactions and products planned by the Parent Bank; compliance with relevant laws, regulations, internal policies and banking practices is controlled. In this context, the compliance of the legislative regulations regarding the Risk Management Disclosures with the intra-bank practices is also checked.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

The control activities carried out in the Head Office Units are carried out in accordance with the control periods determined by taking into account the functions and the risks of the units, the duties of the units and their effects on The Parent Bank's balance sheet. The control processes of the Head Office Units are carried out through the control points determined according to the processes, duties and powers of the unit and the control techniques are detailed in the General Directorate Control Manual.

3.5. Scope and Main Content for Reporting to Top Management and Board Members on Credit Risk Management Function and Credit Risk Exposed

It is essential to inform the Parent Bank's Top Management about developments in credit risk management and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing the Parent Bank's Top Management on credit risk management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis.

Reports issued contain, at a minimum, information on risk amount and development, legal capital requirement, stress test analysis results, effect of such results on capital adequacy level, actualization level of risk limits and limitations and assumptions of risk measurement method used.

3.6. Credit Quality of Assets

Current Period	Defaulted	Non-defaulted	Allowances/ Amortization and impairments	Net values
Loans ^(c)	19.247.953	1.427.751.865	54.354.709	1.392.645.109
Debt Securities	-	502.471.317	14.804.756	487.666.561
Off-balance sheet exposures	1.423.307	690.361.564	9.352.474	682.432.397
Total	20.671.260	2.620.584.746	78.511.939	2.562.744.067

^(c)It also includes receivables from lease transactions.

Prior Period	Defaulted	Non-defaulted	Allowances/ Amortization and impairments	Net values
Loans ^(c)	20.206.200	854.230.540	32.924.817	841.511.923
Debt Securities	-	267.214.776	8.515.635	258.699.141
Off-balance sheet exposures	1.251.695	431.337.006	3.401.185	429.187.516
Total	21.457.895	1.552.782.322	44.841.637	1.529.398.580

^(c)It also includes receivables from leasing transactions.

3.7. Changes on Defaulted Loans and Debt Securities

Current Period

1	Defaulted loans and debt securities at end of the previous reporting period	20.206.200
2	Loans and debt securities that have defaulted since the last reporting period	6.927.606
3	Returned to non-defaulted status	1.082.290
4	Amounts written off	885.220
5	Other changes	(5.918.343)
6	Amount of defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)^(c)	19.247.953

^(c)Provisions for non-cash loans are not included in the table.

It also includes receivables from leasing transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period

1	Defaulted loans and debt securities at end of the previous reporting period	16.681.214
2	Loans and debt securities that have defaulted since the last reporting period	9.186.707
3	Returned to non-defaulted status	1.095.890
4	Amounts written off	-
5	Other changes	(4.565.831)
6	Amount of defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)^(*)	20.206.200

^(*)Provisions for non-cash loans are not included in the table

3.8. Additional Explanations on Credit Quality of Assets

Differences between definitions and explanations of “deferred” receivables and receivables for which “provision was allocated”, and definitions of “deferred” and “provision of allocation”, if any

Group classifies its credits and other receivables and allocates expected loss provisions pursuant to the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions” published in the Official Gazette no. 29750 dated 22 June 2016. The term “Deferred Receivables” is used for credits named “Loans under Close Monitoring” whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named “Non-Performing Loans” whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Group sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as “Standard Credits” and “Under Close Monitoring” and expected loss provisions for the loans for the stage 3 for credits classified as “Non-Performing Loans”.

The portion that is not considered within the scope of “allocation of provision” among deferred receivables (over 90 days) and reasons for this practice

The Parent Bank automatically transfers the loans over 90 days past due to the follow-up accounts in accordance with the provisions of the Regulation on Provisions and allocates the provision for the relevant class.

Definitions of methods used for determining provision amount

The Parent Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”.

Definitions of restructured receivables

Real/legal persons using credit may, from time to time, face usual risks of business life such as failure to include the excessive cost increases in sales prices, loss of market share and turnover, unexpected expenses, problems in collection of receivables due to some factors that are beyond reasonable control of its own businesses or other businesses worked with. They may therefore have temporary liquidity difficulties. It involves setting new loan repayment maturities in line with cash flows for businesses which have no significant problem in credit worthiness and sustain their income-generating activities but fail, or priorly imply failure, to make their loan repayment in a timely manner due to temporary liquidity problems.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Breakdown of receivables by geographic regions, sectors, and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets

	Loans and Receivables ⁽²⁾	Non-Performing Loans	Expected Loss Provisions	Total
Domestic	1.372.387.748	15.948.383	51.376.238	1.336.959.893
European Union Countries	8.944.291	377.401	398.013	8.923.679
USA, Canada	31.206	4.249	4.364	31.091
OECD Countries ⁽¹⁾	3.138.551	136.957	201.293	3.074.215
Off-Shore Banking Regions	-	-	-	-
Other	21.997.948	2.780.963	2.374.801	22.404.110
Total	1.406.499.744	19.247.953	54.354.709	1.371.392.988

⁽¹⁾OECD countries other than EU countries, USA, and Canada.

⁽²⁾It also includes receivables from leasing and factoring transactions.

	Loans and Receivables ⁽¹⁾	Non-Performing Loans	Expected Loss Provisions	Total
Agriculture	266.952.007	953.502	2.178.354	265.727.155
Farming and Stockbreeding	263.418.219	938.201	2.153.571	262.202.849
Forestry	2.296.437	9.438	16.150	2.289.725
Fishing	1.237.351	5.863	8.633	1.234.581
Manufacturing	386.853.093	2.934.846	19.464.475	370.323.464
Mining and Quarrying	27.942.273	36.627	321.509	27.657.391
Production	282.825.874	2.642.643	17.067.390	268.401.127
Electric, Gas and Water	76.084.946	255.576	2.075.576	74.264.946
Construction	142.918.310	3.935.665	7.855.861	138.998.114
Services	303.014.976	5.084.000	17.113.040	290.985.936
Wholesale and Retail Trade	118.594.250	3.033.916	4.188.997	117.439.169
Hotel Food and Beverage Services	29.254.230	664.395	3.386.746	26.531.879
Transportation and Telecommunication	44.998.380	188.017	302.233	44.884.164
Financial Institutions	13.742.902	12.718	81.533	13.674.087
Real Estate and Leasing Services	89.677.067	1.112.594	8.478.487	82.311.174
Self-Employment Services	303.236	90	5.521	297.805
Education Services	2.443.587	17.890	194.688	2.266.789
Health and Social Services	4.001.324	54.380	474.835	3.580.869
Other	306.761.358	6.339.940	7.742.979	305.358.319
Total	1.406.499.744	19.247.953	54.354.709	1.371.392.988

⁽¹⁾Receivables from lease and factoring transactions are not included.

Aging Analysis for Overdue Receivables

Day Past Due	Current Period	Prior Period
1-30 Days	3.246.771	3.779.974
31-60 Days	1.511.192	2.482.529
61-90 Days	834.986	1.232.176
90 +	82.722	347.139
Total	5.675.671	7.841.818

Loans under close monitoring amounting to TL 85.779.103 (31 December 2021: TL 76.846.611) are not overdue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Breakdown of restructured receivables by allocation of provision

Out of the Group's total restructured loans amounting to TL 79.148.706, a portion of TL 77.339.920 consists of performing loans and remaining portion of TL 1.808.786 consists of non-performing loans. The total amount of first and second stage expected loss provisions allocated for non-performing loans is TL 27.166.865 and the third stage expected loss provision for non-performing loans is TL 1.132.408. (31 December 2021: Out of the Group's total restructured loans amounting to TL 58.726.946, a portion of TL 56.177.889 consists of performing loans and remaining portion of TL 2.549.057 consists of non-performing loans. Total first and second stage expected loss provision for structured loans is TL 13.594.681 and third stage expected loss provision amount allocated for non-performing loans is TL 1.580.914. No expected loss provision has been allocated for non-performing loans amounting to TL 65.200 whose risk does not belong to the Bank.)

3.9. Credit risk mitigation

3.9.1. Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques

Basic characteristics of policies and processes on the extent of utilization of on-balance sheet and off-balance sheet netting

The practice of on-balance sheet and off-balance sheet netting is not used while mitigating credit risk within the Group.

3.10. Credit risk mitigation techniques-Overview

Current Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans ^(*)	1.035.241.594	260.882.660	40.724.897	242.015.923	32.956.669	-	-
Debt Securities	437.527.982	-	-	-	-	-	-
Total	1.472.769.576	260.882.660	40.724.897	242.015.923	32.956.669	-	-
Of which defaulted	17.294.355	926.013	217.871	912.025	217.568	-	-

^(*)It also includes receivables from leasing and factoring transactions.

Prior Period	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loan ^(*)	600.788.105	158.090.580	55.895.930	148.872.376	52.164.610	-	-
Debt Securities	212.202.463	-	-	-	-	-	-
Total	812.990.568	158.090.580	55.895.930	148.872.376	52.164.610	-	-
Of which defaulted	18.054.558	990.865	281.821	973.812	280.901	-	-

^(*)It also includes receivables from leasing transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.11. Credit risk in case of using standard approach

3.11.1. Qualitative explanations on ratings used by banks when calculating credit risk with the standard approach

Names of Credit Rating Agencies (CRA) and Export Rating Agencies (ERA) used by The Parent Bank and the reasons in case of any change during the reporting period

The Parent Bank uses ratings of Fitch Ratings International Rating Agency and Islamic International Rating Agency (IIRA) while calculating the amount subject to credit risk through standard approach. The country risk classification published by the Economic Cooperation and Development Organization (OECD) is taken as basis for the unrated central government and central banks.

Risk classes using CRA and ERA ratings

For the risk class received from banks and intermediary institutions, the ratings of the Fitch Ratings International Rating Agency are used for determining the risk weights for the risk classes using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as “Gradeless” and take the risk weight which is appropriate for the “Gradeless” category in the related risk class.

Explanation on how credit rating of debtor is used for other assets of debtor in banking accounts

In order to determine the risk weight of the items subject to issuance or issuer rating among the items included in the banking accounts, the issue rating is first examined, and in the absence of an issue rating, the credit rating of the issuer is taken into account.

Matching rating grades on the basis of risk

Rating grade assigned by a credit rating agency that is not listed in the BRSA’s matching table is not used in calculations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.12. Standard Approach-Loan risk Exposure and the Effects of Loan Risk Reduction Techniques

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount Density
Exposures to sovereigns and their central banks	770.756.946	1.786.581	803.030.531	845.160	3.902.691	0,5%
Exposures to regional and local governments	632.524	208.595	594.032	134.406	324.987	44,6%
Exposures to administrative bodies and non-commercial entities	11.812.435	2.580.803	11.807.400	1.210.805	12.981.384	99,7%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	109.387.414	20.479.838	110.027.808	12.044.715	37.509.646	30,7%
Exposures to corporates	583.908.618	358.065.665	571.387.149	196.749.187	743.926.609	96,8%
Retail exposures	340.927.304	180.946.090	321.413.208	22.216.820	257.349.533	74,9%
Exposures secured by residential property	135.466.119	3.622.977	134.849.926	1.641.130	47.767.451	35,0%
Exposures secured by commercial property	95.292.805	11.947.689	95.292.805	7.245.287	58.259.834	56,8%
Past-due items	3.017.826	-	2.800.263	-	1.645.136	58,7%
Exposures in high-risk categories	106.413.038	12.398.539	106.413.033	2.801.183	194.877.693	178,4%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	2.831.846	123.245	2.830.720	61.577	2.300.996	79,6%
Other exposures	97.913.037	-	97.913.037	-	81.269.638	83,0%
Equity share investments	2.764.260	-	2.764.260	-	2.764.260	100,0%
Total	2.261.124.172	592.160.022	2.261.124.172	244.950.270	1.444.879.858	57,7%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Exposures before CCF and CRM		Exposures post- CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount Density
Exposures to sovereigns and their central banks	469.451.512	1.225.247	520.883.728	683.328	10.821.358	2,1%
Exposures to regional and local governments	405.809	154.555	439.398	104.750	243.982	44,8%
Exposures to administrative bodies and non-commercial entities	5.432.768	1.377.014	5.418.976	610.772	6.005.324	99,6%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	78.203.836	16.888.879	78.825.239	9.817.327	18.829.698	21,2%
Exposures to corporates	343.313.097	201.874.107	318.845.064	113.363.286	427.485.851	98,9%
Retail exposures	271.961.686	112.859.406	244.837.359	13.605.573	192.957.560	74,7%
Exposures secured by residential property	70.571.961	1.214.451	70.376.138	503.243	24.805.633	35,0%
Exposures secured by commercial property	33.025.808	3.729.848	33.025.808	2.288.216	20.360.465	57,7%
Past-due items	4.263.180	-	3.982.283	-	2.890.715	72,6%
Exposures in high-risk categories	16.952.456	6.528.004	16.952.451	1.370.110	27.337.835	149,2%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	1.014.466	124.430	1.010.134	62.169	1.009.692	94,2%
Other exposures	39.978.557	-	39.978.554	-	30.941.735	77,4%
Equity share investments	2.054.965	-	2.054.965	-	2.054.965	100,0%
Total	1.336.630.101	345.975.941	1.336.630.097	142.408.774	765.744.813	51,8%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.13. Standard Approach: Receivables related with Risk Classes and Risk Weights

Current Period Risk Classes/Risk Weight	0%	10%	20%	25%	35% secured by property mortgage
Exposures to sovereigns and their central banks	799.456.575	-	143.674	-	-
Exposures to regional and local government	69.172	-	24.081	-	-
Exposures to administrative bodies and non-commercial entities	36.666	-	194	-	-
Exposures to multilateral development banks	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-
Exposures to banks and brokerage houses	32.892.316	-	29.737.285	-	-
Exposures to corporates	9.802.862	-	15.415.580	-	-
Retail exposures	3.845.246	-	645.982	-	-
Exposures secured by residential property	11.189	-	3.352	-	136.476.515
Exposures secured by commercial property	-	-	-	-	-
Past-due items	283	-	8	-	-
Exposures in high-risk categories	69.382	-	2.394	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	591.301	-	-	-	-
Equity share investments	-	-	-	-	-
Other exposures	16.641.300	-	2.624	-	-
Total	863.416.292	-	45.975.174	-	136.476.515

⁽¹⁾Demonstrates all receivables that are consisting of 50% risk weighted and out of the line “Exposures secured by commercial property”.

Prior Period Risk Classes/Risk Weight	0%	10%	20%	25%	35% secured by property mortgage
Exposures to sovereigns and their central banks	502.823.003	-	270.902	-	-
Exposures to regional and local government	58.779	-	24.081	-	-
Exposures to administrative bodies and non-commercial entities	24.254	-	212	-	-
Exposures to multilateral development banks	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-
Exposures to banks and brokerage houses	47.596.002	-	9.762.183	-	-
Exposures to corporates	2.149.456	-	1.510.618	-	-
Retail exposures	1.775.236	-	815.558	-	-
Exposures secured by residential property	5.075	-	2.495	-	70.871.811
Exposures secured by commercial property	-	-	-	-	-
Past-due items	1.019	-	56	-	-
Exposures in high-risk categories	78.736	-	3.482	-	-
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	62.611	-	-	-	-
Equity share investments	-	-	-	-	-
Other exposures	9.036.799	-	25	-	-
Total	563.610.970	-	12.389.612	-	70.871.811

⁽¹⁾Demonstrates all receivables that are consisting of 50% risk weighted and out of the line “Exposures secured by commercial property”.

50% secured by property mortgage	50 ^(*)	75%	100%	150%	250%	Other	Total risk amount (post- CCF and CRM)
-	802.971	-	3.472.471	-	-	-	803.875.691
-	630.029	-	5.156	-	-	-	728.438
-	-	-	12.981.346	-	-	-	13.018.206
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	55.752.891	-	3.685.656	-	-	4.375	122.072.523
-	4.148.803	-	738.769.091	-	-	-	768.136.336
-	-	327.673.855	11.464.945	-	-	-	343.630.028
-	-	-	-	-	-	-	136.491.056
88.556.516	-	-	13.981.576	-	-	-	102.538.092
-	2.309.675	-	490.297	-	-	-	2.800.263
-	13.417	-	483	47.025.373	-	62.103.166	109.214.215
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2.300.996	-	-	-	2.892.297
-	-	-	2.764.260	-	-	-	2.764.260
-	-	-	81.269.113	-	-	-	97.913.037
88.556.516	63.657.786	327.673.855	871.185.389	47.025.373	-	62.107.541	2.506.074.442

50% secured by property mortgage	50 ^(*)	75%	100%	150%	250%	Other	Total risk amount (post- CCF and CRM)
-	15.411.948	-	3.061.203	-	-	-	521.567.056
-	444.245	-	17.043	-	-	-	544.148
-	-	-	6.005.282	-	-	-	6.029.748
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	26.606.959	-	3.551.259	-	-	1.126.163	88.642.566
-	2.726.825	-	425.820.291	-	-	1.160	432.208.350
-	3.772	252.223.212	3.625.154	-	-	-	258.442.932
-	-	-	-	-	-	-	70.879.381
29.907.118	-	-	5.406.906	-	-	-	35.314.024
-	2.181.009	-	1.800.199	-	-	-	3.982.283
-	23.120	-	511	18.216.712	-	-	18.322.561
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1.009.692	-	-	-	1.072.303
-	-	-	2.054.965	-	-	-	2.054.965
-	-	-	30.941.730	-	-	-	39.978.554
29.907.118	47.397.878	252.223.212	483.294.235	18.216.712	-	1.127.323	1.479.038.871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.14. Credit risk under Internal Ratings-Based (IRB) Approach

Standard approach is used in the Group's credit risk calculations.

3.15. Counter Party Credit Risk Explanations

Risk management goals and policies for CCR

As part of the Parent Bank's counter party credit risk management, the functions of identification, measurement, monitoring and controlling of counter party credit risk are conducted in line with the structure, size, complexity and growth rate of products and activities, and the analysis, including stress test, and its results are reported to the Top Management.

As part of capital adequacy ratio calculations, activities for counter party credit risk are an integral part of planning, monitoring and controlling of total risk profile, and counter party credit risk management is integrated to periodic risk management process.

In the scope of counter party risk management, it is aimed to meet legal obligations and to establish and maintain counter party credit risk management infrastructure that is flexible and structured enough to accommodate the best practices. Accordingly, it is planned to conduct stress test activities, improve counter party credit risk signal and limit structure and conduct relevant monitoring function.

Operational limit allocation method specified in the scope of internal capital calculated for CCR and CCP risks

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters for signal and limit structure and limit values of parameters are determined by consulting the relevant units and implemented at The Parent Bank upon approval of the Audit Committee and Board of Directors.

Internal limits are determined by considering the Parent Bank's budget, strategy and expectations for upcoming years, developments in Türkiye and abroad and historical realization of risks.

Policies for establishing guarantee and other risk mitigation and CCR, including CCP risk

In an attempt to identify the counter party credit risk that the Parent Bank may face, risk measurement and monitoring activities are performed and their results are considered in strategic decision-making process.

Our risk management structure involves activities to ensure that counter party credit risk measurement system functions and is maintained in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way.

As part of counter party credit risk management, stress test scenarios were created by anticipating any unfavorable developments in macroeconomic conditions and the Parent Bank's balance sheet. Results of stress test analysis are considered while establishing risk management policies.

Amount subject to the counterparty credit risk is determined by the “Valuation Method According to Fair Value” as of 1 July 2022 within the scope of Article 2 of the “Regulation on the Amendment to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks” published in the Official Gazette No. 31740 dated 4 February 2022.” is calculated with the “Standard Approach” and reported every month. In this context, replacement cost and potential counterparty credit risk amounts are calculated. Furthermore, capital obligation is also calculated for credit appraisal adjustment for all derivatives.

Additionally, compliance of transactions posing counter party credit risk with thresholds within signal and limit structure is monitored and research is conducted for counter party credit risk calculations with advanced methods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Rules for countertrend risk

Boasting a strong lending and collateralization structure, the Parent Bank avoids collateralization in positive correlation with the debtor's credibility and activities in connection with risk mitigation techniques are performed by considering qualitative criteria specified in legal legislation for calculation of amount subject to credit risk.

Amount of additional collateral that the Parent Bank must submit in case of a decline in credit rating

As the Parent Bank has no transactions in connection with credit rating, there is not any additional collateral amount it must pay.

3.16. Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods

Current Period	Replacement Cost	Potential Future exposure	EEPE (Effective Expected Positive Exposure) ⁽¹⁾	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
Valuation Method according to fair value-CCR (for derivatives)	-	-			-	-
1 Standardized approach-CCR (for derivatives)	5.756.111	4.505.752		1,4	14.366.607	4.801.391
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					109.813.034	16.592.062
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					4.880.380	1.576.382
5 Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6 Total						22.969.835

⁽¹⁾Effective expected positive exposure

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Current Period	Replacement cost	Potential Future exposure	EEPE (Effective Expected Positive Exposure) ⁽¹⁾	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
Valuation Method according to fair value-CCR (for derivatives)	7.543.403	1.978.589			9.521.992	2.302.875
1 Standardized approach-CCR (for derivatives)	-	-		1,4	-	-
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					124.090.635	3.558.087
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					21.150.098	1.168.307
5 Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6 Total						7.029.269

⁽¹⁾Effective expected positive exposure

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.17. Capital Requirement for Loan Valuation Adjustments

Current Period		Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-
3	All portfolios subject to the Standardized CVA capital charge	14.366.607	4.977.919
4	Total subject to the CVA capital charge	14.366.607	4.977.919
Prior Period		Exposure at default post-CRM	RWA
Total portfolios subject to the Advanced CVA capital charge		-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-
3	All portfolios subject to the Standardized CVA capital charge	9.521.992	4.517.675
4	Total subject to the CVA capital charge	9.521.992	4.517.675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.18. Standardized approach-CCR exposures by regulatory portfolio and risk weights

Current Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure⁽¹⁾
Claims from central governments and central banks	37.104.743	-	-	-	-	-	-	-	37.104.743
Claims from regional and local governments	1.460	-	-	2	-	-	-	-	1.462
Claims from administration and non-commercial entity	7.902	-	-	-	-	12	-	-	7.914
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	26.779.827	-	15.535.965	30.535.744	-	173.463	-	4.375	73.029.374
Corporates	3.281.395	-	13.954.511	-	-	1.626.622	-	-	18.862.528
Retail portfolios	53.349	-	-	-	5.026	-	-	-	58.375
Other claims ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	67.228.676	-	29.490.476	30.535.746	5.026	1.800.097	-	4.375	129.064.396

⁽¹⁾Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

⁽²⁾Other assets: the amount excludes exposures to “Central counterparty” which are reported in Counterparty credit.

Prior Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure⁽¹⁾
Claims from central governments and central banks	101.134.282	-	-	3.538	-	249.063	-	-	101.386.883
Claims from regional and local governments	3.736	-	-	215	-	-	-	-	3.951
Claims from administration and non-commercial entity	6.272	-	-	-	-	393	-	-	6.665
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	36.001.997	-	8.263.826	6.353.929	-	285.012	-	1.126.163	52.030.927
Corporates	778.467	-	-	-	-	1.653.624	-	1.160	2.433.251
Retail portfolios	15.817	-	-	-	12.347	-	-	-	28.164
Other claims ⁽²⁾	-	-	-	-	-	-	206	-	206
Total	137.940.571	-	8.263.826	6.357.682	12.347	2.188.092	206	1.127.323	155.890.047

⁽¹⁾Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

⁽²⁾Other claims: the amount excludes exposures to “Central counterparty” which are reported in Counterparty credit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.19. Risk classes and counterparty credit risk explanations

None.

Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	594.600	-
Cash-foreign currency	-	-	-	-	45.754.976	-
Domestic sovereign debts	-	-	-	-	5.002.809	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	51.352.385	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	16.681.835	-
Cash-foreign currency	-	-	-	-	34.393.015	-
Domestic sovereign debts	-	-	-	-	538.955	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	51.613.805	-

Credit Derivatives

None.

Risk Weight changes under CCR on the Internal Modeling Management Methods.

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Risks Related with Other Parts of the Center

	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs)	580.563	11.612
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3 (i) OTC Derivatives	4.375	88
4 (ii) Exchange-traded Derivatives	-	-
5 (iii) Securities financing transactions	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	-
8 Non-segregated initial margin	-	-
9 Pre-funded default fund contributions	576.188	11.524
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)	-	-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13 (i) OTC Derivatives	-	-
14 (ii) Exchange-traded Derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	-
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

Explanations on Securitization Disclosures

None.

4. Explanations on Market Risk

4.1. The Parent Bank's process and strategies: A disclosure on the Bank's strategic goals for trading activities is made in a manner that includes processes for identification, measurement, monitoring and controlling of the Parent Bank's market risks, hedging processes and strategies/processes for monitoring continuity of hedging efficiency

In order to hedge market risk within the framework of financial risk management purposes, the Bank has determined market risk management activities and taken the necessary measures within the scope of the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks and the Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process.

The Parent Bank's market risk management policies and implementation procedures have been specified in the scope of the Regulation on Risk Management, Stress Test Program and ICAAP approved by the Board of Directors.

The Parent Bank ensures that measurement, monitoring, limiting, stress test and scenario analysis activities are conducted in line with the structure and complexity of its positions for market risk management and their results are reported periodically. Activities sustained are conducted over a trading portfolio specified by the Bank's Treasury Management and other activities subject to market risk.

The amount subject to market risk is calculated and monitored with standard method and advanced measurement method at the Parent Bank. Furthermore, scenario analysis and stress tests are also conducted periodically.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

4.2. Organization and structure of market risk management function: Definition of market risk management structure established for implementation of the Parent Bank's strategies and processes as mentioned in line i) and definition of communication mechanism and relationship between different parties involved in market risk management

Market risk management is a subunit of Risk Management Group Presidency, one of internal systems units established independently from executive units of the Parent Bank.

Market risk management activities are conducted in line with the Regulation on Risk Management, Stress Test Program and ICAAP approved with the Board Decision no. 15/18 dated 28 April 2015 and performed by aiming the best practices in this structure.

The Parent Bank's trading activities and transactions subject to market risk are monitored and measured regularly and required practices are performed for risk management. Required reports on market risk are submitted to relevant units and the Parent Bank's Top Management regularly.

4.3. Structure and scope of risk reporting and/or measurement systems

The amount subject to the Parent Bank's market risk is calculated on a monthly basis with the standard method and included in the Bank's capital adequacy ratio.

Apart from the standard method, Value at Risk (VaR) estimations are made for trading accounts on a daily basis and reported to relevant units. VaR calculated with Historical Simulation Method is used in daily reporting and limit measurement with a confidence level of 99%. VaR can be calculated with Parametric and Monte Carlo Methods in addition to Historical Simulation Method. Backward testing is performed so as to measure performance of used model and monitor market realization. Also, the Parent Bank performs stress tests and scenario analyses on a daily and monthly basis so as to observe the effect of excessive market fluctuations that are not covered in the models on the Parent Bank's financial position. Scenario analysis and stress test activities are reviewed and improved regularly in line with the market dynamics.

The market risk exposure is restricted with VaR-based limits (interest rate and currency risk limit) within the context of the Regulation on Risk Management, Stress Test Program and ICAAP. Market risk limits are determined by the Bank's Board of Directors.

<i>Standard approach-Current Period</i>	RWA	
	Current Period	Prior Period
Outright products		
1 Interest rate risk (general and specific)	89.603.434	31.222.830
2 Equity risk (general and specific)	11.005.734	4.312.614
3 Foreign exchange risk	8.667.624	5.456.779
4 Commodity risk	132.035	19.774
Options		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitization	-	-
9 Total	109.408.827	41.011.997

Standard method is being used by The Parent Bank to calculate the risk of the sector.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

5. Explanations on the Operational Risk

In the Parent Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of securities monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation

Current Period	31.12.2019	31.12.2020	31.12.2021	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	24.241.440	33.944.773	40.623.802	32.936.672	15	4.940.501
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	61.756.259

Prior Period	31.12.2018	31.12.2019	31.12.2020	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	23.869.120	24.241.440	33.944.773	27.351.778	15	4.102.767
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	51.284.583

6. Explanations on the Interest Rate Risk for Banking Book

Banking accounts interest rate risk management strategy policy and implementation procedures are determined within the context of “Regulation on Risk Management, Stress Test Program and the Parent Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”)”.

The Parent Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and also reports the findings cyclically. The Parent Bank’s perform analysis related to interest rate risks for the entire balance sheet. New products and services are also evaluated from the point of interest rate risk that is originated from banking accounts.

In the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Liras and foreign currency, the follow-up of the effects of interest rate changes on the Bank’s economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Bank’s internal applications, the follow-up of yield curve risk. Also, in order to limit the impact of interest rate changes on Bank’s financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Type of Currency-Current Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity- (Losses)/Equity
1. TL	500	(30.350.499)	(12,40%)
2. TL	(400)	32.119.002	13,13%
3. EUR	200	4.919.788	2,01%
4. EUR	(200)	(5.162.601)	(2,11%)
5. USD	200	(9.685.343)	(3,96%)
6. USD	(200)	12.484.036	5,10%
Total (for negative shocks)	-	39.440.437	16,12%
Total (for positive shocks)	-	(35.116.054)	(14,35)

Type of Currency-Current Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity- (Losses)/Equity
1. TL	500	(11.867.872)	(9,48%)
2. TL	(400)	11.154.863	8,91%
3. EUR	200	3.274.065	2,61%
4. EUR	(200)	(3.384.407)	(2,70%)
5. USD	200	(6.087.622)	(4,86%)
6. USD	(200)	7.760.534	6,20%
Total (for negative shocks)	-	15.530.990	12,40%
Total (for positive shocks)	-	(14.681.429)	(11,72%)

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. The following tables, which are required to be submitted quarterly in accordance with the relevant communiqué, have not been presented as of 31 December 2022, as the Bank uses a standard approach in calculating capital adequacy:

RWA flow statements of market risk exposures under an Internal Model Approach (IMA)

RWA flow statements of Counterparty Credit Risk (CCR) exposures under the Internal Model Method (IMM)

RWA (Risk Weighted Amounts) flow statements of credit risk exposures under IRB

IX. EXPLANATIONS ON HEDGING PROCEDURES

Along with the hedge accounting, it is aimed to hedge the capital amounts allocated to foreign partnerships in the consolidated financial statements of the Parent Bank from the currency risk effect due to changes in foreign exchange rates. Within the scope of fair value hedge accounting, the fair value changes of the hedging instrument are recognized in the income statement together with the fair value changes of the hedged item.

The efficiency test is performed using the “Amount balancing method” (“Dollar off-set method”) to compare the changes in fair value of the hedging instrument and the item subject to financial risk hedging. Efficiency tests are carried out at the beginning of hedge accounting and as of reporting periods. According to this method, the change in the value of the hedged item between the date when the hedging relationship started and the end of each reporting period is compared with the change in the value of the hedging instrument and the effectiveness ratio of the hedging relationship is calculated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Hedge accounting is terminated when the hedging instrument expires, realizes, is sold or the effectiveness test is ineffective. If efficiency is restored, hedge accounting can be resumed.

Hedging instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items	Ineffective Portion
FC Deposit (EUR)	EUR Capital Amounts Allocated to Foreign Partnerships	Foreign exchange rate risk	(3.792.404)	3.792.404	-

X. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

Organizational and internal reporting structure of the Group is determined in line with TFRS 8 “Operating Segments”.

The Group has operations in retail banking, corporate and commercial banking, specialized banking, investment banking and international banking areas.

Known as having the most extensive branch network in retail banking sector, the Parent Bank renders services, such as; deposits, consumer loans, pension payments, credit cards, automatic and regular payment, cheques and notes, money transfer order, foreign exchange transactions, ATM, internet banking, mobile banking, safe-deposit box and insurance brokerage services. Moreover, existing banking products are improved, and new banking products are launched in order to increase profitability and benefit from the services undertaken as being a state bank. By “Anahtar” IT system, which is working in a centralized manner, the Parent Bank has the technical infrastructure required by modern banking to meet its clients’ needs.

In the context of corporate and commercial banking, the Parent Bank allocates working capital loans, mid-term and long-term investment loans, foreign trade financing loans, letter of credits and guarantees in Turkish Lira and foreign currencies; renders project financing, other corporate finance related services, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises.

As the main financial institution meeting the financing needs of the agricultural sector in Türkiye, the Bank; In addition to the agricultural business and investment loans that it provides directly to producers from its own resources in the fields of plant and animal production, aquaculture and agricultural mechanization, the loans it extends to the Central Union of Agricultural Credit Cooperatives provide financial support to individuals and institutions operating in the agricultural sector.

Treasury transactions and international banking activities are conducted by the Treasury Management Group and, spot and forward TL, foreign currency, precious metal, securities, derivative transactions are executed in local and international organized and over the counter money and capital markets. Also, the Parent Bank’s liquidity and securities portfolio management, deposit and non-deposit funding management activities are being executed. Additionally, the distribution of treasury products to branches and other channels for marketing purposes and the intermediation to the customers’ trade finance are other responsibilities. The Bank acts as an intermediary for sale and purchase of securities, for public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of mutual funds founded by Ziraat Portföy Yönetimi A.Ş. and another portfolio management companies. It also provides custody service for these financial instruments and besides, long term financing from banks and international financial institutions, issuing bonds in local and international markets, managing relationship with correspondent banks so as to diversify its funding base are among the responsibilities of the department.

Besides, the Parent Bank has commission revenue from life, non-life and private pension insurance and other finance institutions by rendering agency services through its branches.

As of 31 December 2022, explanations on segment reporting as shown on the following page are in line with “Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ Commercial banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSE						
Interest Income	27.750.303	73.559.144	23.490.683	117.669.392	928.901	243.398.423
Interest Expense	44.940.339	34.805.875	-	24.465.170	7.732.920	111.944.304
Net Interest Income/Expense	(17.190.036)	38.753.269	23.490.683	93.204.222	(6.804.019)	131.454.119
Net Fees and Commission Income/ Expense	8.755.127	6.966.359	548.543	(4.274.791)	2.677.994	14.673.232
Dividend Income	-	-	-	50.126	-	50.126
Trading Profit/Loss (Net)	-	-	-	3.174.730	334.417	3.509.147
Other Operating Income	67.005	2.669.247	119.277	(11.157.705)	18.515.858	10.213.682
Provision for Expected Loss (-)	5.189.484	21.543.283	5.723.181	539	30.513.003	62.969.490
Other Expense	5.829.694	897.263	339.504	-	21.427.256	28.493.717
Net Operating Profit/Loss	(19.387.082)	25.948.329	18.095.818	80.996.043	(37.216.009)	68.437.099
Profit/Loss on Equity Method Applied Subsidiaries						
	-	-	-	163.155	152.590	315.745
Tax Provision	-	-	-	-	(22.139.383)	(22.139.383)
Net Profit/Loss	(19.387.082)	25.948.329	18.095.818	81.159.198	(59.202.802)	46.613.461
SEGMENT ASSETS						
Financial Assets at FV Through P/L	-	-	-	36.075.116	-	36.075.116
Banks and Receivables from Money Market	-	-	-	34.924.922	-	34.924.922
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	415.499.007	-	415.499.007
Loans ^(*)	226.566.559	837.286.940	243.429.971	85.361.639	-	1.392.645.109
Financial Assets Measured at Amortized Cost (Net)	-	-	-	165.382.493	-	165.382.493
Derivative Financial Assets	-	-	-	8.860.105	-	8.860.105
Associates, Subsidiaries and Entities under Common Control	-	-	-	3.319.886	-	3.319.886
Other Assets	12.446	7.519.566	98.632	366.131.260	122.653.571	496.415.475
Total Segment Assets	226.579.005	844.806.506	243.528.603	1.115.554.428	122.653.571	2.553.122.113
SEGMENT LIABILITIES						
Deposits	1.191.826.877	572.260.417	-	83.145.559	93.076.219	1.940.309.072
Derivative Financial Liabilities Held for Trading	-	-	-	3.159.560	-	3.159.560
Funds Borrowed	-	-	-	115.412.033	-	115.412.033
Money Markets Borrowings	38.795	20.986.065	-	71.593.828	-	92.618.688
Securities Issued (Net)	-	-	-	31.805.956	-	31.805.956
Provisions	5.165	9.145.608	-	8.422	41.979.935	51.139.130
Other Liabilities	-	-	-	-	104.595.924	104.595.924
Shareholders' Equity	-	-	-	-	214.081.750	214.081.750
Total Segment Liabilities	1.191.870.837	602.392.090	-	305.125.358	453.733.828	2.553.122.113

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Retail Banking	Corporate/ Commercial banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSE						
Interest Income	20.524.091	37.437.587	13.153.152	37.343.822	994.669	109.453.321
Interest Expense	26.497.078	13.576.439	-	26.331.280	512.776	66.917.573
Net Interest Income/Expense	(5.972.987)	23.861.148	13.153.152	11.012.542	481.893	42.535.748
Net Fees and Commission Income/ Expense	3.773.556	3.394.562	190.337	(1.990.372)	901.533	6.269.616
Dividend Income	-	-	-	34.726	-	34.726
Trading Profit/Loss (Net)	-	-	-	(10.887.439)	114.653	(10.772.786)
Other Operating Income	35.077	1.752.074	49.585	(928.330)	4.686.155	5.594.561
Provision for Expected Loss (-)	3.304.955	10.599.560	2.257.548	-	631.788	16.793.851
Other Expense	4.079.235	340.704	114.590	8	11.463.203	15.997.740
Net Operating Profit/Loss	(9.548.544)	18.067.520	11.020.936	(2.758.881)	(5.910.757)	10.870.274
Profit/Loss on Equity Method Applied Subsidiaries						
	-	-	-	117.827	19.369	137.196
Tax Provision	-	-	-	-	(3.018.958)	(3.018.958)
Net Profit/Loss	(9.548.544)	18.067.520	11.020.936	(2.641.054)	(8.910.346)	7.988.512
SEGMENT ASSETS						
Financial Assets at FV Through P/L	-	-	-	28.551.122	-	28.551.122
Banks and Receivables from Money Market	-	-	-	18.772.877	-	18.772.877
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	279.778.054	-	279.778.054
Loans ⁽¹⁾	172.972.249	535.676.379	116.362.035	16.501.260	-	841.511.923
Financial Assets Measured at Amortized Cost (Net)	-	-	-	46.328.891	-	46.328.891
Derivative Financial Assets	-	-	-	12.067.535	-	12.067.535
Associates, Subsidiaries and Entities under Common Control	-	-	-	1.740.099	-	1.740.099
Other Assets	7.334	6.743.213	121.636	201.554.947	56.356.249	264.783.379
Total Segment Assets	172.979.583	542.419.592	116.483.671	605.294.785	56.356.249	1.493.533.880
SEGMENT LIABILITIES						
Deposits	750.686.340	178.215.323	-	56.488.596	66.470.442	1.051.860.701
Derivative Financial Liabilities Held for Trading	-	-	-	3.702.077	-	3.702.077
Funds Borrowed	-	-	-	60.940.831	-	60.940.831
Money Markets Borrowings	13.812	120.192.120	-	60.277.809	-	180.483.741
Securities Issued (Net)	-	-	-	30.309.580	-	30.309.580
Provisions	2.792	3.295.851	-	-	6.492.365	9.791.008
Other Liabilities	-	-	-	-	55.302.823	55.302.823
Shareholders' Equity	-	-	-	-	101.143.119	101.143.119
Total Segment Liabilities	750.702.944	301.703.294	-	211.718.893	229.408.749	1.493.533.880

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES

1. Information Regarding the Fair Value of Financial Assets and Liabilities

Current Period	Book Value	Fair Value
Financial Assets	2.041.610.004	1.999.929.280
Due from Interbank Money Market	6.283.112	6.262.457
Banks	28.657.103	28.643.488
Financial Assets Measured at Fair Value Through Other Comprehensive Income	415.499.007	415.499.007
Financial Assets Measured at Amortised Cost	165.423.085	190.575.137
Loans	1.425.747.697	1.358.949.191
Financial Liabilities	2.156.797.855	2.022.733.639
Bank Deposits	80.482.403	77.599.288
Other Deposits	1.859.826.669	1.738.516.832
Funds Borrowed from Other Financial Institutions	115.412.033	105.159.022
Issued Marketable Securities	63.352.672	63.734.419
Miscellaneous Payables	37.724.078	37.724.078
Prior Period	Book Value	Fair Value
Financial Assets	1.209.754.418	1.172.565.612
Due from Interbank Money Market	1.249.768	1.247.985
Banks	17.535.641	17.532.194
Financial Assets Measured at Fair Value Through Other Comprehensive Income	279.778.054	279.778.054
Financial Assets Measured at Amortised Cost	46.339.025	53.479.175
Loans	864.851.930	820.528.204
Financial Liabilities	1.184.886.076	1.176.353.207
Bank Deposits	60.142.739	59.882.319
Other Deposits	991.717.962	980.751.108
Funds Borrowed from Other Financial Institutions	60.940.831	61.495.610
Issued Marketable Securities	53.051.544	55.191.170
Miscellaneous Payables	19.033.000	19.033.000

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of held to maturity financial assets is calculated by considering market prices. In cases where these prices cannot be determined, the fair value is assessed on the basis of market prices quoted for securities that have the same attributes in terms of interest, maturity and other terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. Information on Fair Value Measurements Recognized in the Financial Statements

According to TFRS 7 “Financial Instruments: Explanations” Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related notes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank’s balance sheet, are presented with respect to such basis of classification in the table below.

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	1.003.567	35.071.549	-	36.075.116
Government Debt Securities	40.116	30.004.937	-	30.045.053
Marketable Securities	98.791	-	-	98.791
Other Marketable Securities	864.660	5.066.612	-	5.931.272
Financial Assets at Fair Value Through Other	409.485.868	5.036.299	818.896	415.341.063
Government Debt Securities	409.118.353	3.626.618	-	412.744.971
Marketable Securities	10.370	-	818.896	829.266
Other Marketable Securities	357.145	1.409.681	-	1.766.826
Derivative Financial Assets	-	8.860.105	-	8.860.105
Subsidiaries and Joint Ventures	-	-	2.626.131	2.626.131
Total Assets	410.489.435	48.967.953	3.445.027	462.902.415
Derivative Financial Liabilities	-	3.159.560	-	3.159.560
Total Liabilities	-	3.159.560	-	3.159.560
Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	279.506	28.271.616	-	28.551.122
Government Debt Securities	37.355	25.678.537	-	25.715.892
Marketable Securities	25.041	-	-	25.041
Other Marketable Securities	217.110	2.593.079	-	2.810.189
Financial Assets at Fair Value Through Other	278.244.901	1.175.310	313.437	279.733.648
Government Debt Securities	277.342.628	-	-	277.342.628
Marketable Securities	7.940	-	313.437	321.377
Other Marketable Securities	894.333	1.175.310	-	2.069.643
Derivative Financial Assets	-	12.067.535	-	12.067.535
Subsidiaries and Joint Ventures	-	-	1.263.841	1.263.841
Total Assets	278.524.407	41.514.461	1.577.278	321.616.146
Derivative Financial Liabilities	-	3.702.077	-	3.702.077
Total Liabilities	-	3.702.077	-	3.702.077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

The movement of financial assets in Level 3 is presented below:

	Current Period	Prior Period
Balances at Beginning at Period	1.577.278	1.167.864
Purchases	50.000	-
Disposals Through Sale/Redemptions	(50)	(69.981)
Valuation effect	1.817.799	518.343
Transfers	-	(38.948)
Balances at the End at Period	3.445.027	1.577.278

XII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

1. Transaction, Custody, Management and Consultancy Services of The Group on behalf of Third Parties:

The Group acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The Group does not provide consultancy and management services.

2. Transactions with Other Financial Institutions Under Fiduciary Transaction Agreements and Financial Services Rendered to Other Financial Institutions Under the Scope Of Fiduciary Transactions and the Effects of Such Services to the Financial Position of the Parent Bank or the Group

The Parent Bank has no fiduciary transactions.

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Türkiye (the “CBRT”)

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	4.845.325	15.300.585	2.688.076	8.674.065
Central Bank of the Republic of Türkiye	29.714.106	353.380.419	23.698.821	191.052.534
Other	160	737.497	24	1.435.839
Total	34.559.591	369.418.501	26.386.921	201.162.438

Explanation on reserve requirements

Banks that are established in Türkiye or performing their operations by opening branches in Türkiye are subject to Communiqué on Required Reserves of Central Bank of the Republic of Türkiye’s numbered 2013/15. Based on accounting standards and registration layout for banks the items specified within the Communiqué, except from liabilities to Central Bank, Treasury, Domestic banks, and head offices and branches in Türkiye of the banks established by international agreements, constitute required reserves liabilities.

Banks establish required reserves at the Central Bank of the Republic of Türkiye for their Turkish Lira and foreign currency liabilities specified in the aforementioned communiqué. Establishment of required reserves begins on Friday, two weeks after the liability calculation date, and lasts for 14 days. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the “Communiqué on Required Reserves” at the Central Bank of the Republic of Türkiye. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 3% and 8% for Turkish Lira deposits and other liabilities, and between 5% and 26% for foreign currency deposits and other liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Within the scope of “Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts” numbered 2021/14, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation accounts in Turkish lira. As of 2 September 2022, it has been decided to apply an annual commission of 5%, up to the amount required to be kept for their liabilities, until the end of 2022, to banks that cannot reach the level of 20% for real person and legal accounts separately. As of the obligation date of 2 September 2022, besides the 5% commission rate applied to foreign currency deposits, a commission application based on the Turkish lira share of the deposit has been introduced. It has been decided to charge a commission of 3% over the required reserve amount (excluding foreign banks) for foreign currency deposit liabilities, excluding banks whose Turkish Lira share is above 50% separately for real and legal persons.

Information on the account of the Central Bank of the Republic of Türkiye

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	29.518.189	45.844.463	23.091.176	43.412.219
Unrestricted Time Deposit	-	102.841.750	-	18.403.250
Restricted Time Deposit	-	-	-	682
Other ⁽¹⁾	195.917	204.694.206	607.645	129.236.383
Total	29.714.106	353.380.419	23.698.821	191.052.534

⁽¹⁾Includes required reserves and CBRT restricted electronic money funds amounting to TL 17.157. Required reserve of branches abroad amounting to TL 656.479 is presented in this line. TL 8.430.798 of the current period's FC required reserve is the part of the TL required reserves that are held in FC (31 December 2021: Includes required reserves and CBRT restricted electronic money funds amounting to TL 16.046. Required reserve of branches abroad amounting to TL 399.329 is presented in this line. TL 4.103.676 of the current period's FC required reserve is the part of the TL required reserves that are held in FC).

2. Information on Financial Assets at Fair Value Through Profit and Loss Given or Blocked as Collateral or Subject to Repurchase Agreements

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	2.234.228	1.894.329
Assets Blocked/Given as Collateral	27.890.664	23.897.387
Total	30.124.892	25.791.716

3. Positive Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	155.217	1.318	818.332	8.596
Swap Transactions	3.103.594	5.508.263	9.632.350	1.535.695
Futures Transactions	276	-	-	-
Options	8.535	82.585	-	72.562
Other	111	206	-	-
Total	3.267.733	5.592.372	10.450.682	1.616.853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

4. Information on Bank Account and Foreign Banks

4.1. Information on Bank Balances

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	6.260	5.419.112	4.302	414.080
Foreign ⁽¹⁾	505.684	22.726.047	761.144	16.356.115
Foreign Head Office and Branches	-	-	-	-
Total	511.944	28.145.159	765.446	16.770.195

4.2. Information on Foreign Bank Accounts

	Unrestricted Amount		Restricted Amount ⁽²⁾	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	8.362.946	3.809.167	1.666.344	4.953.475
USA, Canada	1.807.980	1.270.401	1.734.996	715.740
OECD Countries ⁽¹⁾	504.065	1.581.935	-	-
Off-shore Banking Regions	-	-	-	-
Other	8.403.579	4.655.523	751.821	131.018
Total	19.078.570	11.317.026	4.153.161	5.800.233

⁽¹⁾OECD countries other than EU countries, USA and Canada.

⁽²⁾It mainly consists of collaterals held in various banks for borrowings.

5. Explanation Regarding to the Comparison of Net Values of Financial Assets at Fair Value Through Other Comprehensive Income or Blocked as Collateral and Subject to Repurchase Agreements

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	89.010.871	173.441.580
Assets Blocked/Given as Collateral	107.579.099	53.977.913
Total	196.589.970	227.419.493

6. Information on Financial Assets Fair Value Through Other Comprehensive Income

	Current Period	Prior Period
Debt Securities	432.936.720	293.409.533
Quoted at Stock Exchange	432.117.241	292.769.022
Not Quoted in Stock Exchange	819.479	640.511
Share Certificates	1.090.010	420.414
Quoted at Stock Exchange	4.771	2.740
Not Quoted in Stock Exchange	1.085.239	417.674
Provision for Impairment (-)	18.527.723	14.051.893
Total	415.499.007	279.778.054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7. Information Related to Loans

7.1 Information on All Types of Loans and Advances Given to Shareholders and Employees of the Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Granted loans to Legal Entity Partners	-	-	-	-
Granted loans to Individual Partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^{(1) (2)}	1.668.895	-	764.199	-
Total	1.668.895	-	764.199	-

⁽¹⁾Interest rediscount and interest accrual amounting TL 14.221, are not included (31 December 2021: Interest rediscount and interest accrual amounting TL 6.342 are no included).

⁽²⁾Since the balance of overdraft accounts related to employees amounting TL 46.746, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above (31 December 2021: Since the balance of overdraft accounts related to employees amounting TL 33.441, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above).

7.2. Information about Standard Loans and Loans Under Close Monitoring (First and Second Group Loans) and Loans Under Restructuring

Current Period	Standard Loans	Loans Under Close Monitoring ⁽²⁾		
		Not Under the Scope of Restructuring	Loans under restructuring	
			Loans with revised contract terms	Refinancing
Cash Loans⁽³⁾				
Non-Specialized Loans	1.058.276.703	14.497.253	3.595.922	67.195.406
Commercial Loans	669.756.433	10.124.681	3.428.576	67.116.914
Export Loans	91.729.920	587.003	20.667	-
Import Loans	68.120	-	-	-
Loans Given to Financial Sector	14.311.732	-	-	-
Consumer Loans	189.091.869	2.514.517	146.185	75.924
Credit Cards	71.964.959	1.085.446	-	848
Other	21.353.670	185.606	494	1.720
Specialized Lending ⁽¹⁾	228.426.244	2.147.318	36.231	873.521
Other Receivables	-	-	-	-
Interest Income Accruals	28.342.023	417.365	74.654	2.617.104
Total	1.315.044.970	17.061.936	3.706.807	70.686.031

⁽¹⁾Agricultural loans to support farmers are shown in specialized loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Loans Under Close Monitoring			
	Standard Loans	Not Under the Scope of Restructuring	Loans under restructuring	
Loans with revised contract terms			Refinancing	
Cash Loans				
Non-Specialized Loans	641.613.947	24.918.925	1.355.461	47.648.327
Commercial Loans	422.801.254	15.437.647	1.135.800	47.492.680
Export Loans	15.001.635	214.053	-	-
Import Loans	1.135.986	41.924	-	-
Loans Given to Financial Sector	6.334.659	-	-	-
Consumer Loans	146.945.300	5.359.270	218.295	150.676
Credit Cards	31.481.786	2.372.525	-	1.174
Other	17.913.327	1.493.506	1.366	3.797
Specialized Lending ⁽¹⁾	104.062.560	3.789.550	38.766	1.269.130
Other Receivables	-	-	-	-
Interest Income Accruals	14.280.794	888.668	50.298	4.729.304
Total	759.957.301	29.597.143	1.444.525	53.646.761

⁽¹⁾Agricultural loans to support farmers are shown in specialized loans.

Expected Credit Loss of Stage 1 and Stage 2	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Losses	9.006.539	-	2.660.108	-
Significant Increase in Credit Risk	-	29.473.635	-	14.991.813

7.3 Distribution of Cash Loans by Maturity Structure

Current Period	Loans under Close Monitoring		
	Standard Loans	Loans Not Subject to Restructuring	Restructured or Rescheduled
Short-term Loans	469.159.282	6.179.547	7.813.141
Medium and Long-term Loans	817.543.665	10.465.024	63.887.939

⁽¹⁾Accruals are not included in the table.

Prior Period	Loans under Close Monitoring		
	Standard Loans	Loans Not Subject to Restructuring	Restructured or Rescheduled
Short-term Loans	185.203.936	9.235.604	4.434.891
Medium and Long-term Loans	560.472.571	19.472.871	45.876.793

⁽¹⁾Accruals are not included in the table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7.4. Information on Consumer Loans, Individual Credit Cards and Personnel Loans and Personnel Credit Card

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	3.321.377	181.729.842	185.051.219
Mortgage Loans	23.181	120.246.712	120.269.893
Automotive Loans	104.109	8.459.456	8.563.565
Consumer Loans	3.194.087	53.023.674	56.217.761
Other	-	-	-
Consumer Loans-Indexed to FC	840	438.458	439.298
Mortgage Loans	297	96.636	96.933
Automotive Loans	-	2.837	2.837
Consumer Loans	543	130.397	130.940
Other	-	208.588	208.588
Consumer Loans-FC	93.370	2.610.127	2.703.497
Mortgage Loans	494	564.215	564.709
Automotive Loans	7	16.213	16.220
Consumer Loans	12.166	759.632	771.798
Other	80.703	1.270.067	1.350.770
Retail Credit Cards-TL	31.332.833	442.405	31.775.238
With Installment	11.933.543	390.440	12.323.983
Without Installment	19.399.290	51.965	19.451.255
Retail Credit Cards-FC	70.719	33	70.752
With Installment	66.423	-	66.423
Without Installment	4.296	33	4.329
Personnel Loans-TL	58.127	944.163	1.002.290
Mortgage Loans	-	14.795	14.795
Automotive Loans	-	3.128	3.128
Consumer Loans	58.127	926.240	984.367
Other	-	-	-
Personnel Loans-Indexed to FC	-	16.302	16.302
Mortgage Loans	-	4.889	4.889
Automotive Loans	-	-	-
Consumer Loans	-	1.819	1.819
Other	-	9.594	9.594
Personnel Loans-FC	1.007	72.636	73.643
Mortgage Loans	-	31.302	31.302
Automotive Loans	-	-	-
Consumer Loans	20	17.028	17.048
Other	987	24.306	25.293
Personnel Credit Cards-TL	564.311	9.760	574.071
With Installment	229.106	9.753	238.859
Without Installment	335.205	7	335.212
Personnel Credit Cards-FC	2.589	-	2.589
With Installment	-	-	-
Without Installment	2.589	-	2.589
Overdraft Accounts-TL (Real Person)	2.542.246	-	2.542.246
Overdraft Accounts-FC (Real Person)	-	-	-
Total⁽¹⁾	37.987.419	186.263.726	224.251.145

⁽¹⁾TL 2.004.758 of interest income rediscount and accrual is not included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	1.173.135	146.481.934	147.655.069
Mortgage Loans	14.062	90.688.507	90.702.569
Automotive Loans	9.358	809.089	818.447
Consumer Loans	1.149.715	54.984.338	56.134.053
Other	-	-	-
Consumer Loans-Indexed to FC	977	422.317	423.294
Mortgage Loans	-	69.982	69.982
Automotive Loans	-	3.167	3.167
Consumer Loans	-	21.511	21.511
Other	977	327.657	328.634
Consumer Loans-FC	13.036	1.668.736	1.681.772
Mortgage Loans	270	368.305	368.575
Automotive Loans	40	16.974	17.014
Consumer Loans	8.224	224.825	233.049
Other	4.502	1.058.632	1.063.134
Retail Credit Cards-TL	17.057.839	219.892	17.277.731
With Installment	4.848.028	196.462	5.044.490
Without Installment	12.209.811	23.430	12.233.241
Retail Credit Cards-FC	87.809	1.479	89.288
With Installment	86.371	-	86.371
Without Installment	1.438	1.479	2.917
Personnel Loans-TL	20.983	435.875	456.858
Mortgage Loans	-	2.772	2.772
Automotive Loans	-	128	128
Consumer Loans	20.983	432.975	453.958
Other	-	-	-
Personnel Loans-Indexed to FC	-	14.275	14.275
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	14.275	14.275
Personnel Loans-FC	2.658	52.375	55.033
Mortgage Loans	-	8.261	8.261
Automotive Loans	-	400	400
Consumer Loans	2.492	1.955	4.447
Other	166	41.759	41.925
Personnel Credit Cards-TL	228.633	7.223	235.856
With Installment	61.491	6.538	68.029
Without Installment	167.142	685	167.827
Personnel Credit Cards-FC	2.177	-	2.177
With Installment	2.137	-	2.137
Without Installment	40	-	40
Overdraft Accounts-TL (Real Person)	2.387.151	-	2.387.151
Overdraft Accounts-FC (Real Person)	89	-	89
Total ⁽¹⁾	20.974.487	149.304.106	170.278.593

⁽¹⁾ TL 1.309.768 of interest income accrual is not included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7.5. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	5.357.002	70.162.576	75.519.578
Mortgage Loans	22.962	2.316.534	2.339.496
Automotive Loans	1.403.747	4.201.640	5.605.387
Consumer Loans	3.930.293	63.644.402	67.574.695
Other	-	-	-
Installment Based Commercial Loans-Indexed to FC	1.021	1.007.982	1.009.003
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	1.021	1.007.982	1.009.003
Installment Based Commercial Loans-FC	3.915.996	94.072.097	97.988.093
Mortgage Loans	61.613	998.632	1.060.245
Automotive Loans	1.178	94.260	95.438
Consumer Loans	3.353.340	91.086.307	94.439.647
Other	499.865	1.892.898	2.392.763
Corporate Credit Cards-TL	38.094.333	2.434.194	40.528.527
With Installment	18.027.575	2.431.070	20.458.645
Without Installment	20.066.758	3.124	20.069.882
Corporate Credit Cards-FC	100.076	-	100.076
With Installment	97.093	-	97.093
Without Installment	2.983	-	2.983
Overdraft Account-TL (Legal Entity)	3.939.794	-	3.939.794
Overdraft Account-FC (Legal Entity)	-	-	-
Total⁽¹⁾	51.408.222	167.676.849	219.085.071

⁽¹⁾Accruals and rediscount amounts related to loans are not included in the table above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	3.763.212	90.134.805	93.898.017
Mortgage Loans	7.154	1.696.440	1.703.594
Automotive Loans	251.321	3.415.447	3.666.768
Consumer Loans	3.504.737	85.022.918	88.527.655
Other	-	-	-
Installment Based Commercial Loans-Indexed to FC	1.050.065	657.659	1.707.724
Mortgage Loans	-	-	-
Automotive Loans	-	20	20
Consumer Loans	25.436	598.659	624.095
Other	1.024.629	58.980	1.083.609
Installment Based Commercial Loans-FC	2.182.877	73.871.304	76.054.181
Mortgage Loans	178.060	475.530	653.590
Automotive Loans	91	54.056	54.147
Consumer Loans	1.661.146	72.292.426	73.953.572
Other	343.580	1.049.292	1.392.872
Corporate Credit Cards-TL	15.944.209	247.639	16.191.848
With Installment	7.042.609	247.539	7.290.148
Without Installment	8.901.600	100	8.901.700
Corporate Credit Cards-FC	58.585	-	58.585
With Installment	56.752	-	56.752
Without Installment	1.833	-	1.833
Overdraft Account-TL (Legal Entity)	1.463.188	-	1.463.188
Overdraft Account-FC (Legal Entity)	-	-	-
Total⁽¹⁾	24.462.136	164.911.407	189.373.543

⁽¹⁾Accruals and rediscount amounts related to loans are not included in the table above.

7.6. Loans According to Types of Borrowers

	Current Period	Prior Period
Public	68.261.538	13.011.446
Private	1.306.787.060	811.685.220
Interest Income Accruals of Loans	31.451.146	19.949.064
Total	1.406.499.744	844.645.730

7.7. Distribution of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	1.341.843.765	802.846.934
Foreign Loans	33.204.833	21.849.732
Interest Income Accruals of Loans	31.451.146	19.949.064
Total	1.406.499.744	844.645.730

7.8. Loans Granted to Investments in Associates and Subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.595.222	1.522.167
Indirect loans granted to subsidiaries and associates	-	-
Total	1.595.222	1.522.167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7.9. Credit-Impaired Losses (Stage III)

	Current Period	Prior Period
Loans and other receivables with limited collectability	2.392.994	1.651.518
Loans and other receivables with doubtful collectability	758.411	1.127.454
Uncollectible loans and other receivables	12.723.130	12.493.924
Total	15.874.535	15.272.896

7.10. Information on Non-Performing Loans (Net)

7.10.1. Information on Non-Performing Loans Restructured or Rescheduled and Other Receivables

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period			
Gross amounts before the provisions	202.952	168.225	1.437.609
Rescheduled Loans	202.952	168.225	1.437.609
Prior Period			
Gross amounts before the provisions	609.360	289.568	1.650.130
Rescheduled Loans	609.360	289.568	1.650.130

7.10.2. Information on The Movement of Total Non-Performing Loans

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Prior Period Ending Balance	3.628.643	2.206.727	14.370.830
Additions (+)	5.276.345	295.826	1.355.435
Transfers from Other Categories of Loans under Follow-Up (+)	-	3.736.670	4.000.441
Transfers to Other Categories of Loans under Follow-Up (-)	3.736.670	4.000.441	-
Collections (-) ⁽¹⁾	1.514.965	848.654	4.637.014
Write-offs (-) ⁽²⁾	-	-	866.204
Sold (-) ⁽³⁾	-	-	19.016
Corporate and Commercial Loans	-	-	19.016
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	3.653.353	1.390.128	14.204.472
Provision (-)	2.392.994	758.411	12.723.130
Net Balance at Balance Sheet	1.260.359	631.717	1.481.342

⁽¹⁾Includes transfers to first and second group loans amounting to TL 1.082.290.

⁽²⁾As of 31 December 2022, there is a written-off loan amounting to TL 866.204 (31 December 2021: None). When the calculation is made by taking into account the loans written off, the effect of the Group on the NPL and NPL ratio is 6 basis points.

⁽³⁾It is the amount that has been transferred from the financial statements of Ziraat Katılım Bankası A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7.10.3. Information on Non-Performing Loans Granted as Foreign Currency Loans

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period			
Period Ending Balance	2.680.553	330.011	3.784.489
Provision (-)	1.731.079	218.945	3.721.795
Net Balance on Balance Sheet	949.474	111.066	62.694
Prior Period:			
Period Ending Balance	2.601.244	158.900	4.170.509
Provision (-)	1.286.803	135.063	3.773.742
Net Balance on Balance Sheet	1.314.441	23.837	396.767

7.10.4. Information on Gross and Net Loans Non-Performing Loans According to Borrowers

	Group III Loans with limited collectability	Group IV Loans with doubtful collectability	Group V Uncollectible loans
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	3.653.353	1.390.128	14.044.172
Provisions (-)	2.392.994	758.411	12.562.830
Loans to Real Persons and Legal Entities (Net)	1.260.359	631.717	1.481.342
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	160.300
Provisions (-)	-	-	160.300
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	1.977.125	1.079.273	1.876.906
Loans to Real Persons and Legal Entities (Gross)	3.628.643	2.206.727	14.214.115
Provisions (-)	1.651.518	1.127.454	12.337.209
Loans to Real Persons and Legal Entities (Net)	1.977.125	1.079.273	1.876.906
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	156.715
Provisions (-)	-	-	156.715
Other Loans and Receivables (Net)	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7.10.5. Information on Interest Accruals, Rediscount and Valuation Effect and Their Provisions Calculated for Non-Performing Loans Banks which Provide Expected Credit Loss According to TFRS 9

	Group III		Group IV	Group V
	Loans with limited collectibility	doubtful collectibility	Loans with	Uncollectible loans
Current Period (Net)	35.364		25.458	78.302
Interest Accruals and Valuation Differences	116.325		68.001	879.607
Provisions (-)	80.961		42.543	801.305
Prior Period (Net)	99.409		53.083	105.201
Interest Accruals and Valuation Differences	179.747		215.297	824.897
Provisions (-)	80.338		162.214	719.696

7.11. Information on Expected Credit Loss

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of the Period	2.660.108	14.991.813	15.272.896	32.924.817
Additions during the Period	6.369.274	14.559.715	3.690.531	24.619.520
Disposals (-) ⁽¹⁾	(133.321)	(731.398)	(1.439.689)	(2.304.408)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	(885.220)	(885.220)
Transfer to Stage 1	388.725	(164.756)	(223.969)	-
Transfer to Stage 2	(240.936)	873.613	(632.677)	-
Transfer to Stage 3	(37.311)	(55.352)	92.663	-
Balances at End of Period	9.006.539	29.473.635	15.874.535	54.354.709
Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of the Period	2.888.030	6.223.597	11.911.061	21.022.688
Additions during the Period	693.496	8.866.608	4.290.429	13.850.533
Disposals (-) ⁽¹⁾	(782.231)	(322.611)	(843.562)	(1.948.404)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	283.075	(56.898)	(226.177)	-
Transfer to Stage 2	(345.288)	534.630	(189.342)	-
Transfer to Stage 3	(76.974)	(253.513)	330.487	-
Balances at End of Period	2.660.108	14.991.813	15.272.896	32.924.817

⁽¹⁾It includes the provision cancellation of the loan amounting to USD 1.155 million collected while monitoring in the second phase. The amount related to the part of the said provision allocated in previous years has been accounted under the “Other Operating Income” item, and the amount related to the part allocated in the current year has been accounted under the “Provisions for Expected Loss” item.

7.12. Information on Liquidating Policy of Uncollectible Loans and Other Receivables

Execution proceedings are carried out for the collection of receivables from loan services of the Parent Bank’s. During this process, tangible guarantees constituting guarantees of receivables of the Parent Bank and assets of the debtor (s) are realized while receivables of the Parent Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7.13. Explanations on Write-Off Policy

The Group writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

8. Information on Financial Assets Measured at Amortized Cost

8.1. Information on Financial Assets Subject to Repurchase Agreements and those Given as

Collateral/Blocked

Financial Assets Measured at Amortized Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	16.898.737	5.705.067	1.390.806	3.209.928
Treasury Bills	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	16.898.737	5.705.067	1.390.806	3.209.928

Financial Assets Measured at Amortized Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	1.107.792	-	-	-
Bonds and Similar Investment Securities	57.126.063	36.259.758	607.105	25.626.356
Other	-	-	-	332.803
Total	58.233.855	36.259.758	607.105	25.959.159

8.2. Information on Government Debt Securities at Amortized Cost

	Current Period	Prior Period
Government Debt	158.551.073	45.620.065
Treasury Bills	1.107.792	87.599
Other Public Sector Debt Securities	1.585.288	290.413
Total	161.244.153	45.998.077

8.3 Information on Investments Valued at Amortized Cost

	Current Period	Prior Period
Debt Securities	165.424.164	46.339.321
Quoted at Stock Exchange	155.404.418	44.293.342
Unquoted at Stock Exchange	10.019.746	2.045.979
Impairment (-)	1.079	296
Total	165.423.085	46.339.025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

8.4. The Movement of Financial Assets at Amortized Costs

	Current Period	Prior Period
Balance at the Beginning of the Period	46.339.025	30.620.481
Foreign Currency Differences on Monetary Assets	11.437.431	11.313.351
Purchases During the Year ⁽¹⁾	109.423.608	7.195.320
Disposals through Sales and Redemptions	(1.775.900)	(2.789.831)
Impairment Provision (-)	1.079	296
Balance at the End of the Period	165.423.085	46.339.025

⁽¹⁾Accruals are shown in “Purchases During the Year”.

9. Information on Associates Accounts (Net)

9.1. Information on the Parent Bank’s Unconsolidated Associates

Title	Address (City/Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1 Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	İstanbul/Türkiye	33,34	33,34

	Total Assets ⁽¹⁾	Shareholders’ Equity ⁽¹⁾	Total Non-Current Assets ^{(1) (2)}	Interest Income ⁽¹⁾	Income from Marketable Securities ⁽¹⁾	Current Period Profit/Loss ⁽¹⁾	Prior Period Profit/Loss ⁽¹⁾	Fair Value
1	427.052	333.016	107.306	37.667	-	(18.467)	(3.291)	-

⁽¹⁾Current period financial information has been provided from unaudited financial statements as of 31 December 2022. Prior period profit/loss information has been provided from independently audited financial statements as of 31 December 2021.

⁽²⁾Total noncurrent assets include tangible and intangible assets.

⁽³⁾The share transfer agreement for the sale of the Bank’s shares in Platform Ortak Kartlı Sistemler A.Ş., which was previously a subsidiary, to Türkiye Halk Bankası A.Ş. was signed on 21.06.2022 and all of the participation shares were transferred to Türkiye Halk Bankası A.Ş.

9.2. Information on Consolidated Associates

Title	Address (City/Country)	The Parent Bank’s Share Percentage-if different Voting Percentage (%)	The Parent Bank’s Group Share Percentage (%)
1 Arap Türk Bankası A.Ş.	İstanbul/Türkiye	15,43	15,43

	Total Assets ⁽¹⁾	Shareholders’ Equity ⁽¹⁾	Total Non- Current Assets ⁽¹⁾	Interest Income ⁽¹⁾	Income from Marketable Securities ⁽¹⁾	Current Period Profit/Loss ⁽¹⁾	Prior Period Profit/Loss ⁽¹⁾	Fair Value
1	11.442.014	1.832.553	555.819	418.239	223.101	213.492	160.336	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

9.3. Information on Financial Associates

	Current Period	Prior Period
Balance at the Beginning of the Period	205.959	177.879
Movement During the Period	76.804	28.080
Additions	-	-
Bonus Share Certificates	-	-
Dividends from Current Year Income	32.942	24.740
Transfer (-)	-	-
Sales	-	-
Revaluation Increase	43.862	3.340
Revaluation/Impairment	-	-
Balance at the End of the Period	282.763	205.959
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

9.4. Sectoral Information on Financial Associates and the Related Carrying Amounts

	Current Period	Prior Period
Banks	282.763	205.959
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

9.5. Subsidiaries Quoted to the Stock Exchange

None (31 December 2021: None).

10. Information on Subsidiaries (Net)

10.1. Information on the Parent Bank's Unconsolidated Subsidiaries

Description	Address (City/Country)	The Parent Bank's Share	
		Percentage-if different Voting Percentage (%)	The Parent Bank's Group Share Percentage (%)
1 Ziraat Teknoloji A.Ş.	İstanbul/Türkiye	100,00	100,00
2 Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş. ⁽¹⁾	İstanbul/Türkiye	100,00	100,00

⁽¹⁾The current paid-in capital of the Company, which was established with a capital of TL 200.000 in accordance with the decision of the Bank's Board of Directors dated 12.05.2022 and numbered 13/21, to operate in the field of Electronic Money and Payment Services is TL 50.000. The Company, which was registered and announced on 23.08.2022, will start operating after obtaining the permission of the CBRT.

	Total Assets ⁽²⁾	Shareholders' Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	227.126	61.733	26.560	2.458	45	42.177	1.704	84.959
2	50.000	50.000	-	-	-	-	-	-

⁽¹⁾There is no fair value due to the fact that subsidiaries are not traded in the stock exchange.

⁽²⁾Current period financial information has been provided from unaudited financial statements as of 31 December 2022. Prior period profit/loss information has been provided from independently audited financial statements as of 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

10.2. Information on Consolidated Subsidiaries

Description	Address (City/Country)	The Bank’s Share Percentage- if different Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1 Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	99,60	99,60
2 Ziraat Portföy Yönetimi A.Ş.	İstanbul/Türkiye	74,90	99,80
3 Ziraat Katılım Bankası A.Ş.	İstanbul/Türkiye	100,00	100,00
4 Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	81,06	81,06
5 Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	100,00	100,00
6 Ziraat Bank International A.G.	Frankfurt/Germany	100,00	100,00
7 Ziraat Bank BH d.d.	Sarajevo/Bosnia Herzegovina	100,00	100,00
8 Ziraat Bank (Moscow) JSC	Moscow/Russia	99,91	100,00
9 Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	99,92	99,92
10 Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	99,98	100,00
11 Ziraat Bank Montenegro AD	Podgorica/ Montenegro	100,00	100,00
12 JSC Ziraat Bank Georgia	Tbilisi/Georgia	100,00	100,00
13 Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	100,00	100,00

Total Assets	Shareholders’ Equity	Total Non- Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value	Shareholder’s equity amount needed
1 2.199.603	1.239.093	5.270	342.577	-	737.773	368.107	2.019.128	-
2 433.740	368.028	8.769	35.427	-	185.324	76.170	392.794	-
3 212.356.923	11.378.445	937.396	20.231.260	4.848.469	3.840.272	558.689	8.820.209	-
4 20.662.426	19.399.779	19.811.521	27.611	-	10.945.313	1.320.242	21.486.762	-
5 2.226.444	2.224.779	667	61.747	-	1.147.021	94.360	2.220.443	-
6 18.461.518	6.059.454	71.888	502.785	7.241	534	122.424	2.464.601	-
7 13.020.442	1.653.056	106.106	241.108	-	31.973	10.962	529.278	-
8 3.097.061	1.121.145	45.097	204.377	1.168	133.455	53.365	785.393	-
9 6.725.546	2.350.069	495.018	323.693	-	(387.925)	56.483	1.847.545	-
10 5.732.518	1.094.215	257.781	226.946	15.253	55.395	37.582	412.793	-
11 1.602.266	331.801	15.049	39.307	9.154	155	(30.082)	238.006	-
12 1.394.888	460.923	45.849	63.398	627	36.931	7.311	282.825	-
13 3.431.045	690.943	80.512	161.362	6.772	108.789	38.731	446.260	-

⁽¹⁾The amounts shown in the interest income column of Ziraat Katılım Bankası A.Ş. include profit share income.

⁽²⁾Current period financial statement information, Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş. and Ziraat Katılım Bankası A.Ş.’s independently audited financial statements dated 31 December 2022, and the unaudited financial statements of other subsidiaries, profit/loss figures for the previous period are taken from the independently audited financial statements dated 31 December 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

(Reflects the values of the Parent Bank)

	Current Period	Prior Period
Balance at the Beginning of the Period	20.558.487	13.901.878
Movements During the Period	21.387.548	6.656.609
Additions to Scope of Consolidation	-	-
Purchases	3.249.300	767.894
Bonus Shares Obtained	86.121	99.967
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽¹⁾	22.601.876	7.476.690
Impairment Provision (-)	4.549.749	1.687.942
Transfer (-)	-	-
Balance at the End of the Period ⁽²⁾	41.946.035	20.558.487
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾Includes changes arising from conversion of subsidiaries, whose capitals are paid in Euro amounts, into TL at period end currency rate

⁽²⁾Non-financial subsidiaries amounting to TL 134.959 are not included in the table. (31.12.2021: Non-financial subsidiaries amounting to TL 51.826 are not included in the table.)

10.3. Sectoral Information on Financial Subsidiaries and the Related Carrying Amounts

(Reflects the values of the Parent Bank)

	Current Period	Prior Period
Banks	15.826.908	8.567.353
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	26.119.127	11.991.134

10.4. Subsidiaries Quoted to the Stock Exchange

(Reflects the values of the Parent Bank)

	Current Period	Prior Period
Quoted at domestic stock exchanges	21.486.762	9.280.885
Quoted at international stock exchanges	-	-

11. Information on the Parent Bank's Entities under Common Control (Joint Ventures)

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank's Share (%)	Group Share (%)	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	13.083.701	67.409	15.326	622.741	269.012

⁽¹⁾Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

12. Information on Lease Receivables

Information on receivables from leasing transactions is shown in the table below.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	189.351	179.909	449.965	431.939
1-5 Years	16.508.624	14.022.160	8.194.720	7.153.214
More than 5 Years	8.160.207	7.050.052	2.363.504	1.981.453
Total	24.858.182	21.252.121	11.008.189	9.566.606

13. Information on the Hedging Derivative Financial Assets

The Group has no hedging derivative financial assets.

14. Information on the Investment Property

The Group’s investment properties are TL 775.075 (31 December 2021: TL 1.268.500).

15. Information on non-currents assets or disposal groups “held for sale” and “from discontinued operations

The Group does not have any discontinued operations. The assets held for sale are composed of immovables acquired due to consumer, commercial and agricultural loans and immovables for which has no necessity of usage exists by the Group. Those immovables considered for sales are announced at the web site of the Group.

The total of the partnership shares of the Group due to its receivables is TL 415.578 (31 December 2021: TL 181.483). To be TL 12.446 (31 December 2021: TL 7.334) due to the individual receivables of the Group, TL 5.255.159 due to the trade receivables (31 December 2021: TL 5.114.751) and TL 98.632 (31 December 2021: TL 121.636) due to the agricultural receivables. The total of the real estates acquired for the purpose of sale is TL 5.366.237 (31 December 2021: TL 5.243.721) and the other real estates held for sale is TL 1.325.408 (31 December 2021: TL 4.935.840). In addition, the total of the movables acquired due to its receivables was TL 75.258 (31 December 2021: TL 25.083). The net book value of the Group’s non-current assets held for sale acquired through fiduciary rights is TL 2.522.486 (31 December 2021: TL 1.798.324).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

16. Information on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	12.568.138	1.172.709	2.157.480	262.652	388.425	-	16.549.404
Accumulated Depreciation (-)	921.289	262.106	1.393.865	156.841	312.247	-	3.046.348
Impairment (-)	2.323	-	618	-	-	-	2.941
Net Book Value	11.644.526	910.603	762.997	105.811	76.178	-	13.500.115
Current Period End							
Net Book Value at the Beginning of the Period	11.644.526	910.603	762.997	105.811	76.178	-	13.500.115
Change During the Period (Net)	21.683.556	584.808	596.532	162.533	64.519	-	23.091.948
-Cost	2.987.345	599.643	1.084.539	216.188	82.441	-	4.970.156
-Revaluation Differences	19.987.850	-	-	-	-	-	19.987.850
-Transfers (-)	1.325.408	-	-	-	-	-	1.325.408
-Depreciation (Net) (-)	(31.524)	14.835	488.007	53.655	17.922	-	542.895
-Impairment (-)	(2.245)	-	-	-	-	-	(2.245)
Net Currency Translation from Foreign Subsidiaries	164.778	32.673	29.639	2.315	13.660	-	243.065
Cost at Period End	34.382.703	1.805.025	3.271.658	481.155	484.526	-	40.425.067
Accumulated Depreciation at Period End (-)	889.765	276.941	1.881.872	210.496	330.169	-	3.589.243
Impairment (-)	78	-	618	-	-	-	696
Closing Net Book Value	33.492.860	1.528.084	1.389.168	270.659	154.357	-	36.835.128

17. The Impairment Provision Set or Cancelled in The Current Period According to The Asset Groups Not Individually Significant but Materially Affecting the Overall Financial Statements, and The Reason and Conditions for This

None.

18. Pledges, mortgages and other restrictions on the tangible assets, expenses arising from the construction for tangible assets, commitments given for the purchases of tangible assets

None.

19. Explanations on Intangible Assets

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Establishment Costs	15.575	12.419	3.156	13.143	10.351	2.792
Goodwill	-	-	-	-	-	-
Intangible Rights	3.928.538	1.165.312	2.763.226	2.503.778	829.437	1.674.341
Total	3.944.113	1.177.731	2.766.382	2.516.921	839.788	1.677.133

Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements:

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:

None.

The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:

None.

The book value of intangible fixed assets that are pledged or restricted for use:

None.

Amount of purchase commitments for intangible fixed assets:

None.

Information on revalued intangible assets according to their types:

None.

Amount of total research and development expenses recorded in income statement within the period if any:

None.

Positive or negative consolidation goodwill on entity basis:

Not applicable for the consolidated financial statements.

Information on Goodwill:

None.

20. Information on Deferred Tax Asset

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit in accordance with the Turkish Accounting Standards (TAS 12) “Income Taxes”. In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets and deferred tax liabilities are net off in the consolidated associates individual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Information on calculated deferred tax including deductible temporary differences, financial losses, tax deductibles and tax exemptions is shown below;

	Current Period	Prior Period
Deferred Tax Assets	27.353.071	9.209.978
Deferred Tax Liabilities	(21.726.782)	(6.240.296)
Net Deferred Tax Assets/(Liabilities)	5.626.289	2.969.682
Net Deferred Tax Income/(Expense)	11.459.690	403.946
	Current Period	Prior Period
Deferred Tax Asset	27.353.071	9.209.978
Expected Loss Provisions	11.039.041	3.854.978
Reserve for Employee Benefits	1.850.397	368.858
Marketable Securities Portfolio	6.246.366	2.673.355
Other	8.217.267	2.312.787
Deferred Tax Liabilities	21.726.782	6.240.296
Financial Assets Valuation Differences	19.674.768	5.523.521
Real Estate Valuation Difference	1.853.995	499.970
Other	198.019	216.805
Net Deferred Tax Asset/(Liability)	5.626.289	2.969.682

As of 31 December 2022, deferred tax income amounting to TL 11.459.690 was classified on profit or loss table and deferred tax expense amounting TL 8.605.454 was classified under shareholders' equity. (As of 31 December 2021, deferred tax income amounting to TL 403.946 was classified on profit or loss table and deferred tax expense amounting TL 1.615.483 was classified under shareholders' equity).

21. Information on expected loss provisions for financial assets

	Current Period	Prior Period
Cash and Balances at Central Bank	31.345	8.729
Banks and Receivables from Money Markets	15.293	12.532
Financial Assets Measured at Amortized Cost	40.592	10.134
Other assets	115.138	60.574
Total	202.368	91.969

22. Information on Other Assets

As of 31 December 2022 and 31 December 2021, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

1. Information on Deposits/Funds Collected

1.1 Information on Maturity Structure of Deposits

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	131.457.914	-	18.631.036	243.164.800	20.336.549	9.534.581	25.114.190	148.528	448.387.598
Foreign Currency Deposits	283.838.398	-	143.513.425	184.535.658	39.357.690	23.688.435	71.524.578	14.799	746.472.983
Residents in Türkiye	218.226.729	-	139.052.941	157.661.536	29.048.020	11.548.296	28.962.992	12.343	584.512.857
Residents Abroad	65.611.669	-	4.460.484	26.874.122	10.309.670	12.140.139	42.561.586	2.456	161.960.126
Public Sector Deposits	20.175.077	-	114.451.418	11.097.850	4.648.975	803.714	7.615	-	151.184.649
Commercial Inst. Deposits	91.796.331	-	115.450.374	136.160.439	7.300.447	22.053.845	2.894.572	-	375.656.008
Other Institutions Deposits	6.988.093	-	5.785.624	20.258.226	4.211.618	910.923	457.932	-	38.612.416
Precious Metals Deposit	81.910.678	-	1.890.618	13.515.775	999.453	561.040	635.451	-	99.513.015
Interbank Deposits	9.315.628	-	43.085.939	9.091.642	93.317	18.396.704	499.173	-	80.482.403
The CBRT	2.714.175	-	-	-	-	-	-	-	2.714.175
Domestic Banks	451.294	-	39.787.632	654.420	-	-	402.578	-	41.295.924
Foreign Banks	5.912.844	-	3.297.632	8.437.222	93.317	18.396.704	96.595	-	36.234.314
Participation Banks	237.315	-	675	-	-	-	-	-	237.990
Other	-	-	-	-	-	-	-	-	-
Total⁽¹⁾	625.482.119	-	442.808.434	617.824.390	76.948.049	75.949.242	101.133.511	163.327	1.940.309.072

⁽¹⁾As of 31 December 2022, the deposit balance includes the amount of TL 93.491.005 Treasury Currency Protected Deposit, TL 105.994.827 CBRT Currency Protected Deposit and TL 17.910.987 YUVAM Account Deposits.

Prior Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits	70.203.865	-	13.030.976	112.837.748	24.125.159	2.977.746	7.890.123	181.935	231.247.552
Foreign Currency Deposits	190.377.004	-	49.794.596	170.108.911	26.535.508	18.382.592	68.957.900	15.469	524.171.980
Residents in Türkiye	157.004.194	-	48.397.670	148.443.080	17.906.947	8.254.009	32.105.695	13.806	412.125.401
Residents Abroad	33.372.810	-	1.396.926	21.665.831	8.628.561	10.128.583	36.852.205	1.663	112.046.579
Public Sector Deposits	14.149.540	-	9.547.190	8.721.258	912.677	501.108	12.929	-	33.844.702
Commercial Inst. Deposits	29.300.264	-	33.098.860	32.960.078	1.363.882	2.729.921	4.532.757	-	103.985.762
Other Institutions Deposits	3.818.724	-	8.104.480	12.507.489	1.509.098	770.022	536.828	-	27.246.641
Precious Metals Deposit	56.314.128	-	1.279.645	11.840.063	781.965	508.828	496.696	-	71.221.325
Interbank Deposits	6.995.086	-	28.867.166	6.149.726	92.113	9.753.095	8.285.553	-	60.142.739
The CBRT	364.127	-	-	-	-	-	-	-	364.127
Domestic Banks	343.628	-	28.744.473	833.275	-	971	2.663.800	-	32.586.147
Foreign Banks	6.195.958	-	122.693	5.316.451	92.113	9.752.124	5.621.753	-	27.101.092
Participation Banks	91.373	-	-	-	-	-	-	-	91.373
Other	-	-	-	-	-	-	-	-	-
Total⁽¹⁾	371.158.611	-	143.722.913	355.125.273	55.320.402	35.623.312	90.712.786	197.404	1.051.860.701

⁽¹⁾As of 31 December 2021, the balance of deposits includes TL 13.970.133 Treasury Currency Protected Deposits and TL 2.804.414 CBRT Currency Protected Deposits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1.2. Information on Saving Deposits Under the Guarantee of the Saving Deposit Insurance Fund and Amounts Exceeding the Limit of the Deposit Insurance Fund

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽¹⁾	224.598.819	140.238.589	222.369.675	89.913.174
Foreign Currency Saving Deposits ⁽¹⁾	163.782.459	123.294.124	364.876.583	275.115.788
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches' Deposits under the Guarantees of Foreign Authority Insurance ⁽²⁾	5.057.008	3.353.517	2.838.629	1.629.055
Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

⁽¹⁾Related deposit balances do not include foreign branches.

⁽²⁾In Bulgaria and Greece, since both real person and legal entity's saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 2.643.374 and TL 35.817 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2021: TL 1.208.852 and TL 34.311).

In accordance with the Regulation on the Amendment of the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums to be Collected by the Savings Deposit Insurance Fund, published in the Official Gazette dated 27 August 2022 and numbered 31936, all official institutions in the presence of credit institutions, except those belonging to credit institutions and financial institutions. deposits and participation funds are included in the scope of insurance. In line with this change, TL 28.211.466 commercial deposits covered by insurance are not included in the table. The portion of the said deposits exceeding the insurance limit is TL 789.528.367.

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 434 (31 December 2021: TL 479) of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

1.3. Information on Saving Deposits/Real Persons' Private Current and Accession Accounts Not Related to Commercial Transactions in a Turkish Branch of the Bank Whose Head Office is Abroad, and Reasons if it is Covered in Where the Head Office is Located

The Parent Bank's head office is located in Türkiye.

1.4. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	12.805	12.236
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	53.076	30.687
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated 26 September 2004	-	-
Saving Deposits in Banks Established in Türkiye Exclusively for Off-Shore Banking Activities	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. Negative Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	12.129	1.290	798.079	6.271
Swap Transactions	218.585	2.837.720	475.473	2.350.376
Futures Transactions	-	-	-	-
Options	-	89.836	-	71.878
Other	-	-	-	-
Total	230.714	2.928.846	1.273.552	2.428.525

3. Information on Banks and Other Financial Institutions

3.1. General Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	10.208.007	-	-	-
Domestic Banks and Institutions	377.292	15.359.646	490.338	10.174.565
Foreign Banks, Institutions and Funds	-	89.467.088	10.568	50.265.360
Total	10.585.299	104.826.734	500.906	60.439.925

3.2. Information on Maturity Structure of Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	10.582.888	7.706.354	488.941	4.160.282
Medium and Long-Term	2.411	97.120.380	11.965	56.279.643
Total	10.585.299	104.826.734	500.906	60.439.925

3.3. Further Information is Disclosed for the Areas of Group's Liability Concentrations, Main Liability Concentration Areas Fund Supplier Customers, Sector Groups or other Risk Concentration Criteria

76% of the Group's total liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Group's liabilities are not subject to a significant concentration risk.

4. Information on Money Market Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	21.081.863	7.498.996	143.430.704	-
Financial Institutions and Organizations	20.917.677	7.498.996	143.258.075	-
Other Institutions and Organizations	125.400	-	158.819	-
Real Person	38.786	-	13.810	-
From Overseas Operations	-	64.037.829	-	37.053.037
Financial Institutions and Organizations	-	40.090.932	-	37.053.037
Other Institutions and Organizations	-	23.946.897	-	-
Real Person	-	-	-	-
Total	21.081.863	71.536.825	143.430.704	37.053.037

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	-	644.547	-	97.988
Asset-Backed Securities	4.394.241	-	4.156.876	-
Treasury Bonds	649.106	26.118.062	1.000.982	25.053.734
Total	5.043.347	26.762.609	5.157.858	25.151.722

6. If Other Liabilities Exceed 10% of the Balance Sheet Total, Name and Amount of Sub-Accounts Constituting at Least 20% of These Liabilities

Other liabilities do not exceed 10% of the balance sheet total.

7. Information on Lease Liabilities (Net)

Information on lease liabilities represented in the table below

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	94.282	52.127	88.525	49.499
Between 1-4 Years	1.088.621	912.150	487.584	415.605
More than 4 Years	1.676.114	885.802	1.088.930	597.423
Total	2.859.017	1.850.079	1.665.039	1.062.527

8. Information on the hedging derivative financial liabilities

There are no hedging derivative financial liabilities.

9. Information on Provisions

9.1 Provisions Related with Principal Foreign Currency Decrease of Foreign Indexed Loans and Finance Leasing Receivables

There are no foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables (31 December 2021: None).

9.2. Liabilities on Employee Benefits Provision

9.2.1. Termination benefit and Unused Vacation Rights

The Group accounts for its vacation and termination benefit obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2022, unpaid vacation liability amounted to TL 792.254 and employment termination amounted to TL 6.140.669 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2021: unpaid vacation liability amounted to TL 384.562, and employment termination amounted to TL 1.393.410 are presented under the “Employee Benefits Provision” in the financial statements).

9.2.2. Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2022 and 31 December 2021.

The liability related to Parent Bank’s benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act’s, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9,80% real discount rate, etc.).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

According to related Actuary Report, the Fund's surplus is TL 17.709.984 as of 31 December 2022 (31 December 2021: TL 10.235.620).

	Current Period	Prior Period
Non-Medical Assets	9.609.837	6.297.140
Actual and Technical Overrun	17.709.984	10.235.620

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
-Pension benefits transferable to SSI	9,80%	9,80%
-Post employment medical benefits transferable to SSI	9,80%	9,80%

The CSO 1980 Female/Male mortality table is used to represent the expected mortality rates before and after retirement.

The distribution of fund assets is as follows:

	Current Period	Prior Period
Bank placements	1.204.050	358.942
Property and equipment	940.000	495.566
Marketable securities	7.272.413	5.417.571
Other	193.374	25.061
Total	9.609.837	6.297.140

9.3. Information on Other Provisions

Except for the requirements of BRSA Accounting and Financial Reporting Legislation, free provision amounting to TL 29.304.000 has been made by the Group management, of which TL 3.730.000 has been reserved in previous periods, TL 25.574.000 has been reserved in the current period (31 December 2021: Except for the BRSA Accounting and Financial Reporting Legislation requirements, the amount of TL 3.505.000 was paid by the Group management in previous periods and free provision of TL 3.730.000 has been set aside, of which TL 250.000 has been reserved in the current period and TL 25.000 has been canceled in the current period.)

Expected loss provisions for non-cash loans are TL 9.352.474 (31 December 2021: Expected loss provisions for non-cash loans are TL 3.401.185.) A total amount of TL 198.554 provision has been provided for the lawsuits against the Group which are not finalized yet. (31 December 2021: A total amount of TL 147.924 provision has been provided for the lawsuits against the Group which are not finalized yet.) In addition, there is other provision amounting to TL 5.350.679. (31 December 2021: Other provision amounting to TL 733.427.)

10. Explanations on Tax Liability

10.1. Explanations on Current Tax Liability

10.1.1. Information on Taxes Payable

As of 31 December 2022, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 7.295.144 (As of 31 December 2021, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 397.162).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	7.295.144	397.162
Taxation on Income from Securities	573.637	436.229
Property Tax	6.516	4.191
Banking Insurance Transaction Tax (BITT)	837.019	463.810
Foreign Exchange Transaction Tax	46.164	119.822
Value Added Tax Payable	162.889	63.871
Other	500.584	133.007
Total	9.421.953	1.618.092

10.1.3. Information on Premium Payables

	Current Period	Prior Period
Social Security Premiums - Employee	140	83
Social Security Premiums - Employer	205	98
Bank Social Aid Pension Fund Premium-Employee	45.528	22.904
Bank Social Aid Pension Fund Premium-Employer	66.725	33.563
Pension Fund Membership Fees and Provisions-Employee	-	4
Pension Fund Membership Fees and Provisions-Employer	36	15
Unemployment Insurance - Employee	7.300	1.807
Unemployment Insurance-Employer	14.606	3.615
Other	-	-
Total	134.540	62.089

10.2. Information on Deferred Tax Liabilities if Any

The Group has TL 301.798 deferred tax liability (31 December 2021: TL 21.837).

11. Information on liabilities related to non-current assets “held for sale” and “held from discontinued operations

The Group does not have any liabilities related to non-current assets held for sale and held from discontinued operations (31 December 2021: None).

12. Information on Subordinated Loan

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	31.546.716	-	22.741.964
Subordinated loans	-	2.597.654	-	1.314.363
Subordinated debt instruments	-	28.949.062	-	21.427.601
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	31.546.716	-	22.741.964

⁽¹⁾Subordinated loans are explained in detail in the Note “information about debt instruments included in total capital calculation” in Section Four.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

13. Information on Shareholders' Equity

13.1. Presentation of Paid-In Capital

	Current Period	Prior Period
Common stock	34.900.000	13.100.000
Preferred stock	-	-

13.2. Amount of Paid-In-Capital, Explanations as to Whether the Registered Share Capital System is Applied, if so the Amount of Registered Share Capital Ceiling

The Parent Bank does not have a registered capital system.

13.3. Capital Increases and Sources in The Current Period and Other Information Based on Increased Capital Shares

The decision to increase the capital to TL 34.900.000 was approved at the Extraordinary General Assembly meeting of the Parent Bank held on 9 March 2022. The capital increase and the related amendment made in the relevant article of the Articles of Association were registered on 14 March 2022 and dated 14 March 2022. It was announced in the Trade Registry Gazette numbered 10536. The accounting for the said capital increase was carried out on 14 March 2022 based on the permission obtained from the BRSA.

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
14 March 2022	21.800.000	21.800.000	-	-

13.4. Other Information on Capital Increases and Increased Share Capital with Reserves within the Current Period

There is no share capital amount included in capital.

13.5. Information on Capital Commitments, the Purpose and the Sources Until the End of the Fiscal Year and the Subsequent Interim Period

The Parent Bank has no capital commitments.

13.6. Effects on the Group's Equity of The Anticipation Based on the Financial Figures For Prior Periods Regarding the Group's Income, Profitability and Liquidity, and Uncertainties at These Indicators

In the current period, The Parent Bank follows its operations in line with the previous periods. The Parent Bank's balance sheet has been managed with precaution by being affected by the interest, rate of exchange and credit risks at the minimum level. This helps to reduce the effects of fluctuations in the market to The Parent Bank's performance and contributes to the profitability structure to be sustainable.

13.7. Summary Information on Privileges Given to Shares Representing the Capital

The Parent Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities under Common Control (Joint Ventures)	(77.873)	547.657	41.654	(25.912)
Financial Assets at Fair Value Through Other Comprehensive Income	49.094.334	(19.922.708)	9.691.095	(9.023.318)
Foreign Exchange Differences	6.019.473	1.957	4.167.614	3.271
Total	55.035.934	(19.373.094)	13.900.363	(9.045.959)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

III. EXPLANATIONS AND NOTES TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS

1. Explanations on Off-Balance Sheet Commitments

1.1. Nature and Amount of Irrevocable Loan Commitments

	Current Period	Prior Period
Asset Purchase Commitments	39.841.499	24.817.588
Subsidiaries and Associates Capital Contribution Commitments	150.000	3.150
Loan Granting Commitments	51.597.586	22.929.479
Commitments for Cheques Payments	10.866.132	7.058.166
Commitments for Credit Card Expenditure Limits	101.503.177	61.914.689
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	162.830	102.027
Tax and Fund Liabilities from Export Commitments	95.161	22.637
Other Irrevocable Commitments	25.838.559	23.435.761
Total	230.054.944	140.283.497

1.2. Nature and Amount of Possible Losses and Commitments Arising from the Off-Balance Sheet Items Including the Below Mentioned

The Group has provided provision amounting to TL 9.352.474 for possible losses arising from the off-balance sheet items in the current period. (31 December 2021: TL 3.401.185).

1.2.1. Non-Cash Loans Including Guarantees, Acceptances, Financial Guarantees and Other Letter of Credits

	Current Period	Prior Period
Letters of Guarantee	360.474.626	206.713.656
Letters of Credit	73.113.486	65.176.324
Bank Acceptances	12.278.409	11.968.706
Endorsements	14.341.683	6.009.467
Other Guarantees	1.504.723	2.433.706
Other Collateral	17.000	3.345
Total	461.729.927	292.305.204

1.2.2. Certain Guarantees, Temporary Guarantees, Surety Ships and Similar Transactions

	Current Period	Prior Period
Letters of Certain Guarantees	215.675.531	122.155.860
Letters of Advance Guarantees	60.497.328	32.445.562
Letters of Temporary Guarantees	13.265.410	5.056.575
Letters of Guarantees Given to Customs Offices	4.742.989	2.002.466
Other Letters of Guarantees	66.293.368	45.053.193
Total	360.474.626	206.713.656

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1.3. Explanations on Non - Cash Loans

1.3.1. Total Non-Cash Loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	54.657.597	39.535.612
With Original Maturity of One Year or Less	25.080.064	19.970.315
With Original Maturity of More than One Year	29.577.533	19.565.297
Other Non-Cash Loans	407.072.330	252.769.592
Total	461.729.927	292.305.204

1.3.2. Information on Sectorial Risk Concentrations of Non-Cash Loans

	Current Period			
	TL	(%)	FC	(%)
Agricultural	2.697.687	1,68	284.769	0,09
Farming and Raising Livestock	1.693.834	1,05	151.215	0,05
Forestry	714.743	0,44	-	-
Fishing	289.110	0,18	133.554	0,04
Manufacturing	55.477.211	34,49	128.673.014	42,76
Mining and Quarrying	1.359.463	0,85	2.158.015	0,72
Production	45.901.635	28,54	115.099.519	38,25
Electric, Gas and Water	8.216.113	5,11	11.415.480	3,79
Construction	38.893.167	24,18	93.818.824	31,18
Services	62.134.622	38,63	74.288.688	24,69
Wholesale and Retail Trade	31.976.138	19,88	21.411.476	7,12
Hotel, Food and Beverage Services	3.040.370	1,89	1.756.688	0,58
Transportation and Telecommunication	8.201.306	5,10	25.338.316	8,42
Financial Institutions	13.051.398	8,11	17.828.374	5,93
Real Estate and Leasing Services	4.996.576	3,11	6.955.531	2,31
Self-employment Services	116.786	0,07	164.133	0,05
Education Services	283.803	0,18	337.321	0,11
Health and Social Services	468.245	0,29	496.849	0,17
Other	1.632.249	1,02	3.829.696	1,28
Total	160.834.936	100,00	300.894.991	100,00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	Prior Period			
	TL	(%)	FC	(%)
Agricultural	1.020.971	1,59	601.803	0,27
Farming and Raising Livestock	680.997	1,06	217.657	0,10
Forestry	303.563	0,47	7.432	0,00
Fishing	36.411	0,06	376.714	0,17
Manufacturing	15.298.998	23,79	109.560.770	48,05
Mining and Quarrying	524.150	0,82	1.491.607	0,65
Production	11.422.874	17,76	99.176.944	43,50
Electric, Gas and Water	3.351.974	5,21	8.892.219	3,90
Construction	19.487.980	30,30	60.838.959	26,68
Services	27.405.594	42,62	55.418.149	24,31
Wholesale and Retail Trade	13.245.513	20,60	18.883.926	8,28
Hotel, Food and Beverage Services	523.186	0,81	2.122.733	0,93
Transportation and Telecommunication	4.093.727	6,37	19.624.279	8,61
Financial Institutions	6.798.085	10,57	11.009.899	4,83
Real Estate and Leasing Services	2.283.832	3,55	2.736.219	1,20
Self-employment Services	88.008	0,14	34.855	0,02
Education Services	187.502	0,29	342.189	0,15
Health and Social Services	185.741	0,29	664.049	0,29
Other	1.095.458	1,70	1.576.522	0,69
Total	64.309.001	100,00	227.996.203	100,00

1.3.3. Information on the Non-Cash Loans Classified Under Group I and Group II

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	158.522.644	291.454.170	2.182.929	8.170.153
Letters of Guarantee	142.296.328	207.100.851	1.883.901	7.877.504
Bank Acceptances	1.808.014	10.470.395	-	-
Letters of Credit	1.446.428	71.318.074	1.325	282.656
Endorsements	12.861.019	1.400.685	51.000	9.993
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	110.855	1.164.165	246.703	-
Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	62.500.519	220.967.595	1.659.219	5.955.346
Letters of Guarantee	59.507.559	138.606.485	1.628.584	5.761.454
Bank Acceptances	211.032	11.757.674	-	-
Letters of Credit	855.944	64.150.354	1.325	156.850
Endorsements	1.911.984	4.030.031	29.310	37.042
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	14.000	2.423.051	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. Explanations on Derivative Transactions

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	628.655.479	413.857.974
Forward Transactions	2.325.255	13.699.022
Swap Transactions	610.949.242	390.162.522
Futures Transactions	1.260.778	-
Option Transactions	14.120.204	9.996.430
Interest Related Derivative Transactions (II)	105.383.188	84.644.944
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	105.383.188	84.644.944
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	734.038.667	498.502.918
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Purposes Derivative Transactions	-	-
Total Derivative Transactions (A+B)	734.038.667	498.502.918

The Group has no derivative transactions for hedging purposes. Estimated to occur in advance and accounted for based on this estimation; however, there are no income and expenses that are not associated with the profit or loss statement in the current period due to the transactions and contracts that are not realized.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	3.154.506	(153.077)	263.284	-	2.256.898	5.521.611
-Inflow	219.063.216	78.004.685	14.378.870	2.369.540	3.272.234	317.088.545
-Outflow	(215.908.710)	(78.157.762)	(14.115.586)	(2.369.540)	(1.015.336)	(311.566.934)
Interest rate derivatives	-	-	-	-	-	-
-Inflow	-	65.000	-	32.286.942	20.339.652	52.691.594
-Outflow	-	(65.000)	-	(32.286.942)	(20.339.652)	(52.691.594)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Total Inflow	219.063.216	78.069.685	14.378.870	34.656.482	23.611.886	369.780.139
Total Outflow	(215.908.710)	(78.222.762)	(14.115.586)	(34.656.482)	(21.354.988)	(364.258.528)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	6.651.055	673.046	(561.818)	-	1.267.129	8.029.412
-Inflow	142.062.199	39.670.855	25.369.297	1.558.870	2.282.472	210.943.693
-Outflow	(135.411.144)	(38.997.809)	(25.931.115)	(1.558.870)	(1.015.343)	(202.914.281)
Interest rate derivatives	-	-	-	-	-	-
-Inflow	5.000	40.000	173.902	11.923.284	30.180.286	42.322.472
-Outflow	(5.000)	(40.000)	(173.902)	(11.923.284)	(30.180.286)	(42.322.472)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Total Inflow	142.067.199	39.710.855	25.543.199	13.482.154	32.462.758	253.266.165
Total Outflow	(135.416.144)	(39.037.809)	(26.105.017)	(13.482.154)	(31.195.629)	(245.236.753)

3. Explanations on Contingent Assets and Liabilities

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Group and otherwise, provision is provided based on the estimations.

The Group's liability resulting from the cheques given to its customers amounts TL 10.866.132 (31 December 2021: TL 7.058.166).

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

4. Explanations on Services in the Name of Others

The Group acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Bank does not provide consultancy and management services.

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS STATEMENT

1. Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans⁽¹⁾	113.142.338	24.241.084	65.545.749	12.873.632
Short Term Loans	44.238.508	3.483.034	18.110.213	1.131.266
Medium-and Long-Term Loans	67.183.548	20.494.266	46.409.666	11.571.060
Interest on Loans Under Follow-Up	1.720.282	263.784	1.025.870	171.306
Premiums Received from the Resource Utilization Support Fund	-	-	-	-

⁽¹⁾Includes fees and commissions income on cash loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1.2. Information on interest income on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	12.367	-	-	-
Domestic Banks	238.387	2.181.083	42.130	39.369
Foreign Banks	117.564	359.583	58.796	74.056
Headquarters and Branches Abroad	-	-	-	-
Total	368.318	2.540.666	100.926	113.425

1.3. Information on interest income on marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	651.669	47.282	340.826	21.891
Financial Assets at Fair Value Through Other Comprehensive Income	61.090.406	10.426.113	18.441.568	5.867.587
Financial Assets Measured at Amortized Cost	25.742.245	2.340.977	2.118.949	1.484.339
Total	87.484.320	12.814.372	20.901.343	7.373.817

1.4. Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	215.463	153.583

2. Interest Expense

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	613.590	2.944.596	106.432	1.104.452
Central Bank of the Republic of Türkiye	122.055	-	-	-
Domestic Banks	410.357	494.298	30.832	207.339
Foreign Banks	81.178	2.450.298	75.600	897.113
Foreign Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	176.645	119.587	102.322
Total	613.590	3.121.241	226.019	1.206.774

⁽¹⁾Includes fees and commissions expenses on cash loans.

2.2. Information on Interest Expenses Given to Associates and Subsidiaries

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	34.641	33.226

2.3. Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Securities Issued	1.021.031	2.688.467	779.662	1.948.153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2.4. Maturity structure of the interest expense on deposits

Current Period	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	4.418.268	102.170	-	-	-	-	4.520.438
Saving Deposit	-	1.762.525	26.878.200	3.706.378	926.854	3.771.195	16.027	37.061.179
Public Sector Deposit	90	7.836.213	1.509.844	437.529	86.553	1.333	-	9.871.562
Commercial Deposit	126	6.440.055	8.139.816	2.467.164	4.430.137	202.407	-	21.679.705
Other Deposit	-	543.790	2.175.005	297.576	54.102	49.012	-	3.119.485
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	216	21.000.851	38.805.035	6.908.647	5.497.646	4.023.947	16.027	76.252.369
FC								
Foreign Currency Deposit	88.559	3.057.053	3.409.740	527.792	256.883	535.591	2	7.875.620
Bank Deposit	147	74.556	80.048	331	170.007	58.397	-	383.486
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	17.340	45.467	4.156	2.287	2.452	-	71.702
Total	88.706	3.148.949	3.535.255	532.279	429.177	596.440	2	8.330.808
Grand Total	88.922	24.149.800	42.340.290	7.440.926	5.926.823	4.620.387	16.029	84.583.177
Prior Period								
Account Name	Time Deposit						Cumulative Deposit	Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year		
TL								
Bank Deposit	-	4.142.850	59.482	-	-	-	-	4.202.332
Saving Deposit	-	1.765.114	17.209.606	3.712.528	414.016	1.143.333	13.679	24.258.276
Public Sector Deposit	617	1.168.189	1.170.581	97.723	55.120	9.291	-	2.501.521
Commercial Deposit	162	3.463.825	4.088.137	149.172	727.258	68.465	-	8.497.019
Other Deposit	-	386.959	1.801.246	161.337	102.571	49.431	-	2.501.544
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	779	10.926.937	24.329.052	4.120.760	1.298.965	1.270.520	13.679	41.960.692
FC								
Foreign Currency Deposit	4.034	255.968	1.211.700	143.180	139.324	504.380	3	2.258.589
Bank Deposit	638	12.892	43.302	1.387	21.139	61.523	-	140.881
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	13.262	32.541	2.765	2.011	1.705	-	52.284
Total	4.672	282.122	1.287.543	147.332	162.474	567.608	3	2.451.754
Grand Total	5.451	11.209.059	25.616.595	4.268.092	1.461.439	1.838.128	13.682	44.412.446

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3. Explanations on Dividend Income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	2.217	-
Financial Assets at Fair Value Through Other Comprehensive Income	41.040	29.810
Other ⁽¹⁾	6.869	4.916
Total	50.126	34.726

⁽¹⁾Shows the Group's dividend income from subsidiaries, associates and entities under common control.

4. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	413.084.994	607.623.137
Trading Gains on Securities	3.513.527	765.834
Profits on Derivative Financial Instruments	10.024.647	8.769.860
Foreign Exchange Profits	399.546.820	598.087.443
Loss (-)	409.575.847	618.395.923
Trading Losses on Securities	192.794	104.571
Losses on Derivative Financial Instruments	18.405.343	20.704.426
Foreign Exchange Losses	390.977.710	597.586.926

5. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 5.827.295 and income from sales of assets amounting to TL 606.142 (31 December 2021: significant portion of other operating income consists of reversal from prior period provisions amounting to TL 3.873.173, and income from sales of assets amounting to TL 356.398).

6. Expected Credit Loss and Other Provision Expense

	Current Period	Prior Period
Expected Credit Loss Provision	33.000.917	16.285.959
12 Month Expected Credit Loss (Stage 1)	10.878.350	462.160
Significant Increase in Credit Risk (Stage 2)	16.021.559	10.073.055
Non-Performing Loans (Stage 3)	6.101.008	5.750.744
Marketable Securities Impairment Provision	573	95
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	573	95
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other ⁽¹⁾	29.968.000	507.797
Total	62.969.490	16.793.851

⁽¹⁾Includes free provision expense amounting to TL 25.574.000 in the current period (31 December 2021: TL 250.000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7. Information Related to Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	694.199	402.526
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	100	250
Depreciation Expenses of Tangible Assets	995.699	614.952
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	377.668	179.301
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	8.664.523	5.101.119
Leasing Expenses Related to TFRS 16 Exceptions	115.034	90.730
Maintenance Expenses	549.424	252.155
Advertisement Expenses	553.658	339.839
Other Expenses	7.446.407	4.418.395
Loss on Sales of Assets	7.244	9.187
Other ⁽¹⁾	7.136.587	3.886.602
Total	17.876.020	10.193.937

⁽¹⁾TL 2.779.242 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 2.609.586 consists of taxes, duties and charges expense (31 December 2021: TL 1.841.342 of other items consists of Saving Deposit Insurance Fund accrual expense, TL 1.300.320 consists of taxes, duties and charges expense)

8. Profit/(Loss) from Minority Interest

	Current Period	Prior Period
Profit/(Loss) from Minority Interest	151.340	69.534

9. Fees for Services Received from Independent Auditor/Independent Audit Firm

The fee information for the reporting period regarding the services received from the independent auditor or independent audit firm in accordance with the decision of the POA dated 26 March 2021 is given in the table below:

	Current Period	Prior Period
Independent Audit Fee	24.073	13.039
Tax Consultancy Fee	1.310	272
Other Assurance Services Fee	1.402	877
Other Non-Audit Services Fee	1.517	596
Total	28.302	14.784

⁽¹⁾The fee information is given over the amounts excluding VAT in the table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

10. Information on Profit/Loss Before Tax from Continuing and Discontinuing Operations

The Group’s compositions of the profit/loss before tax from the continuing operations are following:

	Current Period	Prior Period
Net Interest Income	131.454.119	42.535.748
Net Fees and Commissions Income	14.673.232	6.269.616
Other Operating Income	10.213.682	5.594.561
Dividend Income	50.126	34.726
Trading Profit/Loss (Net)	3.509.147	(10.772.786)
Personnel Expenses (-)	10.617.697	5.803.803
Expected Credit Loss (-)	33.000.917	16.285.959
Other Provision Expenses (-)	29.968.573	507.892
Other Operating Expenses (-)	17.876.020	10.193.937
Profit/Loss from Investments in Subsidiaries Consolidated based on Equity Method	315.745	137.196
Current Period Profit/Loss from Continued Operations	68.752.844	11.007.470

11. Information on Tax Provision of Continued and Discontinued Operations

As of 31 December 2022, TL 22.139.383 of the Group’s total tax provision expense consists of TL 33.599.073 of current tax expense and TL 11.459.690 of deferred tax income (As of 31 December 2021, TL 3.018.958 of the Group’s total tax provision expense consists of amounting to TL 3.422.904 current tax expense while remaining balances amounting to TL 403.946 consists of deferred tax income).

The Group has no discontinued operations as of 31 December 2022. (As of 31 December 2021, the Group has no discontinued operations.)

12. Explanation on Current Period Net Profit and Loss of Continued and Discontinued Operations

The Group’s net profit after tax amounts to TL 46.613.461 (31 December 2021: The Group’s net profit after tax amounts to TL 7.988.512)

13. Explanation on Net Profit/Loss

13.1. Nature, Amount and Frequency of Income and Expenses Arising from Ordinary Banking Activities, if Required for the Understanding the Performance of the Parent Bank in the Current Period

The Parent Bank mainly utilizes its resources from domestic deposits on loans, securities and interbank operations. Besides, income is obtained by commissions taken from non-cash loans, other banking operations with insurance agencies.

13.2. The Effect of the Change in Accounting Estimates to the Net Profit/Loss; Including the Effects to the Future Period, if any

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period

14. If Other Items in the Profit or Loss Statement Exceed 10% of the Profit or Loss Statement Total, Sub-Accounts Constituting At Least 20% of These Items are Shown Below

The “Other” statement under the “Fees and Commission Income” in the Profit or Loss Statement mainly consists of commission and fees received from credit card transactions and banking transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS’ EQUITY

1. Explanations on the Issuance of Shares:

The paid in capital of T.C. Ziraat Bank is TL 34.900.000. (31 December 2021: TL 13.100.000)

2. Explanations on Profit Distribution:

According to the Parent Bank’s Ordinary General Assembly Meeting dated 25 March 2022;

Pursuant to paragraph 1 of Article 33 of the Bank’s Articles of Association regarding the determination, allocation and distribution of the net profit for the period; Allocating 5% (TL 314.565) of legal reserves from the net period profit of TL 6.291.309,

Within the scope of Article 5/1-e of the Corporate Tax Law No. 5520, TL 4.685, which is the portion associated with the period profit within 50% of the real estate sales income exemption base calculated according to the TPL, is to be followed until the end of the 5th year following the year of the sale. in accordance with the relevant law article, to be taken into a special fund account under shareholders’ equity, and the remaining TL 5.972.059 to be transferred to extraordinary reserves,

From TL 63.699 resulting from real estate valuation differences and monitored in previous years’ profits within the framework of the relevant TAS, 50% of the real estate sales income exemption base calculated according to the Tax Law within the scope of Article 5/1-e of the Corporate Tax Law No. 5520, with equity accounts. TL 20.963, which is the associated portion, to be taken into the special fund account opened under the shareholders’ equity in accordance with the relevant law to be followed up until the end of the 5th year following the year of the sale, 5% (TL 2.137) of legal reserves over the remaining TL 42.736, and the remaining TL 40.599. It has been decided to transfer to extraordinary reserves.

The Parent Bank plans to distribute the profit it earned in 2022 in line with its articles of association. However, as of the preparation date of the financial reports, no decision has been taken regarding profit distribution.

3. Profit Reserves:

As of the balance sheet date, profit reserves amounted to TL 74.732.663, legal reserves amounted to TL 6.081.820, extraordinary reserves amounted to TL 66.311.181 and other profit reserves amounted to TL 2.339.662. (As of 31 December 2021, the profit reserves were TL 68.565.711, legal reserves were TL 5.676.734, extraordinary reserves were TL 60.721.651 and other profit reserves were TL 2.167.326).

VI. EXPLANATIONS ON CASH FLOW STATEMENTS

1. Explanations on the “Other” items and “The Effect of the Change in Foreign Currency on Cash and Cash Equivalent” item in the Cash Flow Statement

Regarding operating profit before the change in banking activity assets and liabilities, TL 76.085.746 of the income amount, TL 198.653.832 mainly consists of the interests received from loans and securities, and TL 101.490.515 mostly consists of the interests given to deposits and money market transactions. Other earnings mainly include net fee and commission income and other operating profit.

The effect of change in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, TL 4.750.901 as of 31 December 2022. (TL 1.439.724 as of 31 December 2021)

Cash in TL, cash in foreign currency, Central Bank of the Republic of Türkiye, money in transit, bank cheques purchased and cash on money market operations are defined as “cash”; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as “cash equivalents”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Period opening and end cash and cash equivalents balance

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	12.798.004	6.672.363
Central Bank of the Republic of Türkiye and Other Banks	96.073.783	35.726.081
Money Market Operations	1.249.768	603.790
Total Cash and Cash Equivalents	110.121.555	43.002.234

Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	20.883.567	12.798.004
Central Bank of the Republic of Türkiye and Other Banks	202.138.758	96.073.783
Money Market Operations	6.283.112	1.249.768
Total Cash and Cash Equivalents	229.305.437	110.121.555

VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE PARENT BANK BELONGS TO

1. Information on the Volume of Transactions Relating to the Bank’s Risk Group, Outstanding Loan and Deposit Transactions and Profit and Loss of the Period

1.1 Information Regarding Loans Belonging to the Risk Group of the Bank

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Current Period						
Loans						
Beginning Balance	1.522.167	10.407	-	-	-	-
Ending Balance	1.595.222	27.560	-	-	-	-
Interest and Commissions Income	215.463	252	-	-	-	-

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Prior Period						
Loans						
Beginning Balance	1.138.436	27.516	-	-	-	-
Ending Balance	1.522.167	10.407	-	-	-	-
Interest and Commissions Income	153.583	77	-	-	-	-

1.2. Information on Deposits of the Parent Bank’s Risk

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	261.948	283.286	-	-	-	-
Ending Balance	290.714	261.948	-	-	-	-
Interest Expense on Deposits	34.641	33.226	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL")
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1.3. Information on Forward and Option Agreements and Other Similar Agreements made with the Group's Risk Group

None (31 December 2021: None).

1.4. Information Regarding Benefits Provided to the Group's Key Management

Fees paid to the Group's key management amount to TL 105.487 (31 December 2021: TL 57.213).

VIII. EXPLANATIONS AND NOTES RELATED TO POST-BALANCE SHEET MATTERS

With the Repeated paragraph 298 (Ç) added to the Tax Procedure Law No. 213 and the Provisional Article 32, it is possible for the taxpayers included in the scope to revalue their depreciable economic assets in periods when the conditions for making inflation adjustments are not met. In order to explain the revaluation transactions, the General Communiqué of the Tax Procedure Law no. 537 has been published, and for the enterprises that prepare their financial statements in accordance with the Turkish Accounting Standards, the General Communiqué on the Tax Procedure Law with the line number 547 published in the Official Gazette dated 14 January 2023 and numbered 32073 (order no. 537). With the Communiqué Amending the According to the Communiqué, the Bank will be able to revalue the immovables registered in its assets and other depreciable economic assets, provided that the conditions in the Provisional Article 32 and Reiterated Article 298 (Ç) are met, and it will be able to pay the corporate tax on the base calculated according to the new values of these economic assets.

The consequences of earthquakes in Kahramanmaraş, which affected many cities, in the disaster area and throughout the country are closely followed. Efforts to be carried out by the Parent Bank for the return of social and economic life to normal are being concluded immediately.

IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

1. Information on the Parent Bank's Domestic and Foreign Branches and Foreign Representatives of the Parent Bank

	Number	Number of Employees			
Domestic Branch ⁽¹⁾	1.733	24.388			
			Country of Incorporation		
Foreign Representative Office ⁽²⁾	-	-			
				Total Assets	Statutory Share Capital
Foreign Branch ⁽²⁾	1	5	1-England	22.518.932	1.262.174
	5	5	2-Bulgaria	5.203.806	282.828
	2	4	3-Iraq	2.483.514	888.298
	3	3	4-Greece	2.354.822	659.525
	1	2	5-Saudi Arabia	1.042.806	280.478
	4	1	6-Kosovo	2.896.667	399.712
	8	36	7-T.R. of Northern Cyprus	10.155.101	454.180
	1	3	8-Bahrain	75.499.372	93.493
Off-Shore Banking Region Branches	-	-		-	-

⁽¹⁾Includes the employees of the domestic branches, including the employees of head office and regional management.

⁽²⁾Excluding the local employees of the foreign branches.

2. Information on The Parent Bank About Opening, Closing, Changing its Organization Considerably for Domestic and Foreign Branches and Foreign Representatives of the Bank:

In 2022, 8 new branches were opened in Türkiye and 2 branches were closed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

SECTION SIX

OTHER EXPLANATIONS

I. INFORMATION ON THE PARENT BANK’S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Information on the assessment done by the international rating agencies Moody’s Investors Service, Fitch Ratings and JCR Eurasia are as follows:

Moody’s Investors Service: August 2022

Outlook	Stable
Long term Foreign Currency Deposit	B3
Short term Foreign Currency Deposit	Not-Prime
Long term Domestic Currency Deposit	B3
Short term Domestic Currency Deposit	Not-Prime
Long term Issuer Rating Foreign Currency	B3
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1

Fitch Ratings: July 2022

Foreign Currency Long Term IDR	B-
Outlook	Negative
Foreign Currency Short Term IDR	B
Local Currency Long Term IDR	B
Outlook	Negative
Local Currency Short Term IDR	B
National Long-Term Rating	AA (Trk)
Outlook	Stable
Government Support Rating	ns
Viability Rating	b-

JCR Eurasia: January 2023

Long Term International FC	BB
Outlook	Stable
Long Term International LC	BB
Outlook	Negative
Long Term National LC	AAA (Trk)
Outlook	Stable
Short Term National LC	J1+ (Trk)
Outlook	Stable

II. OTHER EXPLANATIONS ON THE GROUP’S OPERATIONS

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))

(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

The consolidated financial statements prepared as of 31 December 2022 and for the fiscal period ending on the same date have been prepared by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is subject to audit by the independent auditors’ report dated 17 February 2023 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

Statement of Use	Ziraat Bank has reported in accordance with the GRI Standards - Essentials for the period of 01/01/2022 to 31/12/2022
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None Apply

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
GRI 2: General Disclosures 2021	2-1	1, 12	
	2-2	1, 153	
	2-3	1, 111-112	
	2-4	There is no restated information.	
	2-5	1, 116-117, 148-151, 298-301	
	2-6	12-13, 30-31, 62-98, 128-131	
	2-7	22-25, 32-33, 87-91	
	2-8	All Ziraat Bank employees are working on full-time basis.	
	2-9	120-121, 124-125, 128-129,	
	2-10	Regarding the minimum qualities to be sought in appointments to Board Member, Ziraat Bank acts in accordance with the provisions of Banking legislation, Turkish Commerce Code and the regulations of Capital Markets Board.	
	2-11	The Chairman of the Board of Directors has no executive duty.	
	2-12	30-31, 37, 118-121	
	2-13	118-125, 128-131	
	2-14	30-31	
	2-15	133-137	
	2-16	62-84	
	2-17	88-91	
	2-18	30-31, 120, 128-130	
	2-19	89, 118-126, 128	
	2-20	89, 128	
	2-21	Confidential information due to the Bank's policy.	
	2-22	4-7, 8-11, 30-31	
	2-23	141-143, 13, 30	
	2-24	118-125, 128-139	
	2-25	30-33, 38-39, 62-84	
	2-26	13, 25, 31, 35, 56, 74, 81, 86, 97	
	2-27	There are no fines or sanctions in the reporting period.	
	2-28	99	
	2-29	37-39	
	2-30	89	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	30-31, 34-36 There are no significant changes from previous reporting periods in the list of material topics and topic boundaries.	
SUSTAINABLE GROWTH			
Economic Performance			
GRI 3: Material Topics 2021	3-3	4-11, 34-36, 38-39, 49-51	
GRI 201: Economic Performance 2016	201-1	22-25, 62-84, 144	
	201-2	43-44, 58, 98, 100	
	201-3	181-183, 333-335	
	201-4	There is no financial assistance received from government during the reporting period.	
Market Presence			
GRI 3: Material Topics 2021	3-3	4-11, 34-36, 38-39, 49-51	
GRI 202: Market Presence 2016	202-1	In Ziraat Bank, the standard entry level wage of all employees is above the local minimum wage.	
	202-2	All members of Ziraat Bank senior management are Turkish Republic citizens.	
Indirect Economic Impact			
GRI 3: Material Topics 2021	3-1	4-11, 34-36, 38-39, 49-51	
	3-2	4-11, 30-31, 34-36	
	3-3	4-11, 34-36, 38-39	
GRI 203: Indirect Economic Impact 2016	203-1	34-39, 62-84	
	203-2	34-39, 62-84	
RESPONSIBLE BANKING			
Procurement Practices			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36	
	3-3	4-11, 34-36, 38-39, 57-59	
GRI 204: Procurement Practices 2016	204-1	31, 37, 39, 80	
Anti-Corruption			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36	
	3-3	4-11, 34-36, 38-39, 57-59	

GRI CONTENT INDEX

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
GRI 205: Anti-Corruption 2016	205-1	https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Corporate-Governance/Documents/AMLPolicy.pdf	
	205-2	https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Corporate-Governance/Documents/AMLPolicy.pdf	
	205-3	https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Corporate-Governance/Documents/AMLPolicy.pdf	
Anti-Competitive Behavior			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36	
	3-3	4-11, 34-36, 38-39, 57-59	
GRI 206: Anti-Competitive Behavior 2016	206-1	https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Corporate-Governance/Documents/DisclosurePolicy.pdf	
Tax			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31	
	3-3	4-11, 38-39, 57-59	
GRI 207: Tax 2019	207-1	183-185	
	207-2	183-185	
	207-3	183-185	
	207-4	183-185	
GRI 301: Materials 2016	301-1	Given that the bank's operations bear no direct relevance to the outlined disclosure, they are not featured in the report.	
	301-2	Given that the bank's operations bear no direct relevance to the outlined disclosure, they are not featured in the report.	
	301-3	Given that the bank's operations bear no direct relevance to the outlined disclosure, they are not featured in the report.	
Energy			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 34-36, 30-31	
	3-3	4-11, 34-36, 38-39, 57-59, 100-113	
GRI 302: Energy 2016	302-1	22, 100-109	
	302-2	22, 100-109	
	302-3	22, 100-109	
	302-4	22, 100-109	
	302-5	22, 100-109	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
Water and Effluents			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 34-36, 30-31	
	3-3	4-11, 34-36, 38-39, 57-59, 100-113	
GRI 303: Water and Effluents 2018	303-1	22, 100-113	
	303-2	22, 100-113	
	303-3	22, 100-113	
	303-4	22, 100-113	
	303-5	22, 100-113	
Biodiversity			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 34-36, 30-31	
	3-3	4-11, 34-36, 38-39, 57-59, 100-113	
GRI 304: Biodiversity 2016	304-1	22, 100-113	
	304-2	22, 100-113	
	304-3	22, 100-113	
	304-4	22, 100-113	
Emissions			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 34-36, 30-31	
	3-3	4-11, 34-36, 38-39, 57-59, 100-113	
GRI 305: Emissions 2016	305-1	22, 100-113	
	305-2	22, 100-113	
	305-3	22, 100-113	
	305-4	22, 100-113	
	305-5	22, 100-113	
	305-6	22, 100-113	
	305-7	22, 100-113	
Waste			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 34-36, 30-31	
	3-3	4-11, 34-36, 38-39, 57-59, 100-113	
GRI 306: Waste 2020	306-1	22, 100-113	
	306-2	22, 100-113	
	306-3	22, 100-113	
	306-4	22, 100-113	
	306-5	22, 100-113	

GRI CONTENT INDEX

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 34-36, 30-31	
	3-3	4-11, 34-36, 38-39, 57-59, 100-113	
GRI 308: Supplier Environmental Assessment 2016	308-1	31, 37, 39, 80	
	308-2	31, 37, 39, 80	
DEVELOPING ORGANIZATION AND SATISFIED EMPLOYEES			
Employment			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 54-55, 62-67	
GRI 401: Employment 2016	401-1	23, 87-92	
	401-2	All Ziraat Bank employees are working on full-time basis.	
	401-3	23, 87-92	No disclosed metrics available due to the Bank's policy.
Labor / Management Relations			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 54-55, 62-67	
GRI 402: Labor / Management Relations 2016	402-1	23, 87-92	
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 54-55, 62-67	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
GRI 403: Occupational Health and Safety 2018	403-1	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-2	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-3	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-4	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-5	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-6	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-7	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-8	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-9	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	No disclosed metrics available due to the Bank's policy.
	403-10	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	No disclosed metrics available due to the Bank's policy.

GRI CONTENT INDEX

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
Training and Education			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 54-55, 62-67	
GRI 404: Training and Education 2016	404-1	23, 35, 54, 87-92	
	404-2	23, 35, 54, 87-92	
	404-3	23, 35, 54, 87-92	
RESPONSIBLE BANKING			
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 57-59, 62-67	
GRI 405: Diversity and Equal Opportunity 2016	405-1	38, 52	
	405-2	There is no gender-based wage discrimination in Ziraat Bank.	
Non-Discrimination			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 62-84	
	3-3	4-11, 34-36, 38-39, 57-59, 62-67	
GRI 406: Non-Discrimination 2016	406-1	There are no incidents of discrimination during the reporting period.	
Freedom of Association and Collective Bargaining			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 62-84	
	3-3	4-11, 34-36, 38-39, 57-59, 62-67	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	During the reporting period, there are no incidents of violation of employees' rights to exercise freedom of association or collective bargaining or it is under significant risk.	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
Child Labor			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 62-84	
	3-3	4-11, 34-36, 38-39, 57-59, 62-67	
GRI 408: Child Labor 2016	408-1	Ziraat Bank does not employ child labor in any way.	
Forced or Compulsory Labor			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 57-59, 62-67	
GRI 409: Forced or Compulsory Labor 2016	409-1	There are no activities and operations at Ziraat Bank with significant risk for incidents of forced or compulsory labor in 2022.	
TECHNOLOGY WITHIN LIFE			
Security Practices			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 52-53, 62-67	
GRI 410: Security Practices 2016	410-1	92, 132	
A GLOBAL BANK			
Rights of Indigenous Peoples			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 56-57, 62-67	
GRI 411: Rights of Indigenous People 2016	411-1	There is no non-compliance during the reporting period	
Local Communities			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 37, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 56-57, 62-67	
GRI 413: Local Communities 2016	413-1	2, 3, 18-19, 37, 93-95	
	413-2	2, 3, 18-19, 37, 93-95	

GRI CONTENT INDEX

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
Supplier Social Assessment			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 37, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 56-57, 62-67	
GRI 414: Supplier Social Assessment 2016	414-1	31, 37, 39, 80	
	414-2	31, 37, 39, 80	
Public Policy			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 37, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 56-57, 62-67	
GRI 415: Public Policy 2016	415-1	Ziraat Bank adheres to a strict policy of non-partisanship and maintains impartiality.	
PLATFORM BANKING			
Customer Health and Safety			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 37, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 57-59, 62-67	
GRI 416: Customer Health and Safety 2016	416-1	Given that the bank's operations bear no direct relevance to the outlined disclosure, they are not featured in the report.	
	416-2	There is no non-compliance during the reporting period.	
Marketing and Labeling			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 37, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 62-67	
GRI 417: Marketing and Labeling 2016	417-1	https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Documents/second-party_opinion.pdf	
	417-2	There is no non-compliance during the reporting period.	
	417-3	There is no non-compliance during the reporting period.	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
TECHNOLOGY WITHIN LIFE			
Customer Privacy			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 37, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 52-53, 62-67	
GRI 418: Customer Privacy 2016	418-1	There are no complaints concerning breaches of customer privacy and losses of customer data during the reporting period.	
THE BUSINESS MODEL OF FUTURE			
GRI 3: Material Topics 2021	3-3	4-11, 34-36, 38-39, 51-52, 62-84	
EFFICIENT AND LEAN PROCESSES			
GRI 3: Material Topics 2021	3-3	4-11, 34-36, 38-39, 53-54, 62-84	