



READY TO GO ABOVE AND BEYOND BANKING!

aktifbank

2022
ANNUAL
REPORT



2022
ANNUAL
REPORT



WE ARE READY
WE ARE READY
WE ARE READY

**TO GO ABOVE
AND BEYOND**

AKTIF BANK: DESIGNING THE FUTURE TODAY

In 2022, we once again proved ourselves as a team of pioneers that dare sail beyond the horizon of the banking and finance industries, exploring and creating innovations that change the rules of the game. In addition to our efforts aimed at fintech, we also embraced web 3.0 and the exciting opportunities it represents as a new area of focus that reflects Aktif Bank's vision.

As Metaverse began to gain traction, Aktif Bank successfully predicted its potential impacts on banking and payment systems, two areas in which Aktif Bank plays an active role, and accordingly, we made plans to prepare for the future of Metaverse. We designed Aktif Bank's presence in this creative new universe and developed various innovative projects for Metaverse.

Our vision entails designing the future today. As the world of finance keeps evolving, we go beyond simply keeping pace with the change, we lead it. For us, technology is the fundamental requisite for designing tomorrow, and we continuously consolidate our business models with strong investments in technology.

With our innovation and expertise, we are laying the foundation of our leadership in the technologies of tomorrow.

This annual report you are now reading is a reflection of this vision, innovation, and creativity, and we hope you will find it enjoyable.

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INTRODUCTION

GET READY GET READY

TO GO ABOVE AND BEYOND BANKING!

The future is approaching fast. And Aktif Bank's innovative vision takes us beyond banking. In 2022, Aktif Bank became the first Turkish bank to establish a presence in Metaverse and start designing its appearance in this universe, and now, it develops the projects of future on Decentraland.



WE

ARE THE
LARGEST
FINTECH
ECOSYSTEM
OF TURKEY.

OUR GOAL

IS TO ENSURE THAT
FINANCIAL PRODUCTS
AND SERVICES ARE
EASILY
ACCESSIBLE FOR
EVERYONE.



ABOUT AKTİF BANK

Turkey's most extensive fintech ecosystem

**In 2022, Aktif Bank
was the naming
sponsor of the
Istanbul Marathon
with its
N Kolay
brand.**

Aktif Bank, Turkey's largest privately-held investment bank, continues to serve as the most extensive fintech ecosystem of Turkey, thanks to its innovative business models and technology investments that redefine investment banking.

Guided by its customer-oriented approach, Aktif Bank, together with its fintech ventures and business partners, provides 360-degree services to over 12 million customers across more than 10 lines of business, from banking products to insurance, transportation to payment systems, and technology to entertainment.

With 13 branches across Turkey, it focuses primarily on corporate banking, investment banking and private banking services. The Bank offers a branchless and seamless end-to-end banking experience to retail customers via its digital banking branch, N Kolay. The Bank aims to position N Kolay,

which it continued to expand in 2022 with the addition of new products and services, as the leading, most popular, and most inclusive digital bank in Turkey.

To date, Aktif Bank's alternative digital channels and platforms reached 140,000 annual retail loan transactions, 8,651,000 prepaid, debit, and credit cards, around 850,000 overseas money transfers, approximately 60 million bill payments, and an annual public transit market volume of TRY 2 billion.

In 2022, Aktif Bank was once again the naming sponsor of the Istanbul Marathon with its N Kolay brand. The dynamism of the N Kolay brand and its egalitarian and lean service model continues to complement the spirit of Istanbul Marathon, one of the leading sporting events of its kind around the globe, to create a harmonious collaboration. Digital bank N Kolay, which is always by the side of its users for their financial needs, also supports the culture and art sector. N Kolay was the naming sponsor of Harbiye concerts in 2022, and continued to contribute to the film, theater, and music festivals organized by the Istanbul Foundation for Culture and Arts (IKSV).

Meanwhile, the Bank continues to offer convenient access to sporting and cultural events alike with its other key brand in digital, the Passo mobile application. Passo serves 11 million users in total.

850K
overseas money transfers

60
million
bill payments

2
billion
public transport rides

ABOUT AKTİF BANK

Taking inspiration from global trends, Aktif Bank enriched Passo by analyzing the interests of its users, aiming to transform the application into a “lifestyle superapp” with a comprehensive experience.

In 2022, Aktif Bank became the first Turkish bank to establish a presence in the Metaverse and started designing its presence in this universe. The Bank has been recognized with awards from national and international organizations for its projects in the Metaverse, where it develops projects on the popular Decentraland platform.

Over
320K
fans
entered stadiums
using these systems.

One key development for the Bank in 2022 was being included in the 2022 edition of “Turkey’s Top 100 Most Valuable Brands” list by the independent research firm Brand Finance.

In 2022, Aktif Bank added two new subsidiaries to its group of leading companies in their respective sectors. In addition to launching Aktif Ventures as a “fintech startup developer”, Aktif Bank also aims provide financial support to entrepreneurs via venture funds, and establish key business partnerships in the area of service banking with Apilion, Turkey’s first service banking platform.

Established in 2022 with an innovative approach to payment and ticketing system software, Aktif Tech offers high value-added software solutions and end-to-end operation services to its customers. Boasting an experienced team and a suite of modern software technologies, Aktif Tech is committed to developing card payment software with the SaaS model alongside operations, system monitoring, fraud monitoring, project development, and processing services. Aktif Tech aims to rise to a prominent position in its target markets of Balkans, Africa, Turkic Republics, and the CIS region.

The Bank’s subsidiary UPT, a global player, continued its growth with licenses in European and CIS countries, and opened offices in Berlin and Dubai at the end of 2022. UPT, which mediates money transfers in 176 different countries abroad through the advanced infrastructure and strong partnerships of the global money transfer application UPTION, continued to progress towards becoming a brand that transcends national borders.

Aktif Bank subsidiary E-Kent, which offers public transportation solutions used in Turkey’s major cities in local and international markets, brings its technology and expertise together with clubs and federations abroad. Providing technological systems for key stadiums in Africa and Qatar, E-Kent installed access control solutions for the Al Thumama Stadium during the 2022 World Cup, and more than 320,000 fans entered the stadiums using these systems. In 2022, Aktif Bank’s InsurTech brand Sigortayeri renewed its comparison platform, positioning itself as a reliable advisor that makes customers’ lives easier and offering access to insurance services with the same simplicity across all communication channels.

The bank expanded the customer portfolio of its payment-leading affiliate N Kolay Payment and Electronic Money Company with enterprises in 2022 in order to expand the range of its digital services for the SME segment. Meanwhile, the “Pay N Kolay” platform was launched in 2022 to meet the financial needs of commercial businesses.

During the year, PAVO obtained “Operator” and “Private Integrator” licenses by quickly adapting to technological developments and regulatory changes. PAVO continues its activities as a fintech company offering end-to-end next-generation payment and collection solutions for all types of businesses.

Aktif Portföy, known for its ability to accurately evaluate needs and create market-leading funds, continued its growth in 2022.

In 2022, Aktif Bank launched the “Women Active in the Economy” corporate social responsibility and impact investment project, aiming to increase financial inclusivity, contribute to sustainable development, and support gender equality. The project, carried out in collaboration with Grameen Bank and Experian, aims to assist low-income micro-entrepreneur women without any access to banking services utilize the financial system, grow their businesses, and make their income-generating activities sustainable.

The Bank continued to carry out several crucial transformation and infrastructure development efforts in 2022 to improve its organizational models and processes and to strengthen its agile organizational structure. Aktif Bank’s accomplishments were reflected in the awards it received as well as its business results. The Bank won several new accolades in 2022, bringing the total number of international awards to over 200.

Aktif Bank
was included in the 2022 edition of
'Turkey's
Top 100 Most
Valuable
Brands'
list by Brand Finance.

FINANCIALS

Sustainable
income
growth
through a unique model.

	Financial Assets at Fair Value Through Other Comprehensive Income	Loans & Factoring Receivables	Shareholders' Equity	Total Assets	Guarantees and Indemnities	Net Interest Income	Profit Before Taxes	Net Profit
2022 (Thousand TRY)	11,379,468	17,927,816	5,125,433	48,724,775	4,090,638	2,888,815	2,615,560	1,900,416
2021 (Thousand TRY)	7,996,189	14,550,254	2,862,107	34,482,593	4,466,204	1,249,902	918,910	696,063
Change	42.31%	23.21%	79.08%	41.30%	-8.41%	131.12%	184.64%	173.02%

Performance Ratios

	2022	2021
Capital Adequacy Standard Ratio	16.77%	13.75%
Return on Average Equity	47.58%	26.66%
Return on Average Assets (Net Profit Basis)	4.57%	2.50%
Non-Performing Loans / Total Loans	2.35%	3.00%
Interest Income/Interest Expenditures	208.74%	169.29%
Yielding Assets/Total Assets	77.29%	71.09%

Capital and Shareholding Structure

First and Last Name/Commercial Title	Total Value of Shares	Share (%)	Paid Shares	Unpaid Shares
Çalık Holding A.Ş.	1,186,791	99.43	1,186,791	-
Çalık Denim Tekstil San. ve Tic. A.Ş.	3,597	0.30	3,597	-
Ahmet Çalık	1,599	0.13	1,599	-
Başak Yönetim Sistemleri A.Ş.	799	0.07	799	-
Irmak Yönetim Sistemleri A.Ş.	799	0.07	799	-
Total	1,193,585	100.00	1,193,585	-

Amendments to the Articles of Association and Reasons

There were no amendments to the articles of association of Aktif Yatırım Bankası A.Ş. at the 2021 Ordinary General Assembly meeting that convened on March 28, 2022.

ÇALIK HOLDING

Çalık Holding has continued its consistent growth since its founding in 1981, and today

employs over 16,000 employees

in 31 countries

where it operates in the six main fields of energy, construction, finance, mining, textile, and digital.

Deriving most of its income from international projects and investments, Çalık Holding has equity partnerships with major and well-known public companies, namely Mitsubishi Corporation, SECOM, SSR Mining, and Sand Storm, as well as long-term business and solution partnerships with General Electric, Honeywell, and Siemens. The Holding also works in close cooperation with major global financial institutions and export loan providers such as JBIC, JICA, HERMES, and UKEF. Çalık Holding is the first Turkish company to become a member of the Japanese Business Federation Keidanren.

A signatory of the United Nations Global Compact, Çalık Holding treats all cultures, beliefs, ethnicities and genders with equal respect, employs an eco-sensitive approach to business, and prioritizes diversity, sustainability, and resilience in all sectors and regions where it operates.

Throughout its operations across the world, Çalık Holding is known for its integrity, reliability, and long-term collaborations with international companies as it develops innovative business models and achieves sustainable growth in its lines of business. Çalık Holding reflects its economic, environmental, and social sustainability goals in all its investments, projects, and business methods with its value for human resources and employee-oriented management approach.

Dedicated to creating lasting value in every region it operates, Çalık Holding employs sustainable business processes, services, and products to create pioneering business projects that will benefit the business world and the society at large.



MESSAGE FROM THE CHAIRMAN

Aktif Bank continues to lead the industry with its innovative, digital-oriented approach, in line with the values of the Çalık Group.

Esteemed Business Partners and Colleagues,

With the impact of the pandemic waning and normalization taking hold across the globe, 2022 was a year of higher expectations for recovery in global economies. Yet, while global economic recovery continued, the escalation of tensions between Russia and Ukraine into a full-blown war led to changes in the economic policies of great powers. According to the IMF's report released in October 2022, it was expected that the world economy would grow by 3.2 percent this year, while the estimate for 2023 was set at 2.7 percent.

Meanwhile, Turkish economy grew by 3.9 percent in the third quarter of 2022. During the same period, seasonally and calendar-adjusted GDP increased by 3.6 percent year-over-year. On the export side, despite the slowdown in global markets and the parity effect, Turkey's reached a record-breaking export volume of USD 254 billion with a 12.9 percent increase compared to 2021.

Ahmet ÇALIK
Chairman

Aktif Bank, on the other hand, achieved its targets in 2022 with a successful performance. Thanks to its game-changing vision in investment banking, continuous investments in technology, and innovative philosophy, Aktif Bank and its subsidiaries managed to surpass the competition yet another year in 2022 by posting consolidated profits of over TRY 3.1 billion before tax. Aktif Bank significantly increased its support to the economy and exporters thanks to its renewable energy projects in investment banking and its strategy focused on foreign trade.

Meanwhile, the Bank continues to lead the industry developments in retail banking in line with its technology and digitalization-focused strategy that has guided it since its establishment. Serving over 2 million customers through the N Kolay digital bank with a completely digital-focused business model, the Bank serves as Turkey's most extensive fintech ecosystem together with its market-leading subsidiaries.

In 2022, UPT, Aktif Bank subsidiary operating in the field of money transfer, revised its mobile app UPTION with multiple language options, and launched its new UPTION card, all designed to enhance UPT's presence in the global arena. UPT continues to grow stronger as an international brand with new overseas offices as well. With its renewed look, Sigortayeri, the insurtech brand of Aktif Bank's ecosystem, is positioned as a reliable insurance advisor that makes customers' lives easier.

Meanwhile, the Passo ticketing app, serving as an access key to cultural, artistic, and sporting events, reached 11 million downloads by the end of 2022, consolidating its leadership.

Aktif Tech, a new subsidiary established by in 2022 to leverage Aktif Bank's technology expertise and know-how, begun to share its experience and technology in payment and ticketing systems software at the global level, with a particular focus on the Balkans, Africa, Turkic Republics, and the CIS region.

Aktif Bank cemented its achievements in 2022 by being listed among "Turkey's Top 100 Most Valuable Brands" by Brand Finance, an independent brand valuation company that reviews over 5,000 brands annually worldwide.

Thanks to its market-leading subsidiaries and global partnerships, Aktif Bank continues to lead the industry with its innovative, digital-oriented approach, in line with the values of the Çalık Group. Guided by these values, Aktif Bank aims to take its investments in technology above and beyond the norms of the sector and further enhance its efficiency in 2023..

Sincerely,

AHMET ÇALIK



MESSAGE FROM THE CEO

In 2022, Aktif Bank, well-known for its technology investments, became the first Turkish bank to establish a presence in Metaverse.

Dear Stakeholders,

2022 was a highly challenging year on a global scale, marked by factors such as war, the post-pandemic inflation surge, and talks of recession in the world's leading economies. Looking at the Turkish banking sector, we see a year of agile moves and a year of productive results despite these challenges. Based on the data at hand, bank balances grew by more than 45 percent; in short, our sector continued to support the economy successfully in 2022.

2022 was a highly productive year for Aktif Bank as well, in terms of both financial performance and new projects.

Taking determined steps towards our goals, we maintained our position as Turkey's largest privately-held investment bank while building on our global partnerships. Our innovative products and customer-friendly services enabled us to reach the growth and profitability targets we had set for 2022. As of the end of 2022, our asset size grew by 41 percent, in parallel with market average. Our compound annual growth rate was around 30 percent, while our equity increased by 79 percent.

We continued our journey to become Turkey's most extensive fintech ecosystem and our efforts to add value to our country's economy by leveraging our unique business model, sector-leading subsidiaries, and global partnerships across various industries. Thanks to our agile approach that prioritizes technology and our pioneering vision for the future, we managed to exceed our goals in 2022. We are proud to be contributing to the Turkish economy with the jobs we create in over 10 fields of business, and the convenience we create for our customers in all aspects of their lives.

The growth we achieved in 2022 was not limited to our financials, as we also continued to grow our family. A new addition was made to our branch network, which accurately represents the strength of our Bank in the field, bringing our total to 13 branches across Turkey.

In 2022, we continued our strong initiatives in investment banking, and we considerably increased our support to the economy and exporters with renewable energy projects, corporate investment loans, and by doubling our foreign trade financing in dollar terms.

Likewise, our corporate banking saw a significant boost in revenue as well as in our active customer base, which grew by more than 50 percent. On international banking side, our teams demonstrated an impressive performance, making more than 500 visits to 25 countries. By strengthening our relationships, developing new products, and acquiring new customers, they more than doubled both our FX transaction and payment volumes in 2022.

In 2022, N Kolay mobile app reached 2 million downloads with a 2.5-fold increase in the number of downloads over the previous year, while its transaction volume doubled. During the year, we accelerated our efforts to transform our digital bank N Kolay into Turkey's most inclusive, most appealing, and most popular digital bank.

We began the process of recreating N Kolay with the aim of creating a digital bank that focuses on the customer and uses the latest technologies to meet their needs and offer a simple and fast customer experience. We plan to relaunch N Kolay in 2023 with a brand-new user interface and a seamless user experience.

In 2022, we were once again the naming sponsor of the Istanbul Marathon, one of the leading sporting events of its kind in the world, with N Kolay. During the Istanbul Marathon, which saw over thousands of participants, we communicated N Kolay's dynamic service model and energetic character while also increasing the support we provide to sports. During the year, N Kolay organized various events as part of the marathon to contribute to the development of the sport, while also sponsoring various cultural and artistic endeavors. Our digital bank N Kolay was the naming sponsor of Harbiye concerts that took place in summer, and continued to contribute to the film, theater, and music festivals organized by the Istanbul Foundation for Culture and Arts (IKSV).

Our sporting and cultural event ticket app Passo reached 11 million downloads by the end of 2022, and the app's ticket sales turnover increased four-fold compared to 2021. During the year, we focused heavily on further augmenting Passo by analyzing user habits and lifestyles to turn it into a "superapp" offering a much broader range of customer experiences.

In retail banking, our efforts enabled us to expand our consumer loan base with instant loan offers at the time of purchase through new partnerships for N Kolay installment shopping and vehicle loans.

Throughout the year, our Bank and subsidiaries continued their trend of growth and renewal, whereas our ecosystem was expanded with the addition of two important new subsidiaries. We established our fintech-friendly subsidiary Aktif Ventures, which in turn launched Apilion, Turkey's first service banking platform.

MESSAGE FROM THE CEO

Our goal with Apilion is to offer technical and product diversity solutions and support to drive the development of the fintech ecosystem, an objective we are taking impactful steps towards. Aktif Ventures also launched the Mindvest fund that invests in fintechs and startups, further consolidating our support to the ecosystem. During the year, Mindvest invested in seven Turkish startups.

Another new subsidiary established during the year was Aktif Tech, a technopark entity designed to bring an innovative approach to card payment and ticketing system software by offering high value-added software solutions and end-to-end processing services to clients. Aktif Tech aims to share its know-how and technology to a broad region including the Balkans, Africa, and Turkic Republics.

The InsurTech brand of our ecosystem, Sigortayeri renewed its comparison platform, positioning itself as a reliable advisor that makes customers' lives easier and offering access to insurance services with the same simplicity across all communication channels. In 2022, we focused on the area of service insurance and developed several great projects with 25 solution partners, and managed to double the number of private insurance policies sold thanks to innovative on-demand insurance products that come packaged with retail products.

One key development involving our subsidiaries in 2022 was the opening of UPT offices in Berlin and Dubai after receiving its e-money license during the year and beginning a period of growth in Europe and CIS countries. Thanks to the advanced infrastructure and strong partnerships of its mobile app UPTION, UPT mediates money transfers in 176 countries worldwide, and progresses steadily towards becoming a brand that transcends national borders.

During the year, E-Kent continued to expand its offering of public transportation solutions used in Turkey's major cities in local and international markets. Bringing the technology and expertise of Passolig to clubs and federations abroad, E-Kent started delivering technological systems for key stadiums in Africa and Qatar. E-Kent installed access control solutions for the Al Thumama Stadium for the 2022 World Cup, and over 320,000 fans entered the stadium using E-Kent's access solution.

Aktif Bank's market leading payment service provider N Kolay Payment and Electronic Money Company expanded its customer portfolio to include businesses in 2022, and launched the "Pay N Kolay" platform to meet the financial needs of commercial enterprises.

Aktif Bank subsidiary PAVO, a leading payment systems provider with over 250,000 licensed cash register POS devices and more than 80,000 value-added implementations, obtained "Operator" and "Private Integrator" licenses by quickly adapting to technological developments and regulatory changes. PAVO continues its activities as a fintech company offering end-to-end next-generation payment and collection solutions for all types of businesses.

Meanwhile, Aktif Asset Management, offering innovative services to domestic and international clients with high-yield alternative investment instruments, continued to expand its fund portfolio. With record-breaking funds in several categories, Aktif Asset Management sustained its growth trend in 2022, increasing its total fund size to TRY 8.7 billion.

Standing out with its technological solutions for the construction industry, Workindo reached a total of 50,000 companies and 500,000 members in 2022. Workindo added German and French languages to its platform, which reached 30,000 job postings.

Continuing to develop an ever-diversifying range of products, systems, and services since its establishment, SECOM made sales to approximately 13,000 customers and delivered 82 project of different scale in 2022.

Echopos, a "New Generation Solution Partner" for the retail sector offering end-to-end payment systems and integration solutions, continued to work with Turkey's leading retail chains in 2022. Having updated its proprietary software to work on all platforms, Echopos continued to provide error-free infrastructure for more than 2 million daily transactions.

In 2022, we also launched an impact investing and social responsibility project that we are proud of. Developed in partnership with Turkey Grameen Microfinance Program and Experian, this project, called "Women Active in the Economy", aims to increase and promote women participation in the workforce. Our key goal is to go above and beyond a micro-loan project, and assist low-income micro-entrepreneur women without any access to banking services utilize the financial system, grow their businesses, and make their income-generating activities sustainable. In 2022, the project extended micro-loans worth TRY 2,732,000 to 1,366 women entrepreneurs in need of financial assistance.

2022 was a year in which Aktif Bank, the largest privately-held investment bank in Turkey, launched noteworthy projects in the field of sustainability to reduce its carbon footprint. Accordingly, we took the important decision to establish our own solar power plant to meet its energy needs. With this plant, we aim to power all of our operations using renewable sources and thus prevent 13,000 tonnes of carbon emissions in the next decade.

In addition to many prestigious awards we received in categories such as Digital Transformation, Innovative Customer

Experience, and Innovation, accolades that reflect our DNA, in 2022, we were also listed for the first time in Brand Finance's "Turkey's Top 100 Most Valuable Brands".

Having made a name for itself with its pioneering investments in technology, Aktif Bank also became the first Turkish bank to establish a presence in and develop projects for Metaverse, making an early entrance into web 3.0, which we predict will shape the brand and consumer universe entirely in the future. These industry-leading projects were crowned with various national and international accolades.

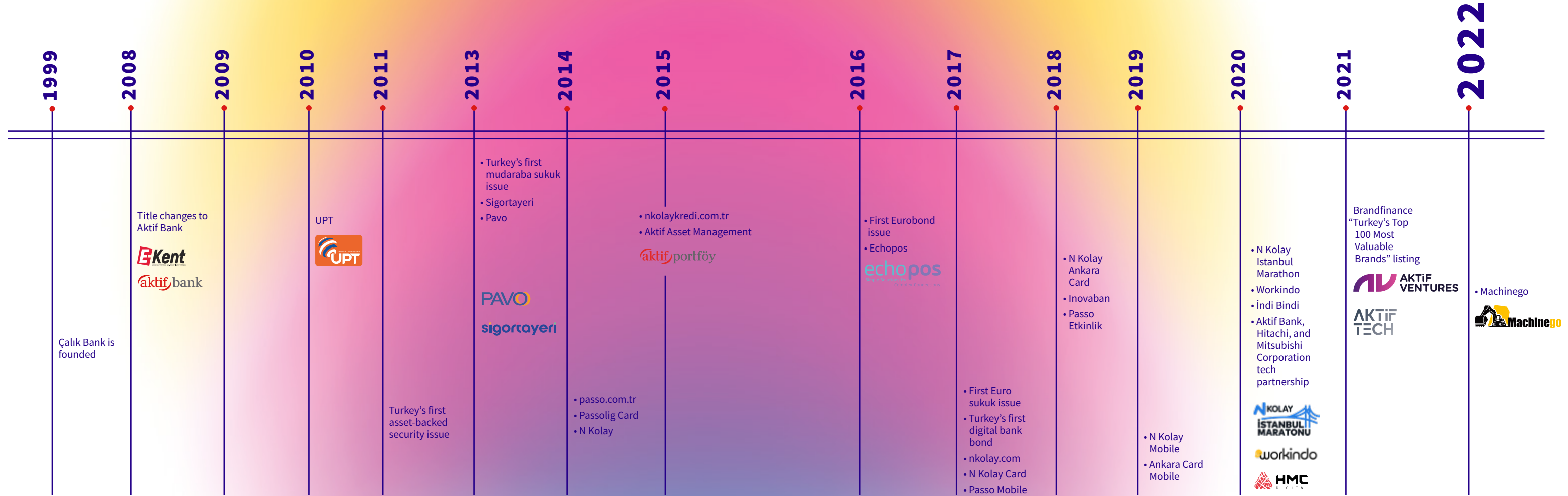
Aktif Bank is committed to taking firm steps towards its strategic goals, and has its eyes set on growth. Our growth in all areas, from subsidiaries to business units, head office to field activities, have all exceeded our expectations, which whets our appetite for success even more. We welcome 2023 with confidence as befits a bank that focuses on technology and digitization, boasting a robust technology base, prominent position inside and outside the country, and the ability to reach its customers from all walks of life. We will continue to act as a pioneer in our areas of operation, and in the fintech ecosystem. And we, and our subsidiaries, will continue to work with all our power to increase our contribution to our economy and our society.

Sincerely,

AYŞEGÜL ADACA OĞAN



MILESTONES



**SECTORAL POSITION
AND 2022 ACTIVITIES**

**GET READY
GET READY**

**TO ENTER AKTİF BANK'S
METAVERSE!**

Aktif Bank invests in technology to design the future today, as testified by its partnership with Çalık Holding affiliate Black Studio that marked the beginning of Aktif Bank's presence on Metaverse. Several creative projects followed, which have already won multiple awards from national and international organizations.



SECTORAL POSITION AND 2022 ACTIVITIES

As of the end of 2022,

**Aktif Bank's net profit
rose 173.02% to hit**

**TRY 1.9
billion.**

Having adopted a sustainable and low-cost oriented growth strategy, Aktif Bank increased its net profits by 173.02% year-over-year to TRY 1.9 million, maintaining its trend of profitable growth. The Bank's asset size grew 41.30% over the previous year to reach TRY 49 billion. The Bank's average return on assets was at 47.58%. Aktif Bank's total loans reached TRY 18 billion. Driven by its commitment to make its customers' life easier, Aktif Bank continued to enhance business processes in all areas of operation, and achieved an upwards momentum

with its innovative products and services and its investments in digital channels. Together with its subsidiaries, Aktif Bank serves over 12 million retail customers as of the end of 2022, leveraging its unique business model that involves marketing and operational support without the cost of branching, as well as its subsidiaries, each a leading fintech in their respective sector. The Bank's novel organization of subsidiaries, combined with their effective operating models, contributes to its consolidated profit.

DIGITAL BANKING AND

PAYMENT SYSTEMS

In 2022, the number of users downloading N Kolay mobile application doubled, due to the acceleration of digital transformation and digital user growth in the banking sector, spurred by the pandemic. N Kolay, the digital bank of Aktif Bank, started its journey with investment and credit products and quickly added other banking services and financial solutions, increasing its product diversity and inclusivity every day. N Kolay Bond, which offers high daily interest rates for those who want to invest in Turkish lira, continued its stable growth in volume by achieving a 120% increase in 2022. During the year, N Kolay's product range was expanded with the addition of N Kolay Trader, which enables users to perform stock transactions with advantageous commission rates quickly and easily. Additionally, all TEFAS funds were added in the product's fund portfolio to diversify investment options on the mobile app.

N Kolay Loan, the instant loan product that can be applied for quickly and easily and credited to the account within minutes, continued to be one of the most popular products in 2022. Along with N Kolay Loan, which offers personalized interest rates and can be used even on weekends, "Easy Cash," a loan product with zero interest for up to 30 days, also continued to attract great interest from users.

In 2022, a new "Invite Your Friends" feature was added to the app, building on the idea that N Kolay users know the app best and as such are ideally positioned to promote it to friends and acquaintances, earning rewards for every user they bring to N Kolay. At the same time, the app was added new functionalities for transferring money to crypto currency exchanges and paying for lottery tickets.

The app was added two additional features, "Istanbulkart Top-Up", and "Where's My Mail?" for easy tracking of bank deliveries. Moreover, to improve the customer experience, Aktifbank.com.tr website and internet banking platform were updated in 2022.

The QR code feature was added during the year to enable users to make their banking transactions quickly and conveniently without having to carry a bank card.

Having been active in the public transport industry, the lifeblood of urban life, for many years, Aktif Bank reached 1.5 million downloads with the Ankara Card mobile app, and 820,000 downloads with the Kahraman Card mobile app. In collaboration with Kayseri Metropolitan Municipality, the N Kolay Kayseri Transportation app was launched in April 2022 to meet the needs of Kayseri residents, with features such as NFC payments for public transportation and shopping, as well as the ability to create prepaid virtual cards to use in e-commerce transactions. As of the end of December, the app reached a total of 70,000 downloads and 20,000 virtual cards.

With the N Kolay Virtual Prepaid Card, customers were offered a world of advantageous campaigns, enabling them to earn money as they spend. By the end of 2022, the number of cards reached 300,000, and the total transaction volume hit TRY 40 million.

BANKING
IS
N KOLAY
N KOLAY
N KOLAY
N KOLAY





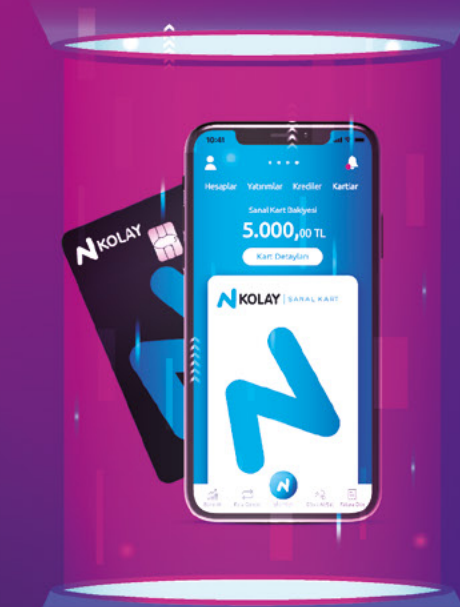
Investments are N Kolay

Instead of more commonplace “welcome” interest rates for new customers, N Kolay Bond offers lasting, high interest rates, making investing a breeze. A digital investment instrument for savings between TRY 200 and TRY 1 million, N Kolay Bond offers high daily interest rates, eliminating the need to wait for maturity dates to collect earnings. Alongside N Kolay Bond, N Kolay also offers other investment instruments such as repo and funds, and allows investors to place instant or future forex/gold/silver orders with N Kolay FX, as well as N Kolay Trader, which enables users to perform stock transactions quickly and easily with low commission rates and free instant data.



N Kolay for easy loans

If expenses are piling up, there is an answer: N Kolay, offering consumer loans for up to TRY 70,000, as well as Easy Cash, a zero-fee loan with limits up to TRY 5,000 and no interest for the first 30 days.



N Kolay Cards are there for you, always

N Kolay Cards make life easier for users whenever they are shopping or need cash. The Virtual Card, which can be created instantly, free of charge, with user-defined limits, offers a safe and secure online shopping experience as well as the convenience of QR-code payments. The Bank Card can be used in all ATMs in Turkey to withdraw money without paying any fees.

N Kolay for zero-fee transactions

N Kolay users are able to deposit and withdraw money 24/7 from all ATMs in Turkey, carry out EFT, FAST, and wire transfers, and pay bills, all free of charge.



RETAIL BANKING

The backbone of retail banking, the PTT channel was another area where the Bank maintained its strong growth momentum. Serving as an exclusive loan provider in over 4,000 PTT locations since April 2020, Aktif Bank continued to focus on meeting the financing need of customers anytime, anywhere. Pensioner customers continued to meet their cash needs without having to leave their homes through the SMS channel introduced during the pandemic, in addition to being able to take loans from PTT branches.

As of the end of 2022, the PTT channel reached a total balance of TRY 4.7 billion, indicating a 76% growth between December 2021 - December 2022. The diverse product offering of the PTT channel enabled Aktif Bank to bring together the loans of customers, whether they are taken from Aktif Bank or another financial institution, under the same roof, thus helping them manage their financial health. Vehicle loans were made available to customers through PTT branches by the Retail Banking Group, which also launched several digital transformation projects to expand the product range and customer base, diversify the delivery channels, and reduce paperwork.

Offering the first vehicle loan with digital document flow in the market, the Bank, under the leadership of the Retail Banking Group, expanded the network of dealers that use digital documentation, and enhanced its competitive edge through process optimization without sacrificing profitability. As a result, the Bank increased its balance to TRY 1.4 million as of the end of December 2022, with a 69 percent growth. The Bank also added commercial vehicles to the scope of its vehicle loan offering to further expand its customer base.



The Consumer Durables channel, which finances consumer durables purchases, was transformed into a veritable customer acquisition machine in a strategic decision. As in previous years, the number of customers acquired through this channel increased in 2022 and reached 410,000. The credit balance was realized as TRY 154 million.

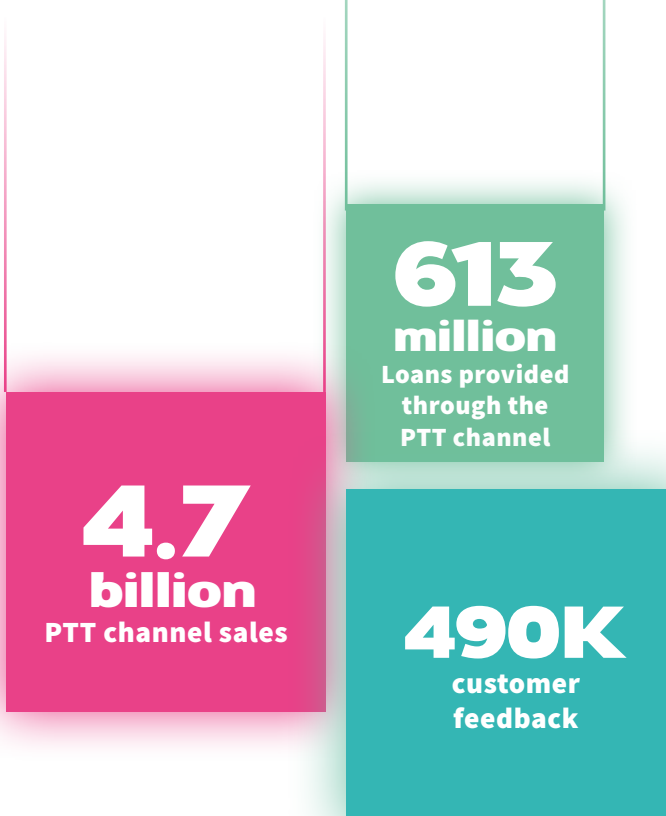
Leveraging its years of experience, the Retail Banking Group aimed to expand its upper-segment customer base by establishing strong brand partnerships in the automotive and durable consumer goods sectors in 2022.

The bank leveraged technology such as artificial intelligence and machine learning to manage customer communication and created a seamless CRM ecosystem by measuring the effectiveness of communication activities. In order to adapt to the transformation in the financial sector spurred by open banking regulations and the growing usage of APIs, Aktif Bank provided infrastructure to enable interface developers to offer direct lending services to their customers through API and open banking platforms.

The Communication Center continued to work towards providing the best seamless experience by integrating multiple communication channels, including existing and emerging ones. Analyzing each individual instance of customer contact as a data point, the Communication Center also launched chatbots, live chat applications, and Metaverse projects to become easily accessible anytime, anywhere.

In 2022, the Communication Center successfully managed 8.1 million contacts, including 7.5 million calls, 490,000 customer feedback and complaints, 28,000 social media messages, and 40,000 video calls and chatbot interactions in digital services. It facilitated TRY 613 million in loans. As part of managing Aktif Bank's affluent segment customers, a Capital Markets Board (CMB) licensed team of investment experts was established to increase sales and cross-sales activities and revenues.

Management of Aktif Bank brands' social media accounts was centralized under Customer Feedback Management.



The press conference project for the
44th Istanbul Marathon held on Metaverse

was granted
four separate
awards
by prestigious
national and international
organizations.

CUSTOMER EXPERIENCE AND COMMUNICATIONS

In 2022, the Customer Experience and Communications Group continued to increase its focus on corporate communications, marketing communications, and the establishment of a customer-oriented corporate culture. The Customer Experience Unit took part in various activities within the Bank and its affiliates with the aim of promoting a culture of customer experience while leading efforts to make the experience better and smoother across all points of contact between the Bank and its customers.

New initiatives launched in 2022 included customer experience training courses, experience bulletins, and experience workshops joined by senior management. The Customer Experience Unit conducted regular studies and surveys throughout the year and evaluated customer journeys in all points of contact to measure customer satisfaction and obtain feedback on customer experience. The Net Promoter Score (NPS) was accepted as the most important metric of customer satisfaction measurement. The results from studies and outputs from committees were shared regularly with relevant stakeholders, including senior management, to inform the development of a customer-oriented mindset within the organization. Guided by its “Customer-Focused Culture” philosophy, one of its strategic values, the Bank continued to utilize customer feedback to refine its products and services. In 2022, work began on the “Customer Feedback

Management Platform” to enable a single-point management of customer feedback and to inform corrective actions to improve customer experience.

In 2022, the Corporate Communications and Marketing Communications units carried out various communication campaigns and sponsorship efforts to reach consumers from all walks of life.

Aktif Bank continued to support the Istanbul Marathon with its digital bank N Kolay, the naming sponsor of the race, and organized press meetings, events, and various below the line and above the line communication activities.

Furthermore, the press conference project for the 17th Istanbul Half Marathon held on Metaverse under the leadership of



the Customer Experience and Communications Group was granted four separate awards by prestigious national and international organizations.

The digital bank N Kolay also became the naming sponsor of Istanbul Harbiye Open-Air Concerts that took place in summer 2022. Throughout the year, N Kolay continued to contribute to the film, theater, and music festivals organized by the Istanbul Foundation for Culture and Arts (IKSV).

In 2022, the Customer Experience and Communications Group continued to lead core marketing communications activities such as brand positioning and communications strategy development for the Bank and its affiliates. The group designed and launched marketing campaigns for N Kolay and Uption brands on above the line media. The group also continued to actively manage the digital marketing campaigns and social media activities of Aktif Bank and N Kolay brands, and successfully communicated the activities of the Bank and its subsidiaries.

CORPORATE BANKING

The Corporate Banking Group continued to contribute to new business development opportunities and offer solution alternatives to customers' needs by drawing on its experience and know-how in project financing, investment consultancy, and foreign trade. While contributing to the Bank's overall productivity and profitability by effectively utilizing existing channels and opportunities, it also continued to develop advantageous banking products to increase synergy and performance with Bank subsidiaries.

As in previous years, in 2022, the group facilitated foreign trade transactions and delivered solutions for Turkish exporters for their key target markets, such as in Sub-Saharan Africa, the Middle East, and CIS countries. It

enabled timely collection of export revenues from these regions, undertook banking risks of exporters to ensure uninterrupted cash flows, and provided financing before maturity when necessary.

In 2022, the Corporate Banking Group expanded its customer base, primarily focusing on businesses engaged in the production and trade of grains, pulses, and oilseeds. It offered working capital loans to meet overseas supply and inventory financing needs. In addition, approximately TRY 457 million and USD 454 million of working capital loans were granted through end-to-end financing methods to meet the financing needs of the agricultural sector.

As in 2021, investments and financing for renewable energy sources continued in 2022. 57 MW of solar, wind, and hydroelectric power plants were added to newly funded and refinanced investments, bringing the total funded energy project to 300 MW. In addition, due to rising energy costs, the group focused on rooftop and on-site SPP projects to meet the power needs of industrial and commercial facilities.

As part of its sustainability policies, Aktif Bank decided to make solar power plant investments with a total generation capacity of 1.15 MWe/1.35 MWp to meet the energy needs of its head office, branches, and subsidiaries. To date, the Bank has offered a total of USD 100 million in cash and non-cash loans for renewable energy investments.

Corporate Banking leverages its regional and sectoral know-how, process management experience, and its engineering-oriented approach to offer trend-setting services and products for commercial, service, and brokerage/financial sectors. With and ever-growing reach, Aktif Bank Corporate Banking continues to provide solutions-oriented products and services to meet cash and non-cash banking needs of an ever growing customer base.

Treasury Group

continues to expand
its technology base
and personnel
in preparation
of the years ahead.

TREASURY

The Treasury Group continued to increase its contribution to the Bank's growth and profitability in 2022. The group offered its customers product-based financial solutions in over-the-counter and structured markets while taking risk-mitigating actions necessary for its balance sheet.

2022 was a challenging year during which financial markets experienced significant volatility and liquidity management became even more important, whereas the Treasury rose to the challenge and managed to close the year by increasing its transaction volume, profitability and market integration.

The Bank increased the volume of its borrowing instruments and lease certificates, while continuing to mediate issuing activities of real sector firms, especially Group companies.

The Treasury Group is preparing for the coming years by improving its technology base and increasing its number of employees.

FINANCE, LOANS, AND

CAPITAL MARKETS

The Finance Group, which plays a key role in the development and business objectives of the Bank thanks to its expertise in both theoretical and practical aspects of business, in form of recording, categorizing, analyzing, and ensuring the compliance of financial transactions with defined rules, continued to ensure accurate accounting and reporting of all transactions involving the Bank, as well as timely fulfillment of tax and other obligations in 2022.

In addition, the group performed analyses of the Bank's financial condition and profitability, prepared medium- and long-term projections regarding the Bank's outlook, and carried out various efforts to ensure that the commercial policies are in line with budget targets.

PRIVATE BANKING

The Procurement Unit, which operates under the Finance Group, handles the procurement activities of the Bank, a strategic area with growing importance in today's world that involves finding suitable suppliers from which to buy materials of specified quality and characteristics in a timely and cost-effective manner.

In 2023, in addition to its existing functions to fulfill financial obligations, the group will continue its effective reporting activities to ensure the Bank's financial stability.

In 2022, a year marked by inflationary environments and uncertainty in financial markets worldwide, Aktif Bank achieved continuity in production and profitability beyond expectations thanks to the Private Banking Group's efforts. The Private Banking Group continued its long-term and trust-based services in 2022, taking into account its customers' financial goals, investment preferences, and risk perceptions. After adding stocks and VIOP to its product range in 2021, the Bank continued to expand its customer base in 2022 with N Kolay Trader.

Allowing its customers to perform currency and precious metal transactions quickly and efficiently 24/7 with the N Kolay FX application, Aktif Bank also continued to provide services with the "personalized banking" approach with its growing Private Banking division, which operated in 13 branches. The Bank continued to engage with its Private Banking customers in 2022.

In 2022, Aktif Bank continued to provide services with the

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INTERNATIONAL BANKING

In 2022, the International Banking Group continued its efforts to set new cash and non-cash limits to broker foreign trade transactions and perform treasury transactions for the Bank's customers.

With 1,210 correspondents in 152 countries, Aktif Bank continued to support Turkish exports in 2022, achieving a total transaction volume of TRY 2.25 billion and becoming a leading player in challenging regions.

In early 2022, Aktif Bank opened its first representative office in Kigali, capital of the East African nation Rwanda, becoming the country's first non-African, foreign-capital bank and building a new financial bridge between the region and international markets.

Looking ahead, the Group aims to diversify and expand upon its foreign trade financing and capital markets activities in line with the Bank's strategies and needs.

1.210
correspondents
in 152 countries

Transaction Volume of
**USD
2.25
Billion**

INFORMATION TECHNOLOGIES

The Information Technologies Group continued to bring the latest technologies and the highest quality of service to the Bank's customers, business partners, and employees. It also made progress towards the goal of becoming an agile, creative, and human-focused technology center. Leveraging its planned technology investments and competent innovation initiatives, the group continued its R&D Center projects in 2022.

In 2022, the group undertook various efforts to market the Bank's internally developed payment systems software to subsidiaries and potential new clients inside and outside Turkey. The group also continued to enrich the function set of the new payment system, which was rolled out to three clients in 2022. The Payment Systems Platform continues to be adapted and refined to be used by new customers.

The group continued to keep pace with current technologies in 2022, investing in and developing cloud and microservice architectures, which were put to use in various projects. The Bank transitioned to an agile working model across all project teams in order to ensure the sustainability of its productive and transparent working environment that promotes learning. In doing so, Aktif Bank was able to quickly digitize its products and services provided through physical means, mainly focusing on the use of mobile technologies.

Aktif Bank subsidiary Aktif Tech, which served as an "On-Site R&D Center" bringing together the Bank's tech investments and innovation efforts in IT, Payment Systems, and Ticketing Technologies until January 2022, moved to a dedicated location in Dijitalpark Technocity. Aktif Tech, which is fully owned by Aktif Bank, endeavors to develop new services to meet the needs of its customers, employees and the fintech ecosystem with user-friendly flows and new business models.

The Key to the Bank's Success Competent Human Resources

TALENT AND DEVELOPMENT CAPITAL MARKETS

Fully aware that its human resource is its most valuable asset, Aktif Bank continued to drive employee satisfaction in 2022 with its egalitarian talent and development policy. The Bank helped its employees develop their know-how, skills and competencies and provided equal opportunities for their career planning.

Recruitment interviews continued on digital platforms. Regarding its employees and the people they recommend as priority candidates in recruitment, the Bank continued to make great use of its "We Have Priority" and "We Want Your Friend" practices within its organization. The paperwork for new recruits continued to be collected via digital systems. The "Companion" program, designed to facilitate the orientation of new recruits, continued.

Training activities continued as part of the "Have Fun, Learn, Share" concept. In 2022, training activities focused on topics such as the digitizing world, the future of business, improvisation, presentation techniques, and design thinking.

The training was offered via Metaverse for the first time, enabling employees to experience the new reality. Furthermore, the Bank supported the various certification trainings for employees, and assigned mandatory training courses via the digital training platform. The Bank made use of modern digital methods to promote foreign language skills development of employees. It also offered master's degree support to 10 employees to drive their academic development.

Instant reward and recognition practices such as "Applause" and "Online" were continued. The new generation career paths project was launched internally, and titles were revised for various departments. Internal communication activities under the "Overcoming Any Challenge" employer brand continued, and the Bank continued to collaborate with non-governmental organizations as part of its corporate social responsibility efforts. "Your Family Is Our Family", the three-day paid leave program for special occasions, also continued.

**UNIQUE AND INNOVATIVE
SUBSIDIARIES**

GET READY GET READY

**TO CARRY OUR
ECOSYSTEM INTO THE
FUTURE!**

The achievements of tomorrow are only possible with the help of a strong community. With its expert teams, fintech startups, and business partners, Aktiv Bank is making synergistic and determined progress towards its goals. We prepare our ecosystem for the future with investments in business ideas that complement and augment one another.



Through our online and offline channels, diversified delivery network and the synergy of our subsidiaries,

we touch the lives of over

12

million customers.



Providing smart urban solutions and system integration services, E-Kent enables over 500 million smart transport transactions annually with its transport solutions infrastructure. E-Kent brings technological transformation to the cities it serves while developing value-added business models for public administrations. E-Kent offers smart public transport solutions to nearly 8 million citizens in various provinces, including Turkey's capital Ankara, and manages fare collection operations. Since its inception, E-Kent has carried out 16.7 million smart transport card transactions and 382 million transport ticketing operations in total.

E-Kent has also successfully carried out the world's biggest stadium infrastructure transformation project, which involves entrance control and surveillance systems, integrated ticketing, stadium box office services, and infrastructure for 60 stadiums in 31 provinces in Turkey. Since April 2014, approximately 40 million football fans entered stadiums using the e-ticket project of E-Kent, which sold over 19 million match-day tickets for over 6,000 games and more than 1 million seasonal tickets, generating revenues of around TRY 2.8 billion for sports clubs.

As part of its strategy to expand to international markets, E-Kent continued to market its software and hardware solutions overseas, with its products and services used in the 2022 Qatar World Cup, football stadiums in Algeria, and football stadiums and running tracks in Senegal.

E-Kent, having entered the entertainment and event organization industry in March 2019, became the highest-revenue ticketing platform in Turkey by developing partnerships with leading event organizers of the country and selling 4.5 million tickets for 11,000 events during the year.



UPT Ödeme Hizmetleri ve Elektronik Para A.Ş., Turkey's first licensed payment institution and the only money transfer service provider that has both physical and digital presence, offers money transfer services in multiple currencies to cards and accounts both in Turkey and abroad. UPT, which expanded its playing field by developing the UPTION application after obtaining an electronic money license in 2021, boasts a sizable network that enables money transfers in and to approximately 95 percent of all countries around the world. In this context, UPT has become one of the most wide-reaching payment providers worldwide.

Delivering innovative solutions by quickly adapting to the ever-evolving technological landscape and changing consumer behaviors in today's world, UPT stepped into the digital realm with the UPTION mobile application, which it launched in 2021. UPTION enables fully digital customer acquisition offering alternative payment and money transfer solutions for Turkish citizens and foreigners residing in Turkey. In 2022, UPTION focused on enhancing its user experience, and started offering fully digital memberships for Turkish customers. The digital membership feature enables users to sign up in minutes, without having to submit any print documentation. UPTION also received a design facelift, and now boasts a much clearer and intuitive interface. In addition to the new interface, it also has a new landing page enabling users to quickly find and use the feature they need. With other new features such as UPTION Card, European Account, and Mobile Top-Up, the UPTION app was downloaded around 500,000 times in 2022.

Customers from 138 different nationalities residing in Turkey signed up to become an UPTION member and performed more than 300,000 transactions, creating a transaction volume of over TRY 3 billion. In 2023, UPTION will maintain its commitment to its motto of "Remove the Limits to Your Account" by adding more value-added products and services to its customers.

In 2022, UPT carried out 5.5 million transactions in 176 countries, achieving a transaction volume of more than TRY 62 billion, and expanded its service network and range of services by increasing the total number of contracted banks and payment providers abroad to 130.

Making great strides in its regional growth targets, UPT increased the number of markets of its UPT brand and system to 14, demonstrating its commitment to becoming a true regional brand. UPT transactions between countries other than Turkey rose 50% in 2022. In total, 64 overseas banks or payment providers from 54 countries utilized the UPT infrastructure to carry out money transfers to 63 countries. In parallel with its growth targets in digital and physical, UPT opened new offices in Berlin and Dubai in 2022. UPT plans to sign new partnership deals in 2023 as it continues to expand its overseas organization through physical and digital collaborations.

sigortayeri

Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş. expanded its partnerships in 2022. The company cemented its position as Turkey's largest domestic broker by mediating around 1 million insurance policies and providing insurance and consulting services to retail and corporate customers.

Sigortayeri expanded its digital services with partnership deals with leading players in the retail industry, enhancing the integration of its insurance capability into customer-based "ecosystems".

In line with its principle of facilitating access to financial services, Sigortayeri offered digitized services to customers with its range of customizable, comparative products that cater to the needs of end customers and robust retail insurance distribution network.

Offering corporate insurance solutions in different fields, Sigortayeri continued to take part in the insurance placement of major projects in Turkey and many other countries in the region. Sigortayeri took part in major insurance deals and financial insurance products in energy, construction, healthcare, textile, automotive and financial services industries, building on its considerable experience and market position in trade receivables insurance, bail bonds, engineering, professional liability, cyber risk and project finance insurance products that replace or supplement banking solutions.

PAVO

Operating in the field of payment systems, Pavo is a fintech company offering next-gen end-to-end payment and collection solutions to enterprises of all scales. Following the regulations that were introduced in 2013 allowing the transition from the EFT POS system to the cash registers, Pavo achieved the second highest cash register POS sales volume in the industry with its own license and became the industry leader in terms of value-added applications managed on a monthly basis.

With its innovative technology-driven structure, Pavo became one of the first four companies to pioneer the new generation payment systems by obtaining Private Integration and Operator Organization Licenses from the Revenue Administration in 2019 and 2020, respectively.

With its collaborative approach, sharing culture, and a software house and dealer network spread throughout the country, Pavo will continue to grow and produce value-added services with its industry experience, qualified product range, strong R&D resources, secure system infrastructure, and service quality.



N Kolay, boasting the most widespread network in Turkish fintech sector with over 13,000 service points in 81 provinces, has been providing its customers with easy and reliable service for 15 years. Maintaining its leadership position in invoice collection and broad partnerships with invoice institutions in 2022, N Kolay mirrored its success in physical locations in payment services as well, reaching market leadership with its APIs offered to other organizations.

N Kolay has always valued third-party collaborations, and in addition to being part of the Aktif Bank financial technology group, has opened its extensive physical network to all financial institutions and other stakeholders in need of physical channels. Thus, it has both made its customers' lives easier and become a common solution point for the entire sector.

On the other hand, N Kolay has started to offer Virtual POS services under the PayNKolay brand to facilitate the shopping experience in e-commerce for both member merchants and consumers, while also offering Physical POS experience under the NKolayPOS brand for SMEs with Android POS and New Generation Cash Register POS. This has enabled commercial enterprises to work with multiple banks without having to visit any bank branch, and access financial services from a single panel. In 2022, N Kolay started offering CepNPOS product to tradesmen and SMEs. Similarly, it started to offer payment link service, which enables corporate and individual sellers to receive payment within hours without the need for any systems integration.

In November 2022, N Kolay Ödeme ve Elektronik Para Kuruluşu A.Ş. obtained approval from the CBRT to expand its e-money operations. In the coming period, it will continue to expand its product range, support digital transformation of individual and corporate customers, and help them in minimizing their costs.



Echo Bilgi Yönetim Sistemleri A.Ş. commenced operations in August 2022 with the EchoPOS brand, and by the end of 2020, the company has completed over 16,000 software and hardware installations in 81 provinces of Turkey, becoming a "Next-Gen Solution Partner" with end-to-end payment systems and integration solutions for front and back offices of enterprises.

EchoPOS is one step ahead of its competition thanks to its high value-added products and services, simple, scalable and easy-to-integrate architecture, and user-friendly interface that can easily be customized to meet project requirements.

Having partnered with Turkey's leading retailers, Echo-POS provides a robust, error-free infrastructure for over 2 million daily transactions on average.



Aktif Asset Management was established in 2016 as an Aktif Bank subsidiary engaged in asset management under the CMB regulations. Aktif Asset Management leverages its extensive know-how and industry expertise to offer alternative revenue streams to investors via investment funds it creates and manages for various risk/yield expectations.

In addition to investment funds, Aktif Asset Management offers the high yield of real economy to investors via investment capital and real estate funds, while its pension funds offer long-term solutions to customers in the pension system. Serving approximately 300,000 domestic and international corporate and individual investors, Aktif Asset Management continuously expands its funds portfolio by accurately forecasting emerging needs, and has reached TRY 9 billion in total funds after a period of rapid expansion in the last two years.

PASSO FOR NOT MISSING A SINGLE BEAT OF LIFE

Our days may be busy, but life is a sum of all parts, and we cannot afford to ignore any. Passo is the favorite app for millions of users who enjoy life. With the Passo Mobile App, you can buy tickets quickly and conveniently for a wide variety of events, ranging from sports games to music concerts, theater plays to festivals. It also includes many other features including 24/7 money transfers, single-click loan applications, and Easy Cash, a zero-fee loan product with no interest for up to 30 days. So you don't miss a single beat of life...



Emlak Girişim

Emlak Girişim A.Ş. was founded to seize business opportunities in real estate and construction, to participate in investment projects, primarily those in the energy industry, and to become a major player in international trade. The company has investments and operations in a variety of industries including energy and international trade.

One of the most important investments by Emlak Girişim A.Ş. is the Istanbul International Finance Center (IIFC), one of the largest regional planning projects of Turkey with a construction site sprawling over 3 million square meters, set to be one of the top financial hubs across the globe. Emlak Girişim A.Ş. also completed a significant investment as a profit and loss partner to the Metropol Istanbul project in the Ataşehir district. In addition, in 2017, the company became one of the leading players in the industry by investing in a 61 MWp solar power plant project. As of the end of 2022, Emlak Girişim A.Ş. has a solar power plant with an installed capacity of 29.4 MWp, and a 12-MWp biomass power plant in the licensing stage.



Developing products, systems, and services in line with the evolving security needs of today, SECOM offers innovative solutions that provide a sense of security for its retail and corporate customers.

Since its establishment, SECOM has taken major steps to drive the digitization of physical security and built partnerships with the world's largest technology companies in order to integrate advanced security technologies developed in Japan into its own security systems. Endeavoring to minimize security concerns by analyzing all the requirements of the markets in which it operates, SECOM continues to demonstrate its sustainable quality approach with R&D efforts that contribute to security in Asia and the world at large.

Workindo

Workindo Teknoloji ve İnsan Kaynakları Danışmanlık A.Ş. was established in 2020 to offer solutions to the construction industry's problems of finding qualified personnel, quickly forming teams, and accessing materials and service providers. With its technological infrastructure, experienced team, smart strategies and the value it attaches to all stakeholders of the construction industry, Workindo grows and reaches a broader audience with each passing day. With an active presence in Turkey, Germany, and Romania, the company also has plans to expand to new markets gradually to become a global player in the construction industry. The platform, which provides services in seven different languages, aims to solve the problems of companies looking for personnel on a global scale. Currently, Workindo has 600,000 registered employees, 50,000 registered companies, and 30,000 job advertisements published on the platform.



Aktif Ventures started its operations in 2022 as a "fintech venture founder" to establish, grow, and invest in end-to-end financial technologies. Aktif Ventures builds digital startups from scratch using its own ideas and resources to scale them to a certain level. Additionally, as an investor, it enables technology companies to rapidly grow by investing in them to advance their potential and develop the best possible strategies while managing relevant operations.

Positioned as a fintech venture builder, Aktif Ventures set out to become a global "fintech enabler". In line with this goal, it manages fintech operations in mainland Europe, the UK, and Turkey as it endeavors to create a strong ecosystem that produces solutions tailored to the needs of society. The first venture established by Aktif Ventures for this purpose was Apilion, which is based entirely on service banking infrastructure.

Aktif Ventures also supports innovative, sustainable, and creative financial technology ideas through Mindvest, its corporate venture capital fund, which supports technological and innovative venture ideas.

It provides growth and investment funds for fintech startups that develop solutions that make life easier.

Having expanded its portfolio with the recent addition of indiBindi, Aktif Ventures has several digital banking fintech ventures in the pipeline focusing on micro and SME segments.



An Aktif Bank subsidiary, Aktif Tech was established in 2022 to bring an innovative approach to payment and ticketing system software. As a technology company, Aktif Tech provides high-value-added software solutions and end-to-end operational services to its customers. Its customers include holdings and financial institutions of all sizes and their subsidiaries, as well as organizations in need of ticketing software products, especially payment institutions and e-money institutions overseas. Aktif Tech aims to share its know-how and technology to a broad region including the Balkans, Africa, Turkic Republics, and the CIS region.

Atlas Card Payment Software, Aktif Tech's payment systems product, is a low-cost web-based platform that provides full management of terminal products such as credit cards, bank cards, prepaid cards, POS, virtual POS, and ATMs for financial institutions, and payment and e-money institutions. It supports multiple language options, and is continuously updated to meet customer needs. Focusing on excellence in customer satisfaction, Aktif Tech aims to provide card payment software with the SaaS model, as well as operations, system monitoring, fraud monitoring, project development, and processing services that make use of modern software technologies. Aktif Tech is working to become a technology provider for all types of sports organizations, cultural events, domestic and international ticket sales, and platforms with its ticketing software that boasts dynamic pricing, sales, and gift voucher features, and can be hosted on-prem or on-cloud, according to customer needs.



MachineGo, a digital platform for construction equipment rentals, commenced its operations in June 2022 and quickly became Turkey's largest marketplace for construction equipment. Having rapidly increased the number of equipment owner partners in a short time, MachineGo is now able to offer more than 9,000 construction equipment to customers. The company also made significant investments in its technological infrastructure, and boasts the most comprehensive digital rental system in the industry.

With a team of business management experts with extensive experience in the construction machinery industry, MachineGo provides its customers with the widest range of construction machinery at the best prices and with quick, enterprise quality services.

MachineGo will continue to contribute to Turkey's development in 2023, make investments in technology and its team to enhance its operations. The company has plans to enter the second-hand construction equipment, consumables, and spare parts sales businesses in the near future. With a continuously growing market inside and outside Turkey, MachineGo aims to leverage the opportunities provided by technology to become the largest player in the construction equipment industry in the region.

OVERSEAS SUBSIDIARIES

KIC (Kazakhstan Ijara Company Joint Stock Company)

Founded in 2013 and having started operations in early 2014, KIC is the first financial leasing company in Kazakhstan to comply with Islamic rules and regulations. Offering leasing services to predominantly small and medium-sized enterprises (SMEs), KIC envisions becoming one of the largest private leasing companies in Kazakhstan within five years.

EMIC (Euro - Mediterranean Investment Company Ltd.)

Founded in Nicosia in 2015, EMIC is the first and only Islamic investment company in Cyprus and the biggest international investment company in the Turkish Republic of Northern Cyprus (TRNC).

**MANAGEMENT
AND CORPORATE
GOVERNANCE
PRACTICES**



BOARD OF DIRECTORS



Ahmet ÇALIK

Chairman

Born in Malatya in 1958, Ahmet Çalik began his own personal enterprise in textile in 1981 as a member of a family that has been engaged in the textile industry since 1930. Ahmet Çalik is a leading player in Turkey and international economic arena with sustainable investments in seven sectors, namely energy, construction, mining, textile, telecom, finance and digital, which he brought under the same roof in 1997 with the foundation of Çalik Holding.

Ahmet Çalik's visionary philosophy drives him to invest in projects that benefit people and the society at large, and his activities across the globe and long-term collaborations with international enterprises have earned him a well-deserved reputation for integrity and reliability.

Ahmet Çalik was awarded numerous honors in Turkey and abroad, including Japanese Order of the Rising Sun with Gold Rays and Neck Ribbon, Turkmenistan Order of the State, Magtymguly International Prize and Gayrat Medal, US Ellis Island Medal of Honor, and Republic of Turkey State Medal of Distinguished Service Medal, Ministry of the Exterior Distinguished Service Medal and the Grand National Assembly Distinguished Service Award. Ahmet Çalik was granted the title Honorary Consul of the Republic of Kazakhstan in Bursa, and holds honorary PhDs from Matsumoto Dental University and Kindai University in Japan, University of Tirana in Albania and Malatya Turgut Özal University. Ahmet Çalik is currently serving as the Chairman of Çalik Holding and its group companies.



MEHMET USTA

Deputy Chairman

Born in 1950, Mehmet Usta graduated from the Economics and Finance Department of Eskişehir Academy of Economics and Commercial Sciences. He has a background of more than 40 years in banking. In April 2008, he joined Aktif Bank as Deputy Chairman. In December 2008, he assumed the position of Deputy Chairman at Çalik Holding company Banka Kombetare Tregtare Albania before becoming Chairman in July 2009.

He also served as the Founding Chairman of Banka Kombetare Tregtare Kosovo between May 2018 and April 2022. Since May 2012, he has been a Board Member of the Brussels-based WSBI (World Savings and Retail Banking Institute), and from March 2015 onwards, he has held the title of Chairman at Aktif Bank subsidiaries UPT Ödeme Hizmetleri ve Elektronik Para A.Ş., Sigortayeri Sigorta, and Reasürans Brokerlik A.Ş.



VEYSEL ŞAHİN

Board Member

Born in 1959, Veyssel Şahin has a degree in Public Administration from Ankara Academy of Economic and Commercial Sciences. He received his master's degree in Business Administration from Bahçeşehir University. He has 38 years of experience in banking, and is a certified public accountant and independent auditor. In 2009 Şahin joined Aktif Bank as a Board Member and since then he has served as the Audit Committee Chairman and Corporate Governance Committee Member. Şahin is also the Chairman of Aktif Bank affiliate N Kolay Ödeme ve Elektronik Para Kuruluşu A.Ş., a member of Gap İnşaat's Audit Committee, and an independent board member at Doğu Aras Enerji Yatırımları A.Ş.



KEMALEDDİN KOYUNCU

Board Member

Born in 1970, Kemaleddin Koyuncu studied Business Administration at Middle East Technical University and received an MBA from the University of Illinois at Urbana-Champaign. With over 30 years of professional experience, he joined Aktif Bank in 2015 as Executive Vice President. Since September 2017, he has served as a member of the Board and the Audit Committee of Aktif Bank.

BOARD OF DIRECTORS



**DR. SERDAR
SÜMER**

Board Member

Born in 1973, Serdar Sümer holds a degree in Business Administration from Ankara University Faculty of Political Sciences. He completed his master's in Business Administration at the College of William and Mary in Virginia, USA, and in April 2011, received a PhD in banking at the Marmara University Institute of Banking and Insurance. Sümer joined Aktif Bank in 2008, and has 26 years of experience in the banking industry. Sümer was appointed as the CEO of Aktif Bank in 2015, and served as the Bank's CEO and Board Member until 2020.

Since 2021, he has served as a Board Member of Aktif Bank and its subsidiaries, as well as the Chairman and/or Board Member of Çalık Holding and the Holding's various investments in the Finance, Telecom and Energy sectors.



**AHMET ERDAL
GÜNCAN**

Board Member

Born in 1969, Ahmet Erdal Güncan holds a bachelor's degree in Civil Engineering and a master's degree in Construction Management, both from Istanbul Technical University. Güncan joined Aktif Bank in 2008, and has 26 years of experience in the banking industry.



**AHMET GALIP
TÖZGE***

Board Member

Born in 1967, Galip Tözge received his bachelor's degree in Economics (English) from Marmara University before completing his master's in Business Administration at the Missouri University in 1992 and in Business Law at Bilgi University in 2018.

Tözge began his banking career in 1993. In 2015, he joined Aktif Bank as CEO, a position he held for a short period of time before moving to other high-level administrative positions within Çalık Holding. He has been a board member at Banka Kombetare Tregtare Albania and Banka Kombetare Tregtare Kosovo since 2017 and 2018, respectively, as well as a board member and Audit Committee member at Aktif Bank since April 2022.

** Ahmet Galip Tözge was appointed as a Board Member on March 28, 2022.*



**AYŞEGÜL
ADACA OĞAN**

*CEO and
Board Member*

Born in 1974, Ayşegül Adaca Oğan has a bachelor's degree in Civil Engineering from Boğaziçi University, and a master's degree from Stanford University. Oğan joined Aktif Bank in 2015, and has 24 years of experience in the banking industry. As of 2021, Oğan is the CEO and a Board Member at Aktif Bank.

RESIGNED BOARD MEMBERS:

Görol Güngör resigned from his position as Board Member in March 2022.

SENIOR MANAGEMENT

**AYŞEGÜL ADACA OĞAN***CEO and Board Member*

Ayşegül Adaca Oğan's resume can be found in the Board of Directors section of this report.

**SELCAN ARKALI ROTA***Executive Vice President, Talent Development and Operations*

Born in 1974, Selcan Arkalı Rota holds a bachelor's degree from the Political Sciences and Public Administration Department, Middle East Technical University and a master's degree in Human Resources from Bahçeşehir University. Arkalı Rota joined Aktif Bank in 2014, and has 24 years of experience in the banking industry.

**MURAT BARLAS***Executive Vice President, Treasury*

Born in 1968, Murat Barlas holds a Mathematics degree from Istanbul University. Barlas joined Aktif Bank in 2015, and has 25 years of experience in the banking industry.

**FILİZ ERENDAÇ***Chief Legal Counsel*

Born in 1976, Filiz Erendaç earned a Bachelor's Degree at the Ankara University Faculty of Law and completed a Master's Degree in Commercial Law at the same university. Erendaç joined Aktif Bank in 2016, and has 22 years of experience in the banking industry.

**GAMZE NUMANOĞLU***Managing Director, Customer Experience and Communications*

Born in 1981, Gamze Numanoğlu graduated from Galatasaray High School and completed her undergraduate education on communication at the Université de Nice Sophia Antipolis in France. After working as a manager at leading international advertising agencies, she established her own agency and worked as founding partner responsible for Strategy and Customer Relations. Numanoğlu joined Aktif Bank in 2021, and has 17 years of experience in marketing and communication industries.

**PINAR GÜRKAN***Managing Director, Internal Systems*

Born in 1981, Pinar Gürkan graduated from the Econometrics Department, Faculty of Economics and Administrative Sciences, Marmara University. With 19 years of experience in banking, Gürkan joined Aktif Bank in 2009.

**KADIR MUSTAFA ÖZTÜRK***Executive Vice President, Information Technologies*

Born in 1977, Kadir Mustafa Öztürk graduated from Istanbul Technical University. Since 2000, he has taken an active role in internet banking, mobile banking, contact center, ATM, digital wallet and digital infrastructure development projects in various companies that provide software on financial technologies. Öztürk joined Aktif Bank in 2021, and has 21 years of professional experience.

**HAKAN PÜRDELOĞLU***Executive Vice President, Corporate Banking*

Hakan Pürdeleolu was born in 1978 and graduated from Middle East Technical University, Mathematics Department. He completed his MBA in finance at Istanbul Technical University and has 18 years of professional experience in banking. He joined Aktif Bank in 2021.

**MUZAFFER SUAT UTKU***Executive Vice President, International Banking*

Born in 1974, Muzaffer Suat Utku holds a degree in Business Administration from U.S. International University, San Diego. He also has an MBA degree from London University College, and has 22 years of experience in the banking industry. He joined Aktif Bank in 2007.

**GÜLBEN YAĞCI***Managing Director, Digital Banking and Payment Systems*

Born in 1982, Gülben Yağcı graduated from Marmara University with a degree in Business Administration (English). Having completed her MBA at the same university, Yağcı has taken an active role in digital banking, digital marketing, digital user experience, development and implementation of growth-oriented marketing strategies throughout her career. Yağcı joined Aktif Bank in 2021, and has 16 years of experience in the banking industry.

**ATILA YANPAR***Executive Vice President, Finance, Loans, and Capital Markets*

Born in 1979, Atıla Yanpar graduated from the Faculty of Political Sciences, Ankara University with a degree in Finance. He also holds a master's degree in Public Policy from Oxford University. Atıla Yanpar joined Aktif Bank in 2019, and has 17 years of professional experience.

**PINAR YILMAZ***Managing Director, Retail Banking*

Born in 1982, Pinar Yılmaz holds a Mathematics Engineering degree from Istanbul Technical University. She also has an MBA degree from Istanbul Technical University, and has 16 years of experience in the banking industry. He joined Aktif Bank in 2007.

Resigned Executives: No senior executives resigned in 2022.

INTERNAL SYSTEMS MANAGERS

PINAR GÜRKAN

Managing Director, Internal Systems

Born in 1981, Pinar Gürkan graduated from the Econometrics Department, Faculty of Economics and Administrative Sciences, Marmara University. With 19 years of experience in banking, Gürkan joined Aktif Bank in 2009.

ALPER ÖZDEMİR

Chairman, Inspection Board

Born in 1985, Alper Özdemir holds a bachelor's degree in Business Administration from Istanbul University. He also has a master's degree in International Banking and Finance from Istanbul Commerce University. Özdemir joined Aktif Bank in 2014, and has 13 years of experience in the banking industry.

ÖZLEM DEMİREL

Head of Internal Control

Born in 1983, Özlem Demirel received a bachelor's degree in Sociology from Sakarya University Faculty of Arts and Sciences and a bachelor's degree in Public Relations from Anadolu University Faculty of Communications. Demirel joined Aktif Bank in 2011, and has 17 years of experience in the banking and finance industries.

YUSUF TOYGAR

Head of Regulatory Affairs

Born in 1987, Yusuf Toygar received his bachelor's degree in Political Sciences and International Relations from Yıldız Technical University. With 12 years of experience in banking, Toygar joined Aktif Bank in 2015.

FERYAL ÖZER

Head of Compliance

Born in 1983, Feryal Özer graduated from Gazi University Faculty of Economics and Administrative Sciences, with a double major in International Relations and Public Administration. Özer joined Aktif Bank in 2022, and has 16 years of experience in the banking industry.

SEVAN KUTLU

Head of Risk Management

Born in 1985, Sevan Kutlu graduated from Marmara University, Department of Econometrics, and then completed his master's degree at the same university. Kutlu joined Aktif Bank in 2021, and has 14 years of professional experience.

* Volkan Kölege resigned from his position Head of Internal Control on April 15, 2022.

COMMITTEES

AUDIT COMMITTEE

In order to assist with its audit and supervision duties, the Board of Directors has appointed two of its members, who meet the criteria stipulated by the Banking Regulation and Supervision Institution (BRSA), to form the Audit Committee. These directors are tasked to jointly supervise the administration, management and execution of the departments within the scope of internal systems under the title of internal systems officers.

On behalf of the Board of Directors, the Audit Committee supervises the efficiency and adequacy of the Bank's internal systems and the functioning of these systems as well as accounting and reporting systems in line with the Banking Law, other relevant legal provisions and internal bank regulations, and ensured the integrity of the information produced. It conducts preliminary assessments to assist the Board of Directors in the selection of independent audit companies as well as rating, appraisal and support service providers. It regularly monitors the activities of firms selected by the Board of Directors and subsequently signed contract with, and ensures the consolidated delivery and coordination of internal audit activities covering all departments/units/branches.

It submits an audit report to the Board of Directors at least once every six months.

COMMITTEE MEMBERS:

KEMALEDDİN KOYUNCU

Chairman, Audit Committee

AHMET GALİP TÖZGE

Member, Audit Committee

Gürol Güngör resigned from his position on March 25, 2022.

Ahmet Galip Tözge was appointed as a member of the Audit Committee on April 5, 2022.

COMMITTEES

CREDIT COMMITTEE

The Credit Committee is composed of the CEO and two members elected among those Board Members who meet the qualifications required of the CEO, with the exception of years of experience. The committee exercises the authority to open credit lines as delegated by the Board of Directors.

COMMITTEE MEMBERS:

MEHMET USTA

Credit Committee Chairman

SERDAR SÜMER

Credit Committee Deputy Chairman

AYŞEGÜL ADACA OĞAN

Credit Committee Member CEO

CREDIT COMMITTEE ALTERNATE MEMBERS:

VEYSEL ŞAHİN

Alternate Member

KEMALEDDİN KOYUNCU

Alternate Member

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is responsible for monitoring the Bank's compliance with corporate governance principles (mission and vision, corporate values and code of conduct, articles of association, internal policies, interbank regulations, etc.), improving compliance with corporate governance principles and presenting relevant suggestions to the Board of Directors.

The Corporate Governance Committee meets once a year, or more frequently when necessary, with all members attending. Other participants may also be invited to meetings by the Committee Chairman. The Bank's Corporate Governance Principles Compliance Report is prepared and published on the corporate website on an annual basis.

COMMITTEE MEMBERS:

MEHMET USTA

Deputy Chairman of the Board / Committee Chairman

VEYSEL ŞAHİN

Board Member / Committee Deputy Chairman

SERDAR SÜMER

Board Member / Committee Member

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for evaluating the remuneration policy and practices established by the Head Office within the context of risk management. The Committee reports its suggestions to the Board of Directors on an annual basis.

The Remuneration Committee holds ordinary meetings once a year and extraordinary meetings when necessary, with all members attending.

COMMITTEE MEMBERS:

MEHMET USTA

Deputy Chairman of the Board / Committee Chairman

SERDAR SÜMER

Board Member / Committee Deputy Chairman

ASSETS-LIABILITIES COMMITTEE

The Assets-Liabilities Committee is an advisory board that sets rules in line with the financial policies and strategies in order to manage the Bank's assets and liabilities in relation with liquidity restrictions, foreign exchange risk and capital adequacy.

COMMITTEE MEMBERS:

AYŞEGÜL ADACA OĞAN

CEO, Committee Chairman

HAKAN PÜRDELOĞLU

Executive Vice President, Corporate Banking

MUZAFFER SUAT UTKU

Executive Vice President, International Banking

ATİLA YANPAR

Executive Vice President, Finance and Loans

MURAT BARLAS

Executive Vice President, Treasury and International Banking

PINAR YILMAZ

Managing Director, Retail Banking

GÜLBEN YAĞCI

Managing Director, Digital Banking Marketing and Payment Systems

KADİR ÖZTÜRK

Executive Vice President, Information Technologies

COMMITTEES

BOARD AND COMMITTEE
MEMBERS' ATTENDANCE
TO MEETINGS

In 2022, the Board of Directors convened 12 times with the necessary majority and quorum.

The Audit Committee convened 6 times in 2022; 4 of those meetings were attended by the independent auditors.

The Credit Committee convened 22 times in 2022.

The Corporate Governance Committee convened twice in 2022.

The Remuneration Committee convened three times in 2022.

BOARD OF DIRECTORS SUMMARY REPORT PRESENTED TO THE 2022 GENERAL ASSEMBLY

Esteemed Shareholders,

Our Bank completed a productive year in 2022, successfully accomplishing all planned activities for the year thanks to the efforts of the management.

The Bank's net profit was TRY 1,900,416,000 and total asset size was TRY 48,724,775,000. With these results, our net profits increased by 173.02%, while our asset size grew by 41.30% over the previous year.

Our capital adequacy ratio stood at 16.77%. Our Bank succeeded in meeting the equity requirements due to balance sheet growth, with the profit obtained from operations in the period.

Our Bank was one of the most profitable in the sector with an average Return on Equity of 47.58% and an average Return on Assets of 4.57%.

Our non-equity liabilities grew 37.88% to TRY 43,599,342,000 and became the driving force for growth. This significant increase in the inflow of external funding is a highly positive development in terms of our Bank's credibility.

Our cash loans increased by 23.21% compared to the previous year, rising to TRY 17,927,816,000.

The NPL ratio stood at 2.35%. Given these results, while growing quite significantly in balance sheet terms, Aktif Bank has maintained its profitability and asset quality at a high level.

The Financial Statements showing our Bank's operating results for the Balance Sheet period January 1, 2022 - December 31, 2022, the respective explanatory notes and footnotes, Independent Auditor's Report and Annual Report have been submitted for your evaluation and approval.

The Board of Directors hereby submits this Report, as well as the aforementioned reports, for the consideration of the General Assembly and for its subsequent release from liability upon the Assembly's approval, and extends its wishes for an even more productive and profitable year ahead.

Sincerely,

On behalf of the Aktif Yatırım Bankası A.Ş. Board of Directors,

Ahmet Çalık
Chairman

Mehmet USTA
Deputy Chairman

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

1. CORPORATE GOVERNANCE PRINCIPLES

COMPLIANCE STATEMENT

Aktif Bank pledges to exercise utmost diligence in the implementation of the Corporate Governance Principles. The Bank's Board of Directors and Senior Management carry out their duties and responsibilities guided by the principles of transparency, inclusion and equality while prioritizing the Bank's profitability and the interests of shareholders and other stakeholders.

Aktif Bank operates in full compliance with all legal provisions on banking, particularly the Banking Law No. 5411 and related regulations.

Aktif Bank executives aim to increase the value of the Bank. To this end, they follow a management approach based on the corporate governance principles of fairness, transparency, equality, responsibility and accountability.

With the exception of trade secrets and non-public information, financial and non-financial information about the Bank is disclosed to the public in an accurate, complete, clear, comprehensible and accessible manner. The Bank's disclosure activities are carried out in line with the principle of transparency. Accordingly, the Bank's website is designed to offer easy access to information for all stakeholders. The Bank's annual reports, independent audit reports, financial statements, general assembly information, code of ethics, organizational structure and other announcements can be found on the Bank's website.

PART I – SHAREHOLDERS

2. SHAREHOLDER RELATIONS UNIT

The Bank has no "Shareholder Relations Unit" as its shares are not publicly listed.

The Bank's shareholding structure is as follows.

Shareholder	Share (%)
Çalık Holding A.Ş.	99,43
Çalık Denim Tekstil Sanayi ve Ticaret A.Ş.	0,30
Ahmet Çalık	0,13
Başak Yönetim Sistemleri A.Ş.	0,07
Irmak Yönetim Sistemleri A.Ş.	0,07
TOTAL	100,00

3. EXERCISE OF SHAREHOLDERS' RIGHT

TO INFORMATION

Developments that may affect the decisions of investors are announced via the Public Disclosure Platform. The "Corporate Governance" section on the Bank's website provides documents containing information for the public.

The Bank has responded to the information requests made during the period. All information requests by the Bank's shareholders are met, with the exception of trade secrets and non-public information.

Aktif Bank is audited by both the independent auditors as mandated by the Banking Legislation and the auditors assigned in accordance with the Turkish Commercial Code and the Bank's Articles of Association.

GENERAL ASSEMBLY MEETINGS

The Bank's Ordinary General Assembly Meeting for the year 2020 was held on March 23, 2021. As the Bank's shareholding structure is suitable for organizing General Assembly meetings through "Invitation Procedure", the shareholders were informed of the venue, date and agenda of the said meeting. Without prejudice to the provisions regarding participation in the General Assembly and organization of General Assembly meetings; the Ordinary General Assembly was convened without a convocation as per Article 416 of Turkish Commercial Code whereas invitation to participate in the said General Assembly was made in accordance with the relevant provisions of the law, and the meeting was held at the Aktif Bank Head Office building located at Esentepe Mahallesi Kore Şehitleri Caddesi Aktif Bank Genel Müdürlük No:8/1 Şişli/İstanbul. The shareholders did not exercise their right to make inquiries at this General Assembly.

The annual report, financial statements, profit distribution proposal, general assembly agenda, independent auditor's report and the Bank's articles of association that form the basis of the agenda items are made available for shareholders' review at least 15 days prior to the General Assembly Meeting.

Minutes of the General Assembly are accessible to shareholders at the Bank's head office and published on the Turkish Trade Registry Gazette in accordance with the relevant legal provisions, as well as the Bank's website as per regulations.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

5. VOTING RIGHTS AND MINORITY RIGHTS

The Bank's shareholding structure does not include any minority shareholders. The Bank's shareholders do not have any privileges in voting rights.

6. RIGHT TO DIVIDENDS

There are no dividend distribution policies disclosed to the public other than the provisions included in Articles 57 and 58 of the Bank's Articles of Association, titled "Distribution of Profit" and "Reserves" respectively. Pursuant to the relevant legal regulations, resolutions on dividend distribution are drafted and adopted at Annual Ordinary General Assembly.

7. TRANSFER OF SHARES

As stipulated in Article 10 of the Bank's Articles of Association, titled "Transfer of Shares", the relevant provisions of the Turkish Commercial Code are followed in the transfer of shares.

PART II – PUBLIC DISCLOSURE AND TRANSPARENCY

8. DISCLOSURE POLICY

The Bank's Disclosure Policy is updated as required by the relevant legislation and published on the Bank's website in Turkish and English.

The disclosure policy aims to make all necessary information, with the exception of trade secrets, and statements accessible to the Bank's shareholders, employees, customers, and other relevant parties in a timely, accurate, complete, clear, convenient, and cost-efficient manner under equal terms. Accordingly, all financial information, other disclosures and notifications are provided pursuant to relevant legislation, generally accepted accounting principles, and corporate governance principles.

The Board of Directors is responsible for monitoring, supervising and improving the Public Disclosure Policy. The Bank issues press statements through print or visual media as necessary. Press statements for print or visual media are made by the Chairman or CEO, or the authorized unit's personnel.

Pursuant to legislation and banking regulations, the annual report including the necessary information and announcements is prepared, presented to the Board of Directors and published on the Bank's website (www.aktifbank.com.tr) prior to the annual General Assembly meeting. The annual report is prepared in accordance with BRSA regulations, sent to the relevant institutions within the statutory deadlines and published on the Bank's website. The Bank's financial statements are signed and attested by the Chairman of the Board, Audit Committee Members, CEO and the bank officers responsible for financial reporting. The annual report contains information on the Bank's market position, overall financial performance and other material issues.

Aktif Yatırım Bankası A.Ş. website is utilized as an effective channel for public disclosure.

9. CORPORATE WEBSITE AND WEBSITE CONTENT

The Bank's website is www.aktifbank.com.tr. Disclosures and announcements are made in Turkish and English. The Bank's website contains information and data as required by the relevant legislation. The website is kept up-to-date and used actively and effectively for public disclosure.

The main headings on the website are as follows:

- Detailed information on Corporate Identity
- The Bank's vision and mission
- Members of the Board of Directors
- The company's capital structure
- The Articles of Association
- Trade registry information
- Financial Statements
- General Assembly information
- Corporate Governance Practices
- Appraisals and Ratings
- Annual Reports
- Independent Audit Reports

10. ANNUAL REPORT

The Annual Report contains information listed in the Corporate Governance Principles and information required to be disclosed as per the relevant legislation.

PART III – STAKEHOLDERS

11. INFORMING STAKEHOLDERS

The Bank informs stakeholders about matters of interest through minutes of General Assembly meetings, material disclosures, press statements, meetings, e-mails and the website. Employees are informed via the corporate intranet. Necessary procedures have been established to enable the reporting of illicit and unethical activities to the Audit Committee.

Information regarding the Bank's shareholders is provided through the Bank's website, General Assembly and press statements.

Customers

Customers are informed about the Bank and its activities. Customers are offered information and guidance directly through branches as needed. The Bank's website contains all information, news and announcements about the Bank, and customers are informed via e-mail, SMS, and other communication channels.

Employees

The Bank's primary goals involve supporting employee development and ensuring motivation and job satisfaction. The written and non-written principles of conduct, and rules that govern relations with persons and organizations both inside and outside the Bank are compiled into a written "Code of Ethics", which may be found on the Bank's website (<http://www.aktifbank.com.tr>).

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

All Bank practices regarding employees are conducted in accordance with the Labor Law and other relevant legislation. Employment contracts are kept in a written format. Employee recruitment, promotion, and dismissal policies and other related issues have been laid out in writing in the Bank's "Human Resources Practices Procedure". The Bank has prepared workflow documents for all operations, as well as documents containing the job descriptions of all Branch and Head Office personnel based on title. The Bank has procedures and instructions in place regarding its operations and practices. Job descriptions, workflows, regulations, procedures, instructions, and other documentation have been uploaded on the Bank's intranet for easy access by employees.

Regular meetings with Branch Managers and performance meetings are held to foster participatory management. Additionally, Executive Vice Presidents and Department Heads hold regular meetings with department employees for sharing information.

Regulatory and Supervisory Authorities

All operations of the Bank are audited by Sworn-in Bank Auditors of BRSA. The Bank periodically prepares the reports mandated by regulatory and supervisory authorities.

12. STAKEHOLDER PARTICIPATION IN

MANAGEMENT

The Bank's shareholders are represented in the Bank's management as per the relevant provisions of the Articles of Association.

Participation in management is always encouraged. Through the suggestion system, personnel submit innovative ideas to improve and develop the Bank's operations to the relevant management functions, which are then meticulously evaluated and rewarded. The Bank organizes regular corporate social responsibility activities and team-building activities to help establish effective and productive professional relationships and to support the team spirit. Customer feedback and complaints received via the branches, website or other communication channels are duly evaluated.

Information on employee suggestions implemented are communicated across the Bank.

13. HUMAN RESOURCES POLICY

In line with the Bank's goals and strategies, the Human Resources Policy aims to increase employee productivity and satisfaction using human resources tools such as remuneration, performance evaluation, career planning and trainings. The Bank thus aims to create a workplace environment that promotes the energy and creativity of employees and enables them to show their skills.

Aktif Bank embraces the principle of ensuring employee motivation and loyalty through efficient and people-oriented human resources practices.

The Bank's Human Resources policy and practices are communicated and implemented through procedures. The Human Resources Practices Procedure and Discipline Procedure establish the Bank's working conditions, recruitment standards, personnel affairs, performance evaluations, career planning, provisions about rewards and punishments, and training opportunities. The Bank has established a safe working environment for its employees and strives to improve these conditions and opportunities as necessary. Decisions and developments concerning employees are communicated through announcements and procedures. The Bank takes the necessary measures to prevent all forms of discrimination of employees on the basis of race, ethnicity, language, religion and gender; to ensure that human rights are respected and its employees are protected against all kinds of physical, mental and emotional abuse within the company.

14. CODE OF ETHICS AND SOCIAL

RESPONSIBILITY

Customer relations topic is addressed under a specific section within the "Ethical Principles" document, which is made available on the Bank's website.

As part of its corporate governance approach, the Bank has adopted the "Principles of Banking Ethics" published by the Banks Association of Turkey. The Ethical Principles are built around the core principles of the Bank's corporate culture and management (integrity, reliability, impartiality, compliance and transparency) and disclosed to the public via the Bank's website in accordance with its disclosure policy.

All Bank personnel is informed about the ethical principles and asked to sign documents to vouch for their dedication to embrace these principles in their works.

Aktif Bank continues its efforts to improve and enhance its quality of service through a customer-oriented approach. It regularly monitors customer satisfaction through periodic surveys and social media channels, planning and promptly implementing actions regarding areas that require improvement as demonstrated by customer feedback. The Bank has a dedicated system for responding to customer complaints, a customer complaints database, and operating guidelines and procedures including the procedure for handling customer complaints.

The Bank's existing and prospective customers, suppliers and other stakeholders are informed through the Bank's website, announcements, product pamphlets, presentations and visits.

The Bank's Support Services Operating Procedure sets out the guidelines to be followed in transactions involving suppliers and in procurements.

In all its operations and investments, the Bank endeavors to support social and cultural activities, giving due consideration to social benefit and protection of the environment, alongside its own public image, benefit and profitability. It strives for the progress of the banking industry and works to maintain the public trust in banking. It contributes to the healthy development of the society by ensuring compliance with regulations on consumer and public health. The Bank also supports social and cultural associations, foundations and organizations.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

PART II – PUBLIC DISCLOSURE AND TRANSPARENCY

15. STRUCTURE AND COMPOSITION OF THE BOARD OF DIRECTORS

The Bank's Board of Directors has eight members.

Details about the Bank's board members are given below.

TITLE	NAME	EDUCATION	PROFESSIONAL EXPERIENCE (YEARS)
Chairman	Ahmet ÇALIK	High School	40
Deputy Chairman of the Board	Mehmet USTA	Bachelor's	43
Board Member	Veysel ŞAHİN	Master's	38
Board Member, Audit Committee Member	Kemaleddin KOYUNCU	Master's	30
Board Member	Serdar SÜMER	PhD	26
Board Member	Ahmet Erdal GÜNCAN	Master's	26
Board Member, Audit Committee Member	Ahmet Galip TÖZGE (*)	Master's	31
Board Member, CEO	Ayşegül ODACA OĞAN	Master's	24

(*) Görol Güngör resigned from his position as Board Member in March 2022.

(*) Ahmet Galip Tözge was appointed as a Board Member on March 28, 2022.

The current list of Board Members and their resumes can be found in the Annual Report and under the "About Us" section of the Bank's website. Members of the Aktif Bank Board of Directors are elected pursuant to Article 32 of the Bank's Articles of Association and the provisions of the Banking Law. As per the Banking Law, in the absence of the CEO, the Deputy CEO is automatically made a member of the Board of Directors.

The Board of Directors may convene as frequently as required. However, it must convene at least once a month. The composition, powers, responsibilities, rights, working principles and procedures of the Board of Directors are established by the Bank's "Regulation on the Board of Directors."

The criteria that Board Members must meet are set forth by the Banking Law, and Aktif Bank ensures full compliance with said legislation when electing members. The Articles of Association dictates that the Board Members must be elected in accordance with the relevant provisions of the Turkish Commercial Code and relevant banking legislation, and that as per Article 23 of the Banking Law, one more than half of the Board Members must meet the required criteria for CEO as stipulated in the Law (as a minimum, bank CEOs must hold a bachelor's degree in either law, economics, finance, banking, business administration, public administration or related fields and have at least 10 years of professional experience in banking or business administration; those with a bachelor's degree in engineering must also hold a master's degree in one of these fields).

Board Members comply with the regulations stipulated by the Banking Law and the relevant provisions in the BRSA regulations in their activities outside the Bank. No events occurred during the period that compromised the independence of the independent Board Members.

16. OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS

The Banking Law and relevant legislations, the Turkish Commercial Code, Aktif Bank's Articles of Association and Regulation on Board of Directors regulate the powers and responsibilities of the Bank's Board of Directors, which operates to ensure the Bank's progress towards its strategic goals in line with its Mission, Vision, and Values.

All administrative operations, documentation, archiving, and secretarial activities of the Board are conducted by the Board of Directors Private Office. The Board of Directors Private Office operates under the supervision and control of the Chairman/ Deputy Chairman and serves all Board Members.

Meetings are held whenever necessitated by the Bank's operations and in any case at least 12 times per year. Meeting agenda is shared with the Board Members prior to meetings.

The quorum for any Board of Directors meeting is the attendance of at least one more than half of its members. Resolutions are passed by majority vote of attending members. Minutes of the Board of Directors meetings are duly recorded by the Board of Directors Private Office. All attending Board Members are required to sign the meeting minutes, and if there are members opposing to the resolution their reasons for opposition must be written in the minutes and signed by the respective voting member. Resolutions are only valid when they are written down and bear the signatures of Board Members. The guidelines regarding resolution records are established by the Bank's Articles of Association and Regulation on Board of Directors. Board Members do not have weighed voting rights and/or veto rights.

17. THE NUMBER, STRUCTURE AND INDEPENDENCE OF COMMITTEES FORMED WITHIN THE BOARD OF DIRECTORS

The Bank has established the necessary organizations pursuant to the Banking Law No. 5411 and the relevant legislation. In this respect, information about the Credit Committee, Audit Committee, Corporate Governance Committee and Remuneration Committee is presented below.

Audit Committee

The Audit Committee, established pursuant to Article 24 of the Banking Law, conducts its activities in accordance with the provisions of the BRSA Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process and Aktif Bank's Regulation on Board of Directors and Regulation on Audit Committee. The Audit Committee Members are Kemaleddin KOYUNCU, Board Member and Ahmet Galip TÖZGE, Board Member. The Audit Committee convenes with the heads of the units formed under the Internal Control, Compliance, Inspection Board and Risk Management Systems functions whenever necessary, but in any case at least 4 times in a year with the attendance of Independent Auditors as well to evaluate the activities performed during the period, and reports its findings to the Board of Directors every six months.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

Corporate Governance Committee

The Bank has established a Corporate Governance Committee composed of three members to monitor compliance with the Corporate Governance Principles, drive improvements in this area and present relevant suggestions to the Board of Directors. The Corporate Governance Committee operates within its own power and responsibilities and offers advice to the Board of Directors, but the final decision is made by the Board. The Corporate Governance Committee Members are Mehmet USTA, Veysel ŞAHİN, and Serdar SÜMER, all of whom are non-executive Board Members. The Corporate Governance Committee convenes twice a year upon the invitation of the Chairman. The Corporate Governance Committee convened twice in 2021. The Committee conducts its activities in accordance with the BRSA's "Regulation on Corporate Governance Principles" published in the Official Gazette No.26333 dated November 1, 2006.

Credit Committee

As per statutory requirements, Aktif Bank has a Credit Committee consisting of three Board Members to regulate its credit operations. The Credit Committee Members are Mehmet USTA, Board Member, Serdar SÜMER, Board Member, and Ayşegül ADACA OĞAN, Board Member and CEO. The Credit Committee is the decision-making authority on credit allocation and reviews loan offers, which pass the loan assessment process of the Head Office, in terms of compliance with legal regulations, Banking Principles and the Bank's own targets and Credit Policies. The Credit Committee is responsible for making credit allocation decisions within the scope of its authority as stipulated by the legislation. Such credit facilities are granted through the Committee's resolution upon the proposal of the Head Office. The activities and decisions of the Credit Committee are supervised by the Board of Directors.

Remuneration Committee

The Remuneration Committee, established to monitor and supervise the Bank's remuneration practices on behalf of the Board of Directors, consists of Board Members Mehmet USTA and Serdar SÜMER. The Committee convened twice in 2021. The Committee conducts its activities in accordance with the BRSA's "Regulation on Corporate Governance Principles" published in the Official Gazette No.26333 dated November 1, 2006 and Aktif Bank's Regulation on the Board of Directors.

18. RISK MANAGEMENT AND

INTERNAL CONTROL MECHANISM

The Internal Systems organization has been established in accordance with the Banking Law No. 5411 in order to determine, measure, monitor and control potential risk exposures resulting from the Bank's strategy and activities, and it is structured in a manner that is consistent with the scope and nature of the Bank's activities, adaptable to the changing conditions and inclusive of its consolidated subsidiaries.

The Inspection Board, Internal Control, Risk Management and Compliance units form the Internal Systems Group and report to the Audit Committee.

The Audit Committee has been established in accordance with the provisions of the Banking Law, the BRSA Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process and Aktif Bank's Regulation on Board of Directors and Regulation on Audit Committee to assist the Board of Directors with its supervision and audit duties. The Audit Committee reports its activities in each period to the Bank's Board of Directors. An overview of the 2021 activities of the Internal Systems Units is included in the Annual Report.

19. THE COMPANY'S STRATEGIC GOALS

The Bank's Vision and Mission, as stated below, has been determined and disclosed to the public via the Bank's website.

Our Vision

To provide easy access to financial services that meet the needs of all segments of society through innovative and beneficial solutions, and to become the widest reaching financial services organization in Turkey and the region.

Our Mission

To create lasting value for our country, economy and society through our innovative solutions and entrepreneurial approach in all areas that we provide services; and to become the most preferred financial institution to work with for both our stakeholders and human resource.

20. FINANCIAL RIGHTS

The means and amount of remuneration to be paid to Board Members are assessed and determined at the annual Ordinary General Assembly.

Loans to be extended by Aktif Bank to the Board Members are subject to the restrictions stipulated in Article 50 of the Banking Law. Loans to the Board Members may not violate these restrictions.

PURSUANT TO THE COMMUNIQUÉ (II-14.1) OF THE CAPITAL MARKETS BOARD ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS

STATEMENT OF RESPONSIBILITY

We have examined the year-end Report of Activities of Aktif Yatırım Bankası A.Ş. for the period 01.01.2022-31.12.2022, drawn up in accordance with the Communiqué (II-14.1) of the Capital Markets Board on Principles related to Financial Reporting in the Capital Market, and we declare that:

- Within the framework of our duties and responsibilities at the Bank and the knowledge we have, the year-end Report of Activities does not contain any deficient explanations on important matters that are untruthful or may be misleading on the date the explanation has been given;

- Within the framework of our duties and responsibilities at the Bank and knowledge we have, the Report of Activities honestly represents the course of business, performance and financial status of the Bank as well as the important risks and uncertainties to which it is exposed.

Sincerely,


KEMALİDDİN KOYUNCU
Board Member


AYŞEGÜL ADACA OĞAN
CEO and Board Member


ATILLA YANPAR
Executive Vice President

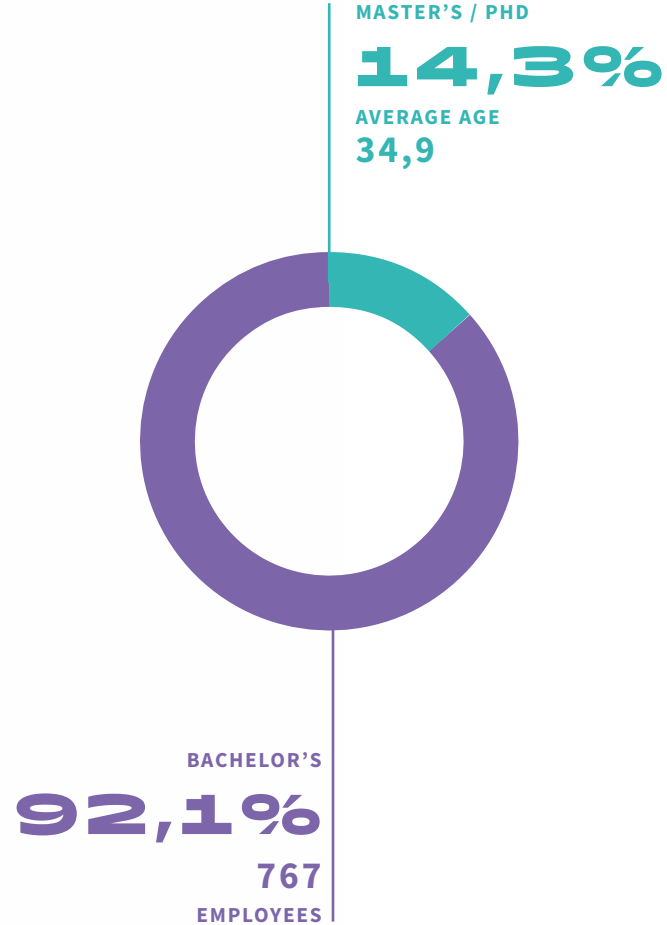
TALENT AND DEVELOPMENT PRACTICES

Aktif Bank's growth strategy is based on a philosophy of becoming an organization that rapidly adapts to new technologies and global developments and creates new employment opportunities. In line with this approach, the Bank carries out activities supported by cost and productivity targets to render business processes more productive and effective; these include process modeling, process automation, end-to-end organizational structure analysis and modeling, project-based norm staff analysis, and an individual and objective performance management system for all employees.

In light of this strategy, and with the understanding that the human resource is the most valuable asset of the Bank, the best local and global practices are monitored in order to enrich this asset and improve the Bank's talent and development activities, while developing practices to promote creativity among and recognize value added created by Aktif Bank employees to foster a culture of high performance.

Aktif Bank aims to offer a working environment where employees can develop themselves without discrimination. The Bank provides equal career opportunities and has established incentive systems that promote success. In line with this understanding, Aktif Bank is able to attract highly competent and experienced employees as well as high-potential new graduates through the right recruitment tools.

In 2022, 222 new employees joined Aktif Bank. A total of 31.9 hours per employee was allocated for training in 2022 in order to provide Aktif Bank employees with resources and opportunities to improve their knowledge and skills for successful development. The training sessions were conducted in a way that caters to various learning styles within the organization, both in-person (online/physical) and digital (through videos, e-learning, and reading materials).



THE BANK'S TRANSACTIONS WITHIN ITS RISK GROUP

Detailed explanations about the Bank's transactions within its risk group may be found in the Non-consolidated Financial Statements, Explanations and Notes for the Year Ended December 31, 2022, and the Independent Audit Report section five, footnote VII. The information is also available in the Consolidated Financial Statements, Explanations and Notes and the Independent Audit Report section five, footnote VII.

INDIVIDUALS AND ORGANIZATIONS PROVIDING SUPPORT SERVICES

İnfin Yazılım A.Ş., Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş., Almbase Teknoloji A.Ş., EGA Elektronik Güvenlik Altyapısı A.Ş., Formalis Bilgi Teknolojileri Ltd. Şti., Codec İletişim ve Dan. Hizm. Ltd. Şti., Kartek Kart ve Bilişim Ltd. Şti., Mapa Global Bilgisayar Yazılım Dan. San. Ltd. Şti., Küresel Beta Teknoloji Telekomünikasyon San. Tic. Ltd. Şti., Platin Bilişim ve Reklam San. Tic. Ltd. Şti., Superonline İletişim Hizmetleri A.Ş., Netaş Telekomünikasyon A.Ş., V.R.P. Veri Raporlama Programlama Bilişim Yazılım ve Dan. Hiz. Tic. A.Ş., Risk Yazılım Teknolojileri Ltd. Şti., ATP Ticari Bilgisayar Ağı ve Elektrik Güç Kaynakları Üretim ve Pazarlama Tic. A.Ş., Neyasis Bilgi Teknolojileri A.Ş., Link Bilgisayar Sistemleri Yaz. ve Don. San. ve Tic. A.Ş., Servicium Bilgisayar Hizmetleri Sanayi ve Dış Ticaret A.Ş., Linktera Bilgi Teknolojileri A.Ş., Glasshouse Bilgi Sistemleri Tic. A.Ş., Antasya Yazılım Bilgisayar ve Elekt. Sistemleri İletişim Enerji İnş. Med. Tic. Ltd. Şti., Amani AI Yapay Zeka Teknolojileri Ltd. Şti., Call Center Resources Dan. A.Ş., CED Teknoloji Dan. Bilişim ve Destek Hizm. Tic. A.Ş., Sistaş Sayısal İletişim San ve Tic. A.Ş., and Fineksus Bilişim Çözümler Tic. A.Ş. provide support services to the Bank for Information Technologies processes.

Vega Bilgisayar Ltd. Şti. and Evrensel Yazılım Teknolojileri Bil. San. Ve Tic. Ltd. Şti. also provide support services in relation to Financial Management processes.

Nuevo Yazılım Çözümleri A.Ş., Ectbase Yazılım ve Bilişim Teknolojileri A.Ş., Data Market Bilgi Hizmetleri Ltd. Şti., Brink's Güvenlik Hizmetleri A.Ş., AGT Kurye Hizmetleri A.Ş., PTT Para Lojistik ve Özel Güvenlik Hizm. A.Ş., and Fu Gayrimenkul Yatırım Danışmanlık A.Ş. provide support services to the Bank for Corporate Banking processes.

Iron Mountain Arşivleme Hizmetleri A.Ş., Desmer Güvenlik Hizm. Tic. A.Ş., Kuryenet Motorlu Kuryecilik ve Dağıtım Hiz. A.Ş., Güzel Sanatlar Çek Basım Ltd. Şti., Webhelp Çağrı Merkezi ve Müşteri Hizmetleri A.Ş., Majorel Telekomünikasyon Hizmetleri A.Ş., Global Bilgi Pazarlama Danışman ve Çağrı Servisi Hizmetleri A.Ş., Plastikkart Akıllı Kart İletişim Sistemleri Sanayi ve Ticaret A.Ş., E-Kart Elektronik Kart Sistemleri San. ve Tic. A.Ş., Loomis Güvenlik Hizmetleri A.Ş., Hobim Arşivleme ve Basım Hizmetleri A.Ş., Taşlar Kağıt İnş. Met. Plas. San. Ltd. Şti., E Kent Teknoloji ve Ödeme Sistemleri San. ve Tic. A.Ş., Bilkay Bilgi Kayıt Organizasyonu ve Tic. Ltd Şti., ISS Tesis Yönetim Hizmetleri A.Ş., and Exitcom Recycling Atık Taşıma Toplama Depolama Elekt. ve Gemi San. Ltd. Şti. provide support services to the Bank for Operational processes.

Intellica-Evam Yazılım Danışmanlık A.Ş., Inviso Destek Hizmetleri A.Ş., PTT (National Post and Telegraph Directorate), Veslabs Bilişim Teknolojileri Tic. A.Ş., Same Yazılım Dan. A.Ş., Sestek Ses ve İletişim Bilgisayar Teknolojileri San. Tic. A.Ş., and Payten Teknoloji A.Ş., Çağlı Sigorta Araştırma ve Danışmanlık Hizmetleri provide support services to the Bank for Retail Banking processes.

Furthermore, dealerships selling furniture, white goods, building hardware and medical and heating equipment provide support services to the Bank in relation to retail lending operations.

**FINANCIAL
HIGHLIGHTS
AND RISK
MANAGEMENT**

NET PROFIT FOR
THE PERIOD
APPROXIMATELY
**TRY
1,9
BILLION**

AVERAGE RETURN ON EQUITY
47.58%

ASSETS
TRY
**49
BILLION**

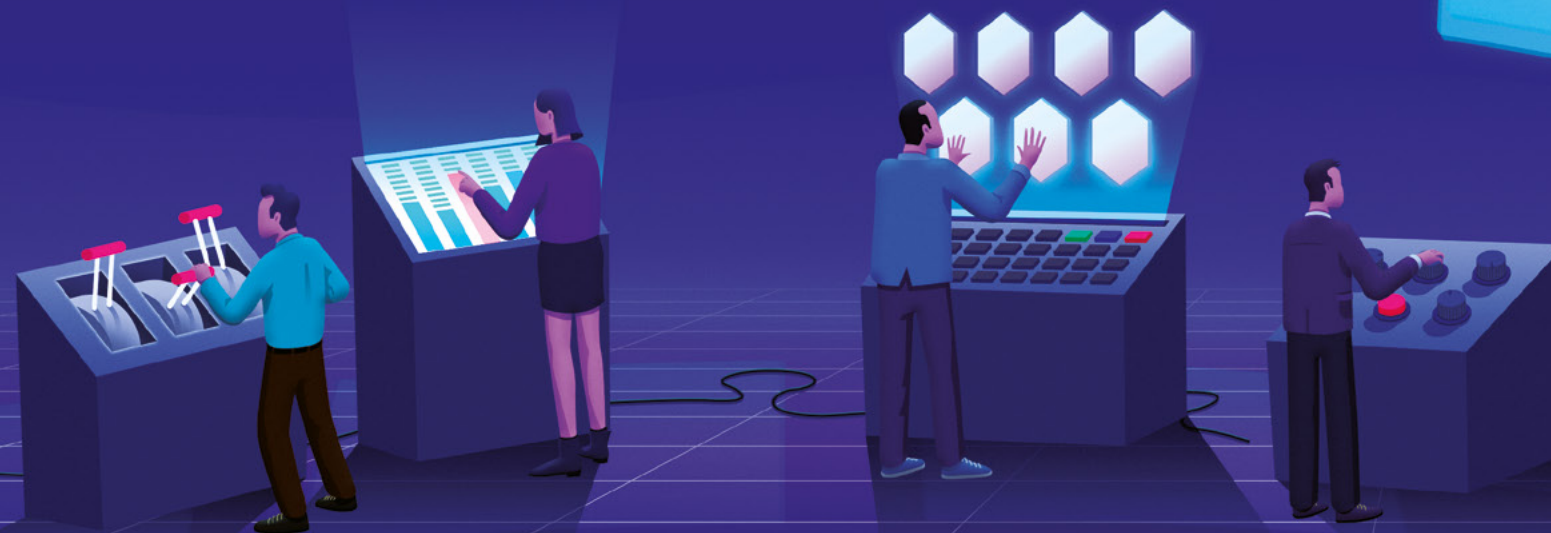
TOTAL
LOANS
AROUND
TRY
**18
BILLION**

ASSETS
TRY
**49
BILLION**

**12
MILLION**
RETAIL CUSTOMERS

2 MILLION
N KOLAY
MOBILE DOWNLOADS

**11
MILLION**
PASSO
USERS



FINANCIAL HIGHLIGHTS AND RISK MANAGEMENT

AUDIT COMMITTEE REPORT

The Audit Committee Report on the Operations and Activities of Internal Control Department, Inspection Board, Regulatory Compliance Department and Risk Management Department during the Accounting Period

Aktif Bank's Internal Systems organization consists of the Inspection Board, Internal Control, Regulatory Compliance and Risk Management departments that operate in line with the scope and nature of the Bank's business processes and are qualified and effective to respond to the changing conditions to safely monitor and manage the risks that the Bank may be exposed.

The internal organization and working principles of the departments are determined in consideration of national laws and regulations as well as international standards. The activities of the Inspection Board, Internal Control, Regulatory Compliance and Risk Management Departments, which have been established in accordance with the BRSA Regulation on the Internal Systems of Banks and the Internal Capital Adequacy Assessment Process, dated July 11, 2014, are evaluated at meetings held with the Audit Committee. In 2022, 6 Audit Committee meetings were held; the activities of Internal Systems Departments were monitored closely, and Audit Committee members shared all significant issues with the Board of Directors.

In 2022, Inspection Board, Internal Control, Regulatory Compliance and Risk Management Departments carried out control, audit, monitoring and advisory activities as well as process-related efforts. The departments made suggestions for the establishment of new control points, thus improving the Bank's operational processes.

In line with the "Annual Audit Plan" approved by the Board of Directors, audit activities continued in 2022 at the branches, head office units, external service providers and subsidiaries. Over the year, the Inspection Board carried out 3 Support Service Provider Audits, 3 Subsidiary Audits, 1 Monitoring Audits, 8 Process Audits, 7 Branch Audits, 10 Statutory Audits, and 10 Information Technologies Audits for a total of 42 audit activities. In 2022, in addition to the planned audits, 9 inspection/investigation activities were completed and the results reported. Three Follow-up Reports were published in 2022 as a result of the follow-up of findings.

In 2022, the Internal Control Department inspected 803 control points, which are established for banking activities, and prepared 4 control reports on banking and information technology processes that are consolidated under a single report. In addition, four branches were audited on site. Within the scope of Management Statement, 496 first-level controls on the Bank's information systems and banking processes were tested.

The Regulatory Compliance Department provided advisory service with regard to the compliance of the Bank's current and planned activities, new services, products, projects, advertising, promotions and campaigns with the Banking Law and other relevant legal regulations, internal policies and rules and banking practices. Processes were revised pursuant to the changes in legal regulations, and relevant personnel were informed about the said changes.

The duties and responsibilities assigned to the compliance officer by the Law on the Prevention of Laundering Proceeds of Crime and the relevant legal provisions were performed by the Head of Internal Systems, who is also the Bank's designated Compliance Officer. Within the scope of the prevention of laundering proceeds of crime and the financing of terrorism, the necessary Bank policies and procedures have been established and revised as necessary. To fulfill the requirements of the relevant legislation, customer transaction monitoring, correspondent bank check, suspicious activity identification and reporting has been carried out. Also, national and international regulations were monitored, and necessary actions were taken accordingly. Classroom and online training sessions have been organized to spread awareness among Bank personnel about the Personal Data Protection Law, the prevention of laundering proceeds of crime, and the financing of terrorism.

The Risk Management Department continued to identify risk exposures, conducting various stress tests and scenario analyses, working to manage risks within the limits determined by the Board of Directors. The work carried out in this area and the reports drawn up were shared with APKO and the Board of Directors. In 2022, within the scope of the calculation of expected losses on the loan portfolio, modeling activities were carried out to calculate the customers' probability of default and the total amount of expected recoveries from loans in case of default, and loan loss provisions were calculated using the aforementioned models with revised risk parameters.

Considering the Bank's growing and developing organizational structure, balance sheet size, transaction volume and variety in 2022, the activities of the Inspection Board, Internal Control, Regulatory Compliance and Risk Management Departments aimed to increase the effectiveness and productivity of the Bank's activities, reduce the risk of damage to its assets and resources and ensure that Annual Reports are accurate and reliable and that the Bank's activities are carried out in compliance with the laws and legal obligations. Their activities also ensured maintaining the Bank's risk exposure at a minimal level.

FINANCIAL HIGHLIGHTS AND RISK MANAGEMENT

FINANCIAL PERFORMANCE OVERVIEW

As of the end of 2022, the Bank's total assets stood at TRY 48,724.8 million with an increase of 41.30% compared to the end of the previous year. As of the end of 2022, the Bank recorded a net profit of TRY 1,900.4 million, which represents a 173.02% increase compared to the end of 2021. The average return on assets based on net profits was 4.57% in 2022, up from 2.50% in 2021.

The average return on equity rose to 47.58% in 2022 from 26.66% in the previous period. The Bank's equity grew by TRY 2,263 million to reach TRY 5,125 million as of the end of 2022. Further strengthening its equity structure, Aktif Bank recorded a capital adequacy ratio of 16.77%.

In 2022, the Bank continued to manage its loan portfolio with an optimal risk-return balance and met customers' funding needs of various maturities with the most convenient conditions. Loans grew by 23.21% to reach TRY 17,928 million in 2022. The Bank's non-cash loans totaled TRY 4,091 million. On the other hand, despite the global economic crisis and its negative impact, the Bank managed to keep the ratio of non-performing loans to total loans at 2.35%, thanks to its rational and balanced risk management policies.

On October 20, 2011, the Bank established Turkey's first Asset Finance Fund and issued the first asset backed security (ABS). The Bank also completed a total of 4 issues in 2019, 2 internal and 2 external (Turkcell Finansman A.Ş.). The internal securitization transaction based on Aktif Bank's retail loan portfolio was rated AAA, the highest credit rating available in Turkey. By completing this transaction, which constitutes the first issue in Turkey based on retail loans, the Bank has presented a groundbreaking and innovative solution to fund raising, an essential problem of investment banks.

RISK MANAGEMENT POLICIES

Credit Risk

The purpose of credit risk management is to identify and manage the risks which the credit portfolio may be exposed to, in line with the key strategies and objectives of the Bank. For the credit analysis, allocation and disbursement processes, a dynamic credit portfolio management approach has been adopted, taking early warning signals into consideration. Aktif Bank has based its lending strategy on working with highly credible customers, mitigating credit risk through effective collateralization and obtaining high return. The policies, processes, responsibilities and limits for an effective credit risk management have been established and documented in writing.

The bank developed a borrower evaluation model that could be used to measure and make a quantitative and qualitative analysis in calculating risk exposure levels at the corporate customer level. Moreover, within the scope of the calculation of expected losses on the retail loans portfolio, modeling activities are carried out to calculate the probability of default of each retail loan customer and the total amount of expected recoveries from loans in case of default.

The Risk Management Department monitors the credit risk of corporate and retail loan portfolios and any increase in risk and concentration levels to ensure compliance with the limits set by the Board of Directors. Results are reported to the Audit Committee and the Board of Directors. Stress tests and scenario analyses are applied to the portfolios in order to measure the resilience of the Bank's capital against the risks, to which the Bank may be exposed due to credit risk.

Market and Liquidity Risks

Aktif Bank aims to achieve a profitable and sustainable growth by identifying its risks accurately and maintaining its resilient balance sheet and strong capital structure. In line with this strategy, market and liquidity risks are managed pursuant to legal regulations and internal limits.

Taking into consideration the Bank's risk capacity, the Board of Directors has determined the acceptable risk levels and set risk limits accordingly. Furthermore, early warning and swift decision-making mechanisms were developed to enable the Bank to incur minimum losses in the case of a potential financial crisis, and financial contingency indicators were determined for this purpose. The said risk limits and contingency indicators are regularly monitored and reported by the Risk Management Department as per relevant procedures and regulations.

Within the scope of market and liquidity risk management, the Risk Management Department applies risk models and parameters accepted in national and international practices to identify, measure and monitor the liquidity risk, interest risk, exchange rate risk, and structural interest rate risk. Internal methodologies and models are developed and improved on a regular basis. Furthermore, the said risks are monitored using various scenario analyses and stress tests and the results are shared with the senior management, ALCO, Audit Committee and the Board of Directors.

Operational Risk

In managing operational risk, operational risk categories are identified in line with the Basel criteria, and operational losses data are collected within the framework of these categories and monitored over a database. The Bank also conducts Business Impact Analyses and Risk Self-Evaluations and draws up risk inventories in order to determine points of risks in banking processes and products and express them in measurable terms.

Within the framework of Business Continuity planning, a Contingency Center was established in Ankara in order to enable the Bank to continue its activities in case of emergencies. A backup of all corporate accesses and critical servers is simultaneously kept at this center in Ankara. The Hotsite Center located in Istanbul's Ümraniye District was set up to be an emergency center for the core staff that will act in accordance with the contingency plans in the event of regional disasters. Both centers feature an office environment that meets all technical requirements of the core staff.

FINANCIAL HIGHLIGHTS AND RISK MANAGEMENT

CREDIT RATINGS BY RATING AGENCIES

On June 17, 2022, JCR evaluated Aktif Yatırım Bankası A.Ş. in the “High-Level Investment Grade” category and assigned a Long-Term National rating of “AA+ (Trk)” with “stable” outlook.

Long-Term National Credit Rating	AA+ (tr) / (Stable Outlook)
Short-Term National Credit Rating	J1+ (tr) / (Stable Outlook)
Long-Term International Foreign Currency Credit Rating	BB / (Stable Outlook)
Short-Term International Foreign Currency Credit Rating	J3 / (Stable Outlook)
Long-Term International Local Currency Credit Rating	BB / (Stable Outlook)
Short-Term International Local Currency Credit Rating	J3 / (Stable Outlook)
Long-Term National Issuer Rating	AA+ (tr)
Short-Term National Issuer Rating	J1+ (tr)

FIVE-YEAR SUMMARY FINANCIALS

IN NOMINAL VALUES (TRY THOUSAND)

	2022	2021	2020	2019	2018
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	11,379,468	7,996,189	5,450,936	3,484,852	1,924,577
LOANS & FACTORING RECEIVABLES (NET)	17,927,816	14,550,254	10,442,466	7,914,460	7,213,603
SHAREHOLDERS' EQUITY	5,125,433	2,862,107	2,359,715	1,956,471	1,508,186
TOTAL ASSETS	48,724,775	34,482,593	21,182,781	17,856,078	13,516,742
GUARANTEES AND INDEMNITIES	4,090,638	4,466,204	2,117,288	1,485,218	1,229,805
NET INTEREST INCOME	2,888,815	1,249,902	905,319	538,389	446,873
EBIT	2,615,560	918,910	591,214	404,453	320,696
NET PROFIT	1,900,416	696,063	450,644	341,683	262,670

Aktif Yatırım Bankası Anonim Şirketi

Unconsolidated Financial Statements

as of and for the Year Ended

31 December 2022 with

Independent Auditor's Report Thereon

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Aktif Yatırım Bankası A.Ş.

A) AUDIT OF UNCONSOLIDATED FINANCIAL STATEMENTS

1) Qualified Opinion

We have audited the unconsolidated financial statements of Aktif Yatırım Bankası A.Ş. ("the Bank") which comprise the unconsolidated balance sheet as at 31 December 2022 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

2) Basis for Qualified Opinion

The accompanying unconsolidated financial statements as at 31 December 2022 include a general reserve of TL 388,000 thousand recognized as expense in the current period and TL 187,000 thousand recognized as expense in the prior period, total TL 575,000 thousand, which does not meet the requirements of BRSA Accounting and Reporting Legislation. If the relevant free provision had not been set, as of 31 December 2022, other provisions would be TL 575,000 thousand less and retained earnings by TL 187,000 thousand, and for the year ended December 31, 2022, profit before tax and net profit for the period would have increased by TL 388,000 thousand.

We conducted our audit in accordance with the "Regulation on Independent Audit of the Banks" ("BRSA Auditing Regulation") published in the Official Gazette No.29314 dated 2 April 2015 by BRSA and Standards on Auditing which is a component of the Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We declare that we are independent of the Bank in accordance with the Code of Ethics for Auditors issued by POA (POA's Code of Ethics) and the ethical requirements in the regulations issued by POA that are relevant to audit of unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

3) Other Matters

The independent audit of the unconsolidated financial statements of the Bank for the accounting period ending on 31 December 2021 was performed by another independent auditor and a limited positive opinion was given in the independent auditor's report dated 10 March 2022.

4) Key Audit Matters

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

Key audit matter

Impairment of loans in accordance with TFRS 9 Financial Assets

Impairment of loans is a key area of judgment for the management. The Bank has the total loans amounting to TL 18,338,681 thousands, which comprise 38% of the Bank’s total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 410,865 as at 31 December 2022.

As of 1 January 2018, the Bank has started to recognize provisions for impairment of loans in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750.

In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies, the expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

The Bank exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans. In addition, the impairment of loans and receivables includes important estimates and assumptions about the effects of the COVID 19 pandemic.

Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.

Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.6

How the matter is addressed in our audit

As part of our audit work, the following procedures were performed:

We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.

We have assessed and analyzed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.

We have performed loan review procedures on selected samples of loans and receivables by taking into account the effects of COVID 19 pandemic with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.

We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear

reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.

We have tested historical loss data to validate the completeness and accuracy of key parameters.

We have tested whether the model is applied to appropriate groupings of assets which share credit risk characteristics.

We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.

Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements, underlying the estimations of impairments were reasonable.

We assessed expected credit losses determined based on individual assessment per Bank’s policy by means of supporting data and evaluated appropriateness via discussions with management.

Our specialists are involved in all procedures regarding assumptions of models.

We have reviewed disclosures made within the TFRS 9 framework in the unconsolidated financial statements of the Bank with respect to loans and receivables and related impairment provisions.

Information Technologies Audit

The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technologyenabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk-based scoping.

Procedures within the context of our information technology audit work:

- We identified and tested the Banks' controls over information systems with riskbased approach as part of our audit procedures.
- Information generation comprise layers of information systems that are important for unconsolidated financial statements (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas:
 - Access Security
 - Change Management
 - Data Center and Network Operations
- We selected high-risk areas as, log management for database and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner.
- We tested accesses management and log management controls underlying all applications that have direct or indirect impacts on financial data generation.
- Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.
- We also tested the completeness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.
- Finally, we understood and tested the controls over database, network, application and operating system layers of applications.

5) Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

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

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

6) Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 unconsolidated financial statements.

As part of an audit in accordance with BRSA Auditing Regulation and Standards on Auditing issued by POA we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated 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.
- Obtain an understanding of 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 Bank'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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated 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 auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 LEGAL AND REGULATORY REQUIREMENTS

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Yaman Polat.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note I of Section Three, differ from the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the unconsolidated financial statements and IFRS.

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

Yaman Polat, SMMM

Partner

İstanbul, 7 March 2023

AKTİF YATIRIM BANKASI A.Ş. UNCONSOLIDATED YEAR END FINANCIAL REPORT AS OF 31 DECEMBER 2022

Address: Aktif Bank Genel Müdürlük Esentepe Mah. Kore Şehitleri Cad. No:8/1 Şişli/ İstanbul
Telephone: (0 212) 340 80 00
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The unconsolidated year-end financial report prepared in accordance with the Communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES
- INFORMATION ABOUT FINANCIAL STRUCTURE AND RISK MANAGEMENT
- DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

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

Ahmet Çalık

Board of Directors Chairman

Ayşegül Adaca Oğan

Member of the Board of Directors, General Manager

Atila Yanpar

Assistant General Manager, Finance and Credits

Ercan Can

Head of Financial Reporting

Kemaleddin Koyuncu

Audit Committee Member

Ahmet Galip Tözge

Audit Committee Member

The authorized contact person for questions on this financial report:

Name-Surname / Title: Ozan Sabırsız / Head of Business Responsible for Financial Reporting

Phone no: (0 212) 340 80 00 Fax No: (0 212) 340 88 61

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SECTION ONE

GENERAL INFORMATION

I. Bank’s incorporation date, beginning statue, changes in the existing statue

The establishment of the Bank in accordance with Article 4 of the Banks Act No. 3182 was approved by the Council of Ministers with the Decree No. 98/11819 dated 22 September 1998. The approval was published in the Official Gazette No. 23500 dated 21 October 1998. The Bank was registered on 28 July 1999, and the “Main Agreement” Turkey Trade Registry Gazette published on 29 July 1999.

According to the classification set out in the Banking Law No: 5411, the statute of the Bank is “Development and Investment Bank”. The Bank is not authorized to accept deposits.

The trade name of the Bank which was “Çalık Yatırım Bankası A.Ş.” has been changed as “Aktif Yatırım Bankası A.Ş. (Aktif Bank)” with the resolution of the board of directors dated 10 June 2008 and numbered 621. The changing of the trade name was registered on 1 August 2008.

II. Explanations regarding Bank’s shareholding structure, shareholders holding directly or indirectly, collectively or individually, the managing and controlling power and changes in current year, if any and explanations on the controlling group of the Bank

As of 31 December 2022, shareholders and capital structure of the Bank are as follows:

Name Surname/ Commercial title	Share capital	Shareholding rate	Paid in capital	Unpaid capital
Çalık Holding A.Ş.	1,186,791	99.43	1,186,791	-
Çalık Denim Tekstil San. ve Tic. A.Ş.	3,597	0.30	3,597	-
Ahmet Çalık	1,599	0.13	1,599	-
Başak Yönetim Sistemleri A.Ş.	799	0.07	799	-
İrmak Yönetim Sistemleri A.Ş.	799	0.07	799	-
Total	1,193,585	100.00	1,193,585	-

Çalık Group has directly or indirectly, collectively or individually managing and controlling power on the Bank.

III. Explanations regarding the chairman and the members of board of directors, audit committee, general manager and assistant general managers and their shares in the Bank (continued)

Name and Surname	Title	Academic Background
Ahmet Çalık	Chairman of the Board of Director	High School
Mehmet Usta	Deputy Chairman of the Board of Directors	University
Veysel Şahin	Member of the Board of Directors	Master
Kemaleddin Koyuncu	Member of the Board of Directors, Member of Audit Committee	Master
Serdar Sümer	Member of the Board of Directors	PhD
Ahmet Erdal Güncan	Member of the Board of Directors	Master
Ahmet Galip Tözge	Member of the Board of Directors, Member of Audit Committee	Master
Ayşegül Adaca Oğan	Member of the Board of Directors, General Manager	Master
Murat Barlas	Asistant General Manager – Treasury	University
Muzaffer Suat Utku	Asistant General Manager – Financial Institutions	Master
Atila Yanpar	Asistant General Manager–Finance and Credits	Master
Selcan Arkalı Rota	Assistant General Manager – Talent, Development and Operation	Master
İsmail Hakan Pürdeloğlu	Assistant General Manager- Corporate Banking	Master
Kadir Mustafa Öztürk	Assistant General Manager- Information Technology	University

Ahmet Çalık, Chairman of the Board of Directors, holds directly the shares of the Bank representing 0.13% of the all shares.

Other persons mentioned above do not have any shares of the Bank.

IV. Information about the persons and institutions that have qualified shares

Name Surname/ Commercial Title	Share Capital	Shareholding rate	Paid in Capital	Unpaid Capital
Çalık Holding A.Ş.	1,186,791	99.43	1,186,791	-

V. Summary on the Bank’s functions and areas of activity

The purpose of the Bank’s organization, in accordance with the provisions of the Banking Act and related legislation with the registration of investment, project finance and securities transactions and related matters specified below, including investment banking services to all kinds of legislation to give Development and Investment Banks about the process is to all kinds of banking. The Bank is also financing the project, and other financial services, factoring transactions, leasing transactions, securities and credit finance services, investment banking and related economic, organization, aims to provide consulting services activities.

The Bank has the following types of activities:

- Cash, non-cash and all types of lending transactions,
- Cash and deposit payment and funds transfer transactions, including the use of correspondent banking accounts or check payment and collection transactions of all kinds,
- Checks and other negotiable securities transactions,
- Effective foreign exchange transactions,
- Purchase and sale of money market instruments,
- Purchase and sale of futures contracts based on the economic and financial indicators,
- Purchase and sale of futures contracts based on the capital market instruments,
- Purchase and sale of futures contracts denominated in foreign currencies,
- Purchase and sale of capital market instruments,
- Capital market instruments, repurchase agreements to resell or re-operations,
- Previously issued capital market instruments in order to mediate the execution of purchase and sale of operations,
- Undertaken actions in favour of others with collateral, guarantees and other liabilities such as warranty work,
- Factoring operations,
- Financial leasing operations,
- Project financing,
- Other consulting operations

VI. Existing or possible, actual or legal obstacles of equity transfer or payback of debts in between the Bank and its associated partners

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
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- VI. Statement of Cash Flows
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AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2022 (Currency - Thousands TL)

		AUDITED			AUDITED		
ASSETS		CURRENT PERIOD 31 DECEMBER 2022			PRIOR PERIOD 31 DECEMBER 2021		
	Notes (5 - I)	TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (NET)	10,687,580	14,950,553	25,638,133	5,290,426	12,566,228	17,856,654
1.1	Cash and Cash Equivalents	2,616,292	9,025,074	11,641,366	378,477	8,532,585	8,911,062
1.1.1	Cash and Balances with Central Bank	(1) 1,491,760	7,382,353	8,874,113	376,127	7,809,949	8,186,076
1.1.2	Banks	(4) 25,439	1,642,721	1,668,160	3,518	722,636	726,154
1.1.3	Money Market Placements	1,100,611	-	1,100,611	-	-	-
1.1.4	Expected Credit Losses (-)	1,518	-	1,518	1,168	-	1,168
1.2	Financial Assets at Fair Value Through Profit or Loss	(2) 2,315,511	29,425	2,344,936	545,521	8,252	553,773
1.2.1	Government Debt Securities	-	4,764	4,764	-	3,113	3,113
1.2.2	Equity Instruments	-	-	-	-	-	-
1.2.3	Other Financial Assets	2,315,511	24,661	2,340,172	545,521	5,139	550,660
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5) 5,715,764	5,663,704	11,379,468	4,056,124	3,940,065	7,996,189
1.3.1	Government Debt Securities	3,574,429	3,327,842	6,902,271	2,166,173	1,663,397	3,829,570
1.3.2	Equity Instruments	1,518	19,922	21,440	1,518	15,124	16,642
1.3.3	Other Financial Assets	2,139,817	2,315,940	4,455,757	1,888,433	2,261,544	4,149,977
1.4	Derivative Financial Assets	(3) 40,013	232,350	272,363	310,304	85,326	395,630
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss	40,013	232,350	272,363	310,304	85,326	395,630
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)	10,893,608	10,270,196	21,163,804	9,120,176	6,116,431	15,236,607
2.1	Loans	(6) 9,660,315	8,678,366	18,338,681	9,471,016	5,494,665	14,965,681
2.2	Lease Receivables	(11) -	-	-	-	-	-
2.3	Factoring Receivables	-	-	-	-	-	-
2.4	Financial Assets Measured at Amortised Cost	(7) 1,609,428	1,627,311	3,236,739	64,754	621,766	686,520
2.4.1	Government Debt Securities	1,006,861	270,411	1,277,272	-	-	-
2.4.2	Other Financial Assets	602,567	1,356,900	1,959,467	64,754	621,766	686,520
2.5	Expected Credit Losses (-)	376,135	35,481	411,616	415,594	-	415,594
III.	ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS	(16) 98,374	-	98,374	105,004	-	105,004
3.1	Asset Held for Resale	98,374	-	98,374	105,004	-	105,004
3.2	Assets of Discontinued Operations	-	-	-	-	-	-
IV.	EQUITY INVESTMENTS	385,870	7,196	393,066	375,870	11,488	387,358
4.1	Investments in Associates (Net)	(8) 6,400	7,196	13,596	6,400	11,488	17,888
4.1.1	Associates Consolidated under Equity Method	-	-	-	-	-	-
4.1.2	Unconsolidated Associates	6,400	7,196	13,596	6,400	11,488	17,888
4.2	Subsidiaries (Net)	(9) 379,470	-	379,470	369,470	-	369,470
4.2.1	Unconsolidated Financial Subsidiaries	61,600	-	61,600	61,600	-	61,600
4.2.2	Unconsolidated Non-Financial Subsidiaries	317,870	-	317,870	307,870	-	307,870
4.3	Joint Ventures (Net)	(10) -	-	-	-	-	-
4.3.1	Joint Ventures Consolidated under Equity Method	-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures	-	-	-	-	-	-
V.	PROPERTY AND EQUIPMENT (Net)	(12) 117,714	-	117,714	82,064	-	82,064
VI.	INTANGIBLE ASSETS (Net)	(13) 238,402	-	238,402	148,691	-	148,691
6.1	Goodwill	-	-	-	-	-	-
6.2	Other	238,402	-	238,402	148,691	-	148,691
VII.	INVESTMENT PROPERTY (Net)	(14) -	-	-	-	-	-
VIII.	CURRENT TAX ASSET	(15) -	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(15) -	-	-	21,432	-	21,432
X.	OTHER ASSETS	(17) 1,002,880	72,402	1,075,282	583,304	61,479	644,783
TOTAL ASSETS		23,424,428	25,300,347	48,724,775	15,726,967	18,755,626	34,482,593

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

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF 31 DECEMBER 2022 (Currency - Thousands TL)

		AUDITED			AUDITED		
LIABILITIES		CURRENT PERIOD 31 DECEMBER 2022			PRIOR PERIOD 31 DECEMBER 2021		
	Notes (5 - II)	TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1) -	-	-	-	-	-
II.	FUNDS BORROWED	(3) 1,891,258	3,758,844	5,650,102	4,023,525	4,352,349	8,375,874
III.	MONEY MARKETS FUNDS	1,310,778	7,943,949	9,254,727	1,468,297	3,982,398	5,450,695
IV.	SECURITIES ISSUED (Net)	(3) 10,053,315	4,342,906	14,396,221	6,370,097	2,425,840	8,795,937
4.1	Bills	6,900,556	-	6,900,556	2,891,598	-	2,891,598
4.2	Asset Backed Securities	-	-	-	-	-	-
4.3	Bonds	3,152,759	4,342,906	7,495,665	3,478,499	2,425,840	5,904,339
V.	FUNDS	306,214	6,779,496	7,085,710	83,441	4,136,627	4,220,068
5.1	Borrowers' Funds	75,909	423,183	499,092	35,385	55,605	90,990
5.2	Other	230,305	6,356,313	6,586,618	48,056	4,081,022	4,129,078
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(2) 6,204	86,897	93,101	148,579	27,116	175,695
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	6,204	86,897	93,101	148,579	27,116	175,695
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-
VIII.	FACTORING LIABILITIES	-	-	-	-	-	-
IX.	LEASE LIABILITES (Net)	(5) 13,078	-	13,078	8,947	-	8,947
X.	PROVISIONS	(7) 754,865	7,428	762,293	300,816	-	300,816
10.1	Restructuring Provisions	-	-	-	-	-	-
10.2	Reserve for Employee Benefits	155,329	-	155,329	94,551	-	94,551
10.3	Insurance Technical Provisions (Net)	-	-	-	-	-	-
10.4	Other Provisions	599,536	7,428	606,964	206,265	-	206,265
XI.	CURRENT TAX LIABILITY	(8) 164,107	-	164,107	70,777	-	70,777
XII.	DEFERRED TAX LIABILITY	(8) 5,710	-	5,710	-	-	-
XIII.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(9) -	-	-	-	-	-
13.1	Held for Sale Purpose	-	-	-	-	-	-
13.2	Related to Discontinued Operations	-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(10) -	-	-	-	-	-
14.1	Loans	-	-	-	-	-	-
14.2	Other Debt Instruments	-	-	-	-	-	-
XV.	OTHER LIABILITIES	1,394,782	4,779,511	6,174,293	683,999	3,537,678	4,221,677
XVI.	SHAREHOLDERS' EQUITY	(11) 5,240,237	(114,804)	5,125,433	2,922,285	(60,178)	2,862,107
16.1	Paid-in capital	1,193,585	-	1,193,585	1,193,585	-	1,193,585
16.2	Capital Reserves	106,090	-	106,090	53,902	-	53,902
16.2.1	Share Premium	-	-	-	-	-	-
16.2.2	Share Cancellation Profits	-	-	-	-	-	-
16.2.3	Other Capital Reserves	106,090	-	106,090	53,902	-	53,902
16.3	Accumulated Other Comprehensive Income or Loss that will not be Reclassified to Profit or Loss	(11,246)	8,989	(2,257)	(3,703)	6,995	3,292
16.4	Accumulated Other Comprehensive Income or Loss that will be Reclassified to Profit or Loss	313,185	(123,793)	189,392	(111,894)	(67,173)	(179,067)
16.5	Profit Reserves	1,716,686	-	1,716,686	1,072,811	-	1,072,811
16.5.1	Legal Reserves	125,820	-	125,820	91,017	-	91,017
16.5.2	Status Reserves	-	-	-	-	-	-
16.5.3	Extraordinary Reserves	1,590,866	-	1,590,866	981,794	-	981,794
16.5.4	Other Profit Reserves	-	-	-	-	-	-
16.6	Profit or (Loss)	1,921,937	-	1,921,937	717,584	-	717,584
16.6.1	Prior Periods' Profit or (Loss)	21,521	-	21,521	21,521	-	21,521
16.6.2	Current Period Profit or (Loss)	1,900,416	-	1,900,416	696,063	-	696,063
TOTAL LIABILITIES AND EQUITY		21,140,548	27,584,227	48,724,775	16,080,763	18,401,830	34,482,593

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

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2022 (Currency - Thousands TL)

		AUDITED			AUDITED			
		CURRENT PERIOD 31 DECEMBER 2022			PRIOR PERIOD 31 DECEMBER 2021			
	Notes (5 - III)	TL	FC	Total	TL	FC	Total	
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)	45,051,608	32,204,775	77,256,383	32,613,651	22,262,199	54,875,850	
I.	GUARANTEES AND WARRANTIES	(1),(3)	1,610,525	2,480,113	860,439	3,605,765	4,466,204	
1.1	Letters of Guarantee	1,552,655	1,588,556	3,141,211	849,769	2,068,756	2,918,525	
1.1.1	Guarantees Subject to State Tender Law	-	-	-	-	-	-	
1.1.2	Guarantees Given for Foreign Trade Operations	6,262	641,813	648,075	6,457	1,082,874	1,089,331	
1.1.3	Other Letters of Guarantee	1,546,393	946,743	2,493,136	843,312	985,882	1,829,194	
1.2	Bank Acceptances	-	-	-	-	-	-	
1.2.1	Import Letter of Acceptance	-	-	-	-	-	-	
1.2.2	Other Bank Acceptances	-	-	-	-	-	-	
1.3	Letters of Credit	-	891,238	891,238	-	396,043	396,043	
1.3.1	Documentary Letters of Credit	-	891,238	891,238	-	396,043	396,043	
1.3.2	Other Letters of Credit	-	-	-	-	-	-	
1.4	Prefinancing Given as Guarantee	-	-	-	-	-	-	
1.5	Endorsements	-	-	-	-	-	-	
1.5.1	Endorsements to the Central Bank of the Republic of Turkey	-	-	-	-	-	-	
1.5.2	Other Endorsements	-	-	-	-	-	-	
1.6	Securities Issue Purchase Guarantees	-	-	-	-	-	-	
1.7	Factoring Related Guarantees	-	-	-	-	-	-	
1.8	Import Letter of Acceptance	57,870	319	58,189	10,670	1,140,966	1,151,636	
1.9	Other Bank Acceptances	-	-	-	-	-	-	
II.	COMMITMENTS	(1),(3)	38,582,804	2,972,792	41,555,596	28,444,781	443,603	28,888,384
2.1	Irrevocable Commitments	1,201,086	2,972,792	4,173,878	832,828	443,603	1,276,431	
2.1.1	Asset Purchase and Sale Commitments	457,945	2,954,094	3,412,039	139,758	443,603	583,361	
2.1.2	Deposit Purchase and Sales Commitments	-	-	-	-	-	-	
2.1.3	Share Capital Commitments to Associates and Subsidiaries	-	-	-	-	-	-	
2.1.4	Loan Granting Commitments	-	18,698	18,698	-	-	-	
2.1.5	Securities Issue Brokerage Commitments	-	-	-	-	-	-	
2.1.6	Commitments for Reserve Deposit Requirements	-	-	-	-	-	-	
2.1.7	Payment commitment for checks	4,737	-	4,737	3,914	-	3,914	
2.1.8	Tax and Fund Liabilities from Export Commitments	-	-	-	-	-	-	
2.1.9	Commitments for Credit Card Limits	382,521	-	382,521	352,818	-	352,818	
2.1.10	Commitments for Credit Cards and Banking Services Promotions	-	-	-	-	-	-	
2.1.11	Receivables from Short Sale Commitments of Marketable Securities	-	-	-	-	-	-	
2.1.12	Payables for Short Sale Commitments of Marketable Securities	-	-	-	-	-	-	
2.1.13	Other Irrevocable Commitments	355,883	-	355,883	336,338	-	336,338	
2.2	Revocable Commitments	37,381,718	-	37,381,718	27,611,953	-	27,611,953	
2.2.1	Revocable Loan Granting Commitments	37,381,718	-	37,381,718	27,611,953	-	27,611,953	
2.2.2	Other Revocable Commitments	-	-	-	-	-	-	
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(2)	4,858,279	26,751,870	31,610,149	3,308,431	18,212,831	21,521,262
3.1	Hedging Derivative Financial Instruments	-	-	-	-	-	-	
3.1.1	Fair value hedge	-	-	-	-	-	-	
3.1.2	Cash flow hedge	-	-	-	-	-	-	
3.1.3	Foreign Net Investment Hedges	-	-	-	-	-	-	
3.2	Trading Derivative Financial Instruments	4,858,279	26,751,870	31,610,149	3,308,431	18,212,831	21,521,262	
3.2.1	Forward Foreign Currency Buy/Sell Transactions	571,012	5,665,765	6,236,777	1,258,174	1,748,695	3,006,869	
3.2.1.1	Forward Foreign Currency Transactions-Buy	450,059	2,679,634	3,129,693	1,190,479	317,482	1,507,961	
3.2.1.2	Forward Foreign Currency Transactions-Sell	120,953	2,986,131	3,107,084	67,695	1,431,213	1,498,908	

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

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2022 (Currency - Thousands TL)

3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	3,986,862	12,912,341	16,899,203	1,283,467	13,577,954	14,861,421
3.2.2.1	Foreign Currency Swap-Buy	287,329	6,667,194	6,954,523	60,406	5,184,773	5,245,179
3.2.2.2	Foreign Currency Swap-Sell	2,839,533	3,977,217	6,816,750	417,061	4,661,061	5,078,122
3.2.2.3	Interest Rate Swap-Buy	430,000	1,133,965	1,563,965	403,000	1,866,060	2,269,060
3.2.2.4	Interest Rate Swap-Sell	430,000	1,133,965	1,563,965	403,000	1,866,060	2,269,060
3.2.3	Foreign Currency, Interest rate and Securities Options	-	7,837,145	7,837,145	67,990	2,171,788	2,239,778
3.2.3.1	Foreign Currency Options-Buy	-	3,932,087	3,932,087	34,006	1,090,181	1,124,187
3.2.3.2	Foreign Currency Options-Sell	-	3,905,058	3,905,058	33,984	1,081,607	1,115,591
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	300,405	293,095	593,500	698,800	714,394	1,413,194
3.2.4.1	Foreign Currency Futures-Buy	5,913	287,486	293,399	-	714,394	714,394
3.2.4.2	Foreign Currency Futures-Sell	294,492	5,609	300,101	698,800	-	698,800
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	-	43,524	43,524	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	41,075,108	93,090,858	134,165,966	36,435,268	58,330,562	94,765,830
IV.	ITEMS HELD IN CUSTODY	17,388,111	12,891,842	30,279,953	12,374,420	6,483,300	18,857,720
4.1	Customer Fund and Portfolio Balances	2,321,499	-	2,321,499	2,595,755	-	2,595,755
4.2	Investment Securities Held in Custody	14,876,827	11,984,685	26,861,512	9,730,683	6,026,117	15,756,800
4.3	Checks Received for Collection	183,577	-	183,577	41,780	911	42,691
4.4	Commercial Notes Received for Collection	5,870	4,329	10,199	5,870	3,086	8,956
4.5	Other Assets Received for Collection	-	-	-	-	-	-
4.6	Assets Received for Public Offering	-	-	-	-	-	-
4.7	Other Items Under Custody	338	637,612	637,950	332	453,186	453,518
4.8	Custodians	-	265,216	265,216	-	-	-
V.	PLEDGES RECEIVED	23,528,137	80,199,016	103,727,153	23,822,638	51,847,262	75,669,900
5.1	Marketable Securities	159,135	1,387,593	1,546,728	235,716	2,430,422	2,666,138
5.2	Guarantee Notes	2,241,933	52,398,198	54,640,131	2,089,405	34,821,371	36,910,776
5.3	Commodity	585,850	6,581,923	7,167,773	1,236,626	1,702,180	2,938,806
5.4	Warranty	-	-	-	-	-	-
5.5	Properties	7,844,225	4,522,157	12,366,382	8,817,663	2,490,375	11,308,038
5.6	Other Pledged Items	12,696,994	15,309,145	28,006,139	11,443,228	10,402,914	21,846,142
5.7	Pledged Items-Depository	-	-	-	-	-	-
VI.	ACCEPTED BILLS OF EXCHANGE AND COLLATERALS	158,860	-	158,860	238,210	-	238,210
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		86,126,716	125,295,633	211,422,349	69,048,919	80,592,761	149,641,680

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

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022 (Currency - Thousands TL)

AUDITED			
STATEMENT OF PROFIT OR LOSS		Notes (5 - IV)	
		CURRENT PERIOD 1 January - 31 December 2022	PRIOR PERIOD 1 January - 31 December 2021
I.	INTEREST INCOME	(1) 5,545,506	3,053,895
1.1	Interest Received from Loans	3,483,303	2,199,262
1.2	Interest Received from Reserve Requirements	15,224	54,218
1.3	Interest Received from Banks	43,544	6,902
1.4	Interest Received from Money Market Transactions	41,920	10,477
1.5	Interest Received from Marketable Securities Portfolio	1,960,869	782,738
1.5.1	Financial Assets at Fair Value Through Profit or Loss	220	4,713
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income	1,552,693	736,308
1.5.3	Financial Assets Measured at Amortised Cost	407,956	41,717
1.6	Financial Lease Income	-	-
1.7	Other Interest Income	646	298
II.	INTEREST EXPENSE (-)	(2) 2,656,691	1,803,993
2.1	Interest on Deposits	-	-
2.2	Interest on Funds Borrowed	364,616	226,441
2.3	Interest on Money Market Transactions	312,622	162,398
2.4	Interest on Securities Issued	1,963,787	1,400,858
2.5	Lease Interest Expense	2,483	1,750
2.6	Other Interest Expenses	13,183	12,546
III.	NET INTEREST INCOME (I - II)	2,888,815	1,249,902
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE	291,218	82,743
4.1	Fees and Commissions Received	871,788	276,939
4.1.1	Non-cash Loans	81,104	43,358
4.1.2	Other	(12) 790,684	233,581
4.2	Fees and Commissions Paid (-)	580,570	194,196
4.2.1	Non-cash Loans	3,547	2,700
4.2.2	Other	(12) 577,023	191,496
V.	DIVIDEND INCOME	(3) 1,773	978
VI.	TRADING INCOME / LOSS (Net)	(4) 853,775	205,947
6.1	Trading Gains/ Losses on Securities	537,049	108,962
6.2	Trading Gains/ Losses on Derivative Financial Instruments	(96,361)	214,409
6.3	Foreign Exchange Gains/ Losses	413,087	(117,424)
VII.	OTHER OPERATING INCOME	(5) 358,872	211,220
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)	4,394,453	1,750,790
IX.	EXPECTED CREDIT LOSSES (-)	(6) 252,916	234,459
X.	OTHER PROVISIONS (-)	(6) 478,362	50,296
XI.	PERSONNEL EXPENSES (-)	367,264	198,779
XII.	OTHER OPERATING EXPENSES (-)	(7) 680,351	348,346
XIII.	NET OPERATING PROFIT / LOSS (VIII-IX-X-XI-XII)	2,615,560	918,910
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER	-	-
XV.	INCOME/ LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD	-	-
XVI.	PROFIT / LOSS ON NET MONETARY POSITION	-	-

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

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022 (Currency - Thousands TL)

XVII.	PROFIT / LOSS BEFORE TAX FROM CONTINUING OPERATIONS (XIII+...+XVI)	(8) 2,615,560	918,910
XVIII.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	(9) 715,144	222,847
18.1	Current Tax Provision	808,972	129,403
18.2	Deferred Tax Income Effect (+)	354,666	213,315
18.3	Deferred Tax Expense Effect (-)	448,494	119,871
XIX.	NET INCOME/ LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	(10) 1,900,416	696,063
XX.	INCOME FROM DISCONTINUED OPERATIONS	-	-
20.1	Income from Non-Current Assets Held for Resale	-	-
20.2	Sale Income from Associates, Subsidiaries and Joint Ventures	-	-
20.3	Other Income from Discontinued Operations	-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)	-	-
21.1	Expense from Non-Current Assets Held for Resale	-	-
21.2	Sale Losses from Associates, Subsidiaries and Joint Ventures	-	-
21.3	Other Expenses from Discontinued Operations	-	-
XXII.	INCOME/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)	(8) -	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9) -	-
23.1	Current Tax Provision	-	-
23.2	Deferred Tax Income Effect (+)	-	-
23.3	Deferred Tax Expense Effect (-)	-	-
XXIV.	NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	(10) -	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	1,900,416	696,063
	Profit/Loss Per Share (Shown in full TL amount)	(11) 1.592	0.583

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

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022 (Currency - Thousands TL)

		AUDITED	AUDITED
		CURRENT PERIOD 1 January - 31 December 2022	PRIOR PERIOD 1 January - 31 December 2021
I.	CURRENT PERIOD INCOME/LOSS	1,900,416	696,063
II.	OTHER COMPREHENSIVE INCOME	362,910	(193,671)
2.1	Not Reclassified Through Profit or Loss	(5,549)	3,861
2.1.1	Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(10,057)	(3,090)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	2,658	8,209
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	1,850	(1,258)

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022 (Currency - Thousands TL)

		AUDITED	AUDITED
		CURRENT PERIOD 1 January - 31 December 2022	PRIOR PERIOD 1 January - 31 December 2021
2.2	Reclassified Through Profit or Loss	368,459	(197,532)
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	489,896	(263,637)
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	1,383	1,210
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(122,820)	64,895
III.	TOTAL COMPREHENSIVE INCOME (I+II)	2,263,326	502,392

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022 (Currency - thousand TL)

OTHER COMPREHENSIVE INCOME/EXPENSE ITEMS NOT TO BE RECYCLED TO PROFIT OR LOSS							
	PAID-IN CAPITAL	SHARE PREMIUM	SHARE CANCELLATION PROFITS	OTHER CAPITAL RESERVES	FIXED ASSETS REVALUATION RESERVE	ACCUMULATED GAINS / LOSSES ON REMEASUREMENTS OF DEFINED BENEFIT PLANS	OTHERS (OTHER COMPREHENSIVE INCOME OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS AND OTHER ACCUMULATED AMOUNTS OF OTHER COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS)
PRIOR PERIOD 31 DECEMBER 2021							
I. Balances at Beginning of Period	1,193,585	-	-	53,902	-	(1,441)	872
II. Correction made as per TAS 8	-	-	-	-	-	-	-
2.1 Effect of Corrections	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)	1,193,585	-	-	53,902	-	(1,441)	872
IV. Total Comprehensive Income	-	-	-	-	-	(2,262)	6,123
V. Capital Increase in Cash	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-
IX. Subordinated Liabilities	-	-	-	-	-	-	-
X. Others Changes	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-
11.1 Dividends	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-
11.3 Others	-	-	-	-	-	-	-
Balance at the end of the Period (III+IV+...+X+XI)	1,193,585	-	-	53,902	-	(3,703)	6,995

CURRENT PERIOD 31 DECEMBER 2022							
I. Balances at Beginning of Period	1,193,585	-	-	53,902	-	(3,703)	6,995
II. Correction made as per TAS 8	-	-	-	-	-	-	-
2.1 Effect of Corrections	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)	1,193,585	-	-	53,902	-	(3,703)	6,995
IV. Total Comprehensive Income	-	-	-	-	-	(7,543)	1,994
V. Capital Increase in Cash	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-
IX. Subordinated Liabilities	-	-	-	-	-	-	-
X. Others Changes	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	52,188	-	-	-
11.1 Dividends	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-
11.3 Others	-	-	-	52,188	-	-	-
Dönem Sonu Bakiyesi (III+IV+.....+X+XI)	1,193,585	-	-	106,090	-	(11,246)	8,989

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

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022 (Currency - thousand TL)

OTHER COMPREHENSIVE INCOME/EXPENSE ITEMS TO BE RECYCLED TO PROFIT OR LOSS			
	CURRENCY TRANSLATION DIFFERENCES	ACCUMULATED GAINS (LOSSES) DUE TO REVALUATION AND/OR RECLASSIFICATION OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	OTHERS (ACCUMULATED GAINS OR LOSSES ON CASH FLOW HEDGES, OTHER COMPREHENSIVE INCOME OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS AND OTHER ACCUMULATED AMOUNTS OF OTHER COMPREHENSIVE INCOME THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS)
PROFIT RESERVES			
PRIOR PERIODS' PROFIT/LOSS			
CURRENT PERIOD'S NET PROFIT/LOSS			
TOTAL EQUITY			
PRIOR PERIOD 31 DECEMBER 2021			
I. Balances at Beginning of Period	-	17,008	1,457
II. Correction made as per TAS 8	-	-	-
2.1 Effect of Corrections	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)	-	17,008	1,457
IV. Total Comprehensive Income	-	(198,383)	851
V. Capital Increase in Cash	-	-	-
VI. Capital Increase from Internal Sources	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital	-	-	-
VIII. Convertible Bonds	-	-	-
IX. Subordinated Liabilities	-	-	-
X. Others Changes	-	-	-
XI. Profit Distribution	-	-	-
11.1 Dividends	-	-	-
11.2 Transfers to Reserves	-	-	-
11.3 Others	-	-	-
Balance at the end of the Period (III+IV+...+X+XI)	-	(181,375)	2,308

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

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ			
UNCONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022 (Currency - thousand TL)			
AUDITED			
	Notes (5 - VI)	CURRENT PERIOD 1 January - 31 December 2022	PRIOR PERIOD 1 January - 31 December 2021
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating profit before changes in operating assets and liabilities	(1)1,174,478	595,951
1.1.1	Interests received	4,376,043	2,865,309
1.1.2	Interests paid	(2,611,569)	(1,761,319)
1.1.3	Dividend received	1,773	978
1.1.4	Fees and commissions received	866,207	281,069
1.1.5	Other income	612,860	159,480
1.1.6	Collections from previously written-off loans and other receivables	126,207	79,779
1.1.7	Payments to personnel and service suppliers	(399,831)	(211,650)
1.1.8	Taxes paid	(786,256)	(152,222)
1.1.9	Others	(1)(1,010,956)	(665,473)
1.2	Changes in operating assets and liabilities	(1,793,967)	4,300,989
1.2.1	Net (increase) / decrease in financial assets measured at fair value through profit or loss	(1,492,431)	(84,643)
1.2.2	Net (increase) / decrease in due from banks and other financial institutions	(1,053,762)	(652,353)
1.2.3	Net (increase) / decrease in loans	(4,209,870)	(3,193,063)
1.2.4	Net (increase) / decrease in other assets	(364,633)	64,508
1.2.5	Net increase / (decrease) in bank deposits	-	-
1.2.6	Net increase / (decrease) in other deposits	-	-
1.2.7	Net increase / (decrease) in financial liabilities measured at fair value through profit or loss	-	-
1.2.8	Net increase / (decrease) in funds borrowed	(1,380,485)	4,531,138
1.2.9	Net increase / (decrease) in payables	-	-
1.2.10	Net increase / (decrease) in other liabilities	(1)6,707,214	3,635,402
I.	Net cash provided by/(used in) banking operations	(1)(619,489)	4,896,940
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net cash used in investing activities	(1)(4,714,503)	(3,047,671)
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries	(10,000)	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries	561	-
2.3	Purchases of property and equipment	(60,040)	(49,781)
2.4	Disposals of property and equipment	1,897	221
2.5	Purchase of financial assets measured at fair value through other comprehensive income	(22,928,906)	(12,928,302)
2.6	Sale of financial assets measured at fair value through other comprehensive income	20,577,492	9,945,851
2.7	Purchase of financial assets measured at amortised cost	(2,295,088)	(133,253)
2.8	Sale of financial assets measured at amortised cost	57,393	145,956
2.9	Other	(1)(57,812)	(28,363)

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ			
UNCONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022 (Currency - thousand TL)			
AUDITED			
	Notes (5 - VI)	CURRENT PERIOD 1 January - 31 December 2022	PRIOR PERIOD 1 January - 31 December 2021
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net cash provided by/(used in) financing activities	(1)5,604,759	1,165,702
3.1	Cash obtained from funds borrowed and securities issued	180,904,805	120,397,129
3.2	Cash used for repayment of funds borrowed and securities issued	(175,264,275)	(119,228,508)
3.3	Issued equity instruments	-	-
3.4	Dividends paid	-	-
3.5	Payments for leases	(35,771)	(2,919)
3.6	Other	-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	1,418,509	2,406,488
V.	Net increase in cash and cash equivalents	1,689,276	5,421,459
VI.	Cash and cash equivalents at beginning of the period	(2)6,892,200	1,470,741
VII.	Cash and cash equivalents at end of the period	(3)8,581,476	6,892,200

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ

31 ARALIK 2022 TARİHİNDE SONA EREN HESAP DÖNEMİNE AİT KONSOLİDE OLMAYAN KAR DAĞITIM TABLOSU (Birim - Bin TL)

		AUDITED	AUDITED
		CURRENT PERIOD	PRIOR PERIOD
		31 December 2022 ⁽¹⁾	31 December 2021
I.	DISTRIBUTION OF CURRENT YEAR PROFIT		
1.1	CURRENT PERIOD PROFIT	2,615,560	918,910
1.2	TAXES AND LEGAL DUTIES PAYABLE (-)	715,144	222,847
1.2.1	Corporate tax (income tax)	808,972	129,403
1.2.2	Withholding tax	-	-
1.2.3	Other taxes and duties	(93,828)	93,444
A.	NET PROFIT FOR THE PERIOD (1.1-1.2)	1,900,416	696,063
1.3	ACCUMULATED LOSSES (-)	-	-
1.4	LEGAL RESERVES (-)	-	34,803
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET PROFIT AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	1,900,416	661,260
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 redeemed 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 DIVIDENS TO SHAREHOLDERS (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of redeemed shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	STATUS RESERVES (-)	-	-
1.11	EXTRAORDINARY RESERVES	-	661,260
1.12	OTHER RESERVES	-	-
1.13	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.2.1	To owners of ordinary shares	-	-
2.2.2	To owners of privileged shares	-	-
2.2.3	To owners of redeemed shares	-	-
2.2.4	To profit sharing bonds	-	-
2.2.5	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 ⁽²⁾	1.592	0.583
3.2	TO OWNERS OF ORDINARY SHARES (%)	159.22	58.32
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDENDS 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 (%)	-	-

⁽¹⁾ Authorized body for profit appropriation of the current period is the General Assembly. On the preparation date of these financial statements, yearly ordinary meeting of the General Assembly has not been held yet

⁽²⁾ Amount is expressed in thousands of Turkish Lira ("TL")

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

AKTİF YATIRIM BANKASI ANONİM ŞİRKETİ

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Currency - Thousands TL)

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks’ Accounting Applications and Preserving the Documents

The Bank prepares its financial statements in accordance with the BRSA Accounting and Reporting Regulation” which includes the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority for the matters not regulated by the aforementioned legislations.

Amounts in the financial statements, the underlying explanations and disclosures are expressed in Thousands of Turkish Lira unless otherwise stated.

In accordance with the “Communiqué on the Amendment to the Communiqué on the Financial Statements to Be Announced to Public by the Banks and Related Disclosures and Footnotes” published in the Official Gazette dated 1 February 2019 and numbered 30673, the prior period’s financial statements were made compatible with the new financial statement formats.

2. The valuation principles used in the preparation of the financial statements

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS.

The COVID-19 epidemic, which emerged in 2020 and had global effects, not only causes disruptions in operations, but also creates uncertainties in economic conditions both regionally and globally. As of 31 December 2022, the Bank has reflected the possible effects of the epidemic to the estimates used in the calculation of expected loan loss provisions in the light of the information and developments at hand.

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

3. Accounting policies used in the preparation of financial statements

The accounting rules and the valuation principles used in the preparation of the financial statements were implemented as stated in the Reporting Standards. These accounting policies and valuation principles are explained in the below notes through II to XXIV.

ACCOUNTING POLICIES (continued)

II. Explanations on usage strategy of financial instruments and foreign currency transactions

1. Explanations on usage strategy of financial instruments

The Bank funds resources consist of equity which is 10.52% of its funding sources. The financial position is monitored regularly and fixed and variable interest rate placements are undertaken according to the return on alternative financial instruments. The macro goals related to balance sheet amounts are set during budgeting process and positions are taken accordingly.

A significant portion of loans comprise revolving loans, and accordingly interest rates are continuing to keep the maximum level of flexibility. The Bank's liquidity is regularly monitored. Moreover, the need of liquidity in foreign currencies is provided through financial derivatives.

Commercial placements are managed with high return and low risk assets considering the international and domestic economic expectations, market conditions, creditors' expectations and their tendencies, interest rate-liquidity-currency risk and other similar factors.

2. Explanations on foreign currency transactions

The foreign exchange gains and losses on foreign currency transactions are accounted for in the period of the transaction. Foreign exchange assets and liabilities are translated to Turkish Lira using foreign exchange bid rates of the Central Bank of Republic Turkey (CBRT) as of the balance sheet date, and the resulting gains and losses are recorded in foreign exchange gains or losses.

The movements of foreign exchange rates in the market, interest rates and prices are monitored instantaneously. When taking positions, the Bank's unique operating and control limits are monitored effectively besides statutory limits. Limit excesses are not allowed.

A stable foreign exchange position strategy is implemented. Secured from cross currency risk, the current foreign exchange position is taken by considering a specific basket of foreign currencies.

III. Explanations on forward and option contracts and derivative instruments

The Bank generally exercises forward, future, swap and options as derivative transactions. Derivative transactions are recognized as trading securities and valued at their fair values. Liabilities and receivables arising from the derivative transactions are recognised in off-balance sheet items with their nominal values.

The derivative transactions are valued at fair value subsequent to initial recognition and are presented in the "Positive Value of Trading Derivatives" under the "Financial Assets at Fair Value through Profit or Loss" and "Negative Value of Trading Derivatives" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. Gains and losses arising from a change in the fair value of trading purpose derivatives are recognized in the income statement. Fair values of derivatives are determined using quoted market prices in active markets or using discounted cash flow techniques within current market interest rates.

There are no embedded derivatives and hedging instruments.

IV. Explanations on interest income and expenses

Interests are recorded according to the effective interest rate method.

The Bank calculates rediscount for non-performing loans as of 1 January 2018, and the gross carrying value of non-performing loans is re-discounted with effective interest rate and the provision calculated for this reclass is deducted from the provision calculated for gross carrying value.

ACCOUNTING POLICIES (continued)

V. Explanations on fees and commission income and expenses

Fees and commission income are recognised in the period of collection.

The fees and commission expenses paid to other institutions and institutions regarding the financial liabilities and which constitute the transaction costs are considered as a part of the interest expense of the related loan.

Fees and commission income and expenses related to a certain period are recorded on an accrual basis.

Other fees and commission income obtained via agreements or transactions for third parties such as consulting and project services on purchase of assets, purchase and sale of subsidiary are recognized when the transactions are completed, during the service period or when collected depending on their nature.

VI. Explanations and disclosures on financial assets

The Bank categorizes 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 at Measured at Amortized Cost". Such financial assets are recognized or derecognized according to "TFRS 9 Financial Instruments" Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets Measured at Fair Value through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

The Bank recognizes a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

1. Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit/loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

2. Financial assets measured at fair value through other comprehensive income

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

Financial assets measured at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets measured at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets measured at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

ACCOUNTING POLICIES (continued)

VI. Explanations and disclosures on financial assets (continued)**2. Financial assets measured at fair value through other comprehensive income (continued)**

“Unrealized gains and losses” arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Accumulated other comprehensive income or expense to be reclassified through profit or loss” under shareholders’ equity.

Equity securities, which are classified as financial assets measured at fair value through other comprehensive income, are carried at fair value.

3. Financial assets measured at amortized cost

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

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

Loans

Loans are non-derivative financial assets that have fixed or determinable payments terms and are not quoted in an active market. Stated loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the “Effective Interest Rate (internal rate of return) Method”.

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

VII. Explanations on expected credit losses

As of 1 January 2018, the Bank recognizes provisions for impairment in accordance with TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. Expected credit losses estimation should include supportable information about neutral, weighted probabilities and predictions about past events, current conditions and future economic conditions. Models created for the estimation of expected credit losses are periodically evaluated through retrospective tests and performance tests. As a result of these evaluations, updates and improvements to be made on the model at least once a year are decided.

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

Probability of Default (PD): PD refers to the likelihood that a loan will default within a specified time horizon, which is usually set at 12 months, given certain characteristics. The Bank uses two different probability of default rates while calculating expected credit losses as per the TFRS 9.

- 12-month PD: as the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months) following the balance sheet date.

- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

Loss Given Default (LGD): If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

ACCOUNTING POLICIES (continued)

VII. Explanations on expected credit losses (continued)

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors. Credit conversion factor corresponds to the factor which adjust the potential increase of the exposure between the current date and the default date.

Financial assets are divided into the following three categories depending on the increase in credit risks observed from the moment they are included in the financial statements:

Stage 1: For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. 12-month expected credit losses are recognized for these financial instruments.

Stage 2: Includes financial assets which have a significant increase in credit risk since initial recognition but an unbiased evidence does not occur. Lifetime expected credit losses are recognized for these financial instruments.

Stage 3: Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount

Forward-looking macroeconomic information

While incorporating prospective macroeconomic information into the calculations, the Bank considers models and model estimates that reflect the relationships between model risk parameters and macroeconomic variables. In estimation methods, the Bank uses GDP and Public Expenditures variables as macroeconomic indicators. Considering the bank’s loan size and product variety, estimation models are used for the individual portfolio and a product-based estimation model is used. In this context, public expenditures and nominal GDP values are used for the individual portfolio.

Forward-looking expectations are determined under baseline, positive and negative scenarios, and final reserve amounts are calculated by weighting the value calculated over the base scenario with the weight of each scenario. Scenario weights are taken into account as 40% for the base and 30% for positive and negative scenarios.

ACCOUNTING POLICIES (continued)

VII. Explanations on expected credit losses (continued)

Significant increase in credit risk

In the event of a significant increase in credit risk, the financial asset is transferred to Stage 2.

Qualitative and quantitative considerations taken into determining the significant increase in the credit risk of a financial assets as follows;

- Delay days as of the reporting date is 30 or more
- Refinancing and restructuring the credit account
- Loans under close monitoring
- Significant increase in probability of default.

Definition of the significant increase in the probability of default, the comparison of the probability of default at the opening date of the loan with the probability of default at the reporting date. If the probability of default calculated for the loan at the reporting date exceeds the set thresholds, it is considered to be a deterioration of the probability of default. The thresholds used in the probability of default are differentiated on the basis of segment/credit group.

Definition of Default

The Bank considers that there is default in the following two cases:

1. Objective Default Definition: It means that the debt is delayed more than 90 days. The definition of default in practice for the bank is based on the criterion that the debt has been delayed more than 90 days.
2. Subjective Default Definition: It means that the debt will not be paid. If it is believed that the borrower cannot fulfill its debts related to the loan, the debtor is considered to be in default regardless of whether there is a delay in balance or the number of days of delay.

VIII. Explanations on offsetting of financial assets and liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and when the Bank has the intention of collecting or paying the net amount of related assets and liabilities or when the Bank has the right to offset the assets and liabilities simultaneously.

IX. Explanations on sales and repurchase agreements and lending of securities

Securities subject to repurchase agreements are classified as Financial Assets Measured at Fair Value Through Profit or Loss, Financial Assets Measured at Fair Value Through Other Comprehensive Income and Financial Assets Measured at Amortized Cost and they are valued according to the valuation principles of the related portfolios. Funds obtained from the repurchase agreements are recognized under “Funds from Repurchase Transactions” account in liabilities. For the current period difference between the sale and repurchase prices determined by the repo agreements; expense accrual is calculated using the internal rate of return method.

Reverse repo transactions are recognized under the “Money Markets” account. For the current period difference between the purchase and resale prices determined by the reverse repo agreements; income accrual is calculated using the internal rate of return method.

ACCOUNTING POLICIES (continued)

X. Explanations on assets held for sale and discontinued operations

Assets that meet the criteria for classification as assets held for sale are measured at the lower of the carrying amount of assets and fair value less any costs to be incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. In order to classify an asset as held for sale, the sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition.

Highly saleable condition requires a plan by the management regarding the sale of the asset (or the disposal group) together with an active program for the determination of buyers as well as for the completion of the plan. Also the asset (or the disposal group) should be actively in the market at a price consistent with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity’s control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

As of 31 December 2022, the Bank has TL 98,374 assets held for sale (31 December 2021: TL 105,004).

As of 31 December 2022, the Bank does not have any assets and liability related to discontinued operations (31 December 2021: None). A discontinued operation is a part of the Bank’s business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the income statement. The Bank does not have any discontinued operations.

XI. Explanations on goodwill and other intangible assets

The unconsolidated financial statements of the Bank does not include goodwill as of the balance sheet date.

Other intangible assets include internally developed software and computer software purchased.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment.

Intangible assets that are acquired prior to 1 January 2005 are carried at restated historical cost as of 31 December 2004; and intangible assets that are acquired subsequently are carried at cost less accumulated amortization, and any impairment. Useful lives of other intangible assets are determined by the Bank’s management and this amortization rates and useful lives are used for amortization. Amortization rates of intangible assets ranged from 7% to 33%.

ACCOUNTING POLICIES (continued)

XII. Explanations on tangible assets

Tangible assets, purchased before 1 January 2005, are accounted for at their restated costs as of 31 December 2004 and the assets purchased in the following periods are accounted for at acquisition cost less accumulated depreciation and reserve for impairment, if any. Tangible assets are depreciated with straight-line method.

Useful lives of tangible assets are determined by the Bank’s management.

Depreciation rates approximate estimated economic lives of tangible assets are as follows:

	Depreciation rate (%)
Machinery and equipment	7 – 25
Furniture and fixtures	2 – 60
Vehicles	20
Other tangible assets	2 – 50

Leasehold improvements are depreciated over the lower of the periods of the respective leases and useful lives, on a straight-line basis.

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end.

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

The regular maintenance and repair expenditures are accounted as expense. The investment expenditures, made to increase the future benefits of the asset by improving the capacity of the asset, are added to the cost of the asset. There is no tangible asset purchase commitment. There is no pledge, mortgage or any other lien on tangible assets.

XIII. Explanations on leasing transactions

The Bank first started to apply TFRS 16 Leases standard as of 1 January 2019.

The Bank recognizes the right of use and the lease liabilities on the financial statements at the effective date of the lease. The right of use is measured initially at cost value and subsequently measured at cost less accumulated depreciation and accumulated impairment losses and adjusted for the re-measurement of the lease obligation. TAS 36 Impairment of Assets is applied in order to determine whether the real estates that are entitled to use have been impaired and to recognize the impairment loss.

With the “TFRS 16 Leases” standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease was removed and the lease transactions were started to be recognised under “Tangible Fixed Assets” as an asset (tenure) and under “Liabilities from Leasing” as a liability.

TFRS 16 introduces a single leasing accounting model for lessees. As a result, the Bank, as a lessee, has acquired the lease rights representing the lease rights representing the right to use the underlying asset and the lease payments to the financial statements. Accounting for the lessor is similar to the previous accounting policies.

ACCOUNTING POLICIES (continued)

XIII. Explanations on leasing transactions (continued)

Existence of Right of Use

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

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

When applying the cost method of the Bank, the right of use assets:

- Accumulated depreciation and accumulated impairment losses deducted and
- Measures the restatement of the lease obligation at the restated cost.

The Bank applies depreciation provisions in TAS 16 Property, Plant and Equipment while depreciating the right to use assets.

The Lease Obligations

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates.

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

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

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

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

XIV. Explanations on provisions and contingent assets and liabilities

Provisions and contingent liabilities recorded according to “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (“TAS 37”).

In accordance with the periodicity assumption, a provision for an existing commitment resulted from past events is booked in the period which the related event occurred. Provisions are calculated based on the best estimates of management on the expenses to incur as of the balance sheet date and, if material, such expenses are discounted to their present values. If the amount is not reliably estimated and there is no probability of cash outflow from the Bank to settle the liability, the related liability is considered as “contingent” and disclosed in the notes to the financial statements.

The expected loss provisions for non-cash loans are classified in "Other provisions" in the statement of financial position. Relevant provisions in the period are expensed in the account of "Expected Loss Reserve"; Provision amounts reserved in the previous periods and canceled in the current period are recorded as income in the “Other operating income” account.

ACCOUNTING POLICIES (continued)

XV. Explanations on liabilities regarding employee benefits

The actuarial gains/losses are recognised under shareholders’ equity as per the revised TAS 19 by the end of 1 January 2013. Provisions for severance payments are getting calculated by an independent actuary according to the rules and regulations.

Under Turkish law, lump sum payments are made to employees in the event of retiring or involuntarily leaving the Bank. The Bank records the present value of the defined benefit obligation using the last paid salary or severance indemnity ceiling at retirement and involuntarily leaving, Bank employees are not members of foundations, funds and similar institutions.

XVI. Explanations on taxation

1. Corporate tax

The general corporate tax rate in Turkey is 20%. However, with the Provisional Article 13 added to the Corporate Tax Law no. The tax rate was determined as 25% for corporate earnings for the 2021 taxation period and 23% for corporate earnings for the 2022 taxation period. However, with the publication of the Law No. 7394 in the Official Gazette dated April 15, 2022, banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies The corporate tax rate for pension companies has been permanently increased to 25%, and the tax rate applied to the cumulative earnings of 2022 is considered as 25%.

The corporate tax to be paid is determined by applying the current corporate tax rate to the tax base (financial profit/loss) to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax legislation to the commercial income of the corporations, and deducting the exceptions (such as the participation earnings exception) and deductions in the tax legislation. No further tax is paid if the profit is not distributed.

The withholding tax rate applied on dividend payments other than those made to institutions residing in Turkey is 10%.

With the Tax Procedure Law No. 7338 published in the Official Gazette dated October 26, 2021 and the Law on Amendments to Some Laws, the fourth provisional tax return has been abolished, and the provisional tax periods have been redefined as quarterly periods. The changes will come into effect as of the taxation periods of 2022, three temporary tax returns will be submitted for the first nine months of 2022, and the fourth temporary tax return will not be filed. There has been no change in the declaration and payment period of the corporate tax return.

The Tax Legislation allows the financial losses of the institutions to be carried up to 5 years, and the financial losses shown on the declaration can be deducted from the tax base of the relevant period, provided that it does not exceed 5 years. There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office via the E-Declaration system until the evening of the 30th day of the fourth month following the month in which the accounting period is closed. In addition, legal accounting records can be examined by the tax inspection authorities within 5 years, and tax amounts to be paid may change in case of detection of violations of tax legislation.

In accordance with the repeated Article 298 of the Tax Procedure Law, if the increase in the producer price index is more than 100% in the last 3 accounting periods including the current period and more than 10% in the current period, the financial statements will be subject to inflation adjustment and these conditions have been met as of 31 December 2021. However, with the “Law on the Amendment of the Tax Procedure Law and the Corporate Tax Law” numbered 7352 published in the Official Gazette dated 29 January 2022 and numbered 31734, provisional article 33 was added to the Tax Procedure Law numbered 213 and regardless of whether the conditions for the inflation adjustment within the scope of article 298 are met in the 2021 and 2022 accounting periods (for those designated as special accounting periods, as of the accounting periods ending in 2022 and 2023), including the provisional tax periods, and in the provisional tax periods of the 2023 accounting period, that, financial statements will not be adjusted for inflation, it is stated that the financial statements as of 31 December 2023 will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, that the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years' profit/loss account, the previous year's profit determined in this way will not be subject to tax, and the previous year's loss will not be considered as a loss.

ACCOUNTING POLICIES (continued)

XVI. Explanations on taxation (continued)

2. Deferred tax

The Bank calculates and reflects deferred tax in accordance with the provisions of “Turkish Accounting Standard for Income Taxes” (“TAS 12”) for taxable temporary differences that arise between the tax basis and book value of an asset or liability determined in accordance with the tax legislation. In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 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 July 1, 2021 and being effective for the taxation period starting from January 1, 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 publication of the Law No. 7394 in the Official Gazette dated April 15, 2022, banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies The corporate tax rate for pension companies has been permanently increased to 25%, and the tax rate applied to the cumulative earnings of 2022 is considered as 25%. As of December 31, 2022 and December 31, 2021, enacted tax rates, which are valid in accordance with the tax legislation in effect as of the reporting dates, are used in accordance with their lives for the items subject to deferred tax calculation.

Deferred tax liabilities are generally recognized for all taxable temporary differences and 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.

Deferred tax asset had not been provided over provisions for possible risks and general loan loss provisions according to the circular of BRSA numbered BRSA.DZM.2/13/1-a-3 and dated 8 December 2004. However, deferred tax calculation has started to be measured over Stage 1 and Stage 2 expected credit loss provisions according to TFRS 9 articles from 1 January 2018. The deferred tax assets and liabilities are reported with offsetting in the financial statements.

XVII. Additional explanations on borrowings

Excluding financial liabilities defined as held for trading financial liabilities and the ones reflected on the fair value, borrowings are recognized at initial cost on transaction date and carried at amortized cost using effective interest method. The Bank does not issue convertible bonds.

The Bank has marketable securities issued amounting to TL 14,396,221 as of 31 December 2022 (31 December 2021: TL 8,795,937).

Borrowing costs require that borrowing costs directly attributable to the acquisition, construction or production of a “qualifying asset” (one that necessarily takes a substantial period of time to get ready for its intended use or sale) are included in the cost of the asset. Other borrowing costs are recognised as an expense. Where funds are borrowed specifically, costs eligible for capitalization are the actual costs incurred less any income earned on the temporary investment of such borrowings. All other borrowing costs record under statement of profit or loss on the period that they occur.

XVIII. Explanations on share certificates issued

Transaction costs related to issuance of share certificates are recorded as expense.

The Bank has no decision of dividend distribution in subsequent periods.

XIX. Explanations on confirmed bills of exchange and acceptances

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

The Bank has no acceptances that are shown as liabilities.

ACCOUNTING POLICIES (continued)

XX. Explanations on government incentives

The Bank does not have any government incentives as of balance sheet date.

XXI. Explanations on segment reporting

The Bank mainly operates in corporate banking, retail banking and investment banking segments.

Information on the Bank’s activity segmentation is given in Part Four Note XIV.

XXII. Explanations on other matters

Equity amount and capital adequacy standard ratio are 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, according to BRSA's regulation dated 28 April 2022 and numbered 10188. According to the latest regulation changes, as of 31 December 2022;

In the calculation of the amount subject to credit risk; CBRT buying rate of 31 December 2021 can be used when calculating the valued amounts in foreign currency.

In case the net valuation differences of the securities owned by banks and acquired before December 21, 2021 in the “Securities at Fair Value through Other Comprehensive Income” portfolio are negative, these differences will be calculated in accordance with the Regulation on Banks' Equity and the equity to be used for the capital adequacy ratio. amount is not taken into account.

As of 31 December 2022, the Bank has calculated the legal capital adequacy ratio by taking these measures into account.

XXIII. Explanations on investments in associates, subsidiaries and joint ventures

Non-financial subsidiaries and associates (in Turkish Lira) are accounted at cost in the unconsolidated financial statements and if any, provisions for impairment losses are deducted in accordance with TAS 27.

XXIV. Earnings per share

The Bank’s earnings per share stated in the profit or loss statement are found by dividing the net profit by the weighted number of shares issued in the relevant year.

	Current Period	Prior Period
Net profit for the period	1,900,416	696,063
Weighted average number of issued common shares (thousand)	1,193,585	1,193,585
Earnings per share (indicated full in TL amount)	1.592	0.583

In Turkey, companies are able to increase their capital by means of “bonus shares” distributed to their existing shareholders from their earnings in the past year. Such” bonus shares” distributions are evaluated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations is determined by taking into account the retrospective effects of such share distributions. If the number of shares issued increases after the balance sheet date but before the financial statements are prepared due to the distribution of the number of bonus shares, the earnings per share calculation is made taking into account the total number of new shares.

SECTION FOUR

INFORMATION ABOUT FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to components of total capital

The calculation of the own funds and the capital adequacy standard ratio are performed in accordance with the “Regulation on Equities of Banks” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks”.

a) Components of total capital

CURRENT PERIOD	AMOUNT	AMOUNT AS THE REGULATION BEFORE 1/1/2014 ⁽¹⁾
TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	1,193,585	
Share Premium	-	
Reserves	1,716,686	
Other Comprehensive Income according to TAS	457,545	
Profit	1,921,937	
Current Period Profit	1,900,416	
Prior Period Profit	21,521	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	
Tier I Capital Before Deductions	5,289,753	
Deductions From Tier I Capital		
Valuation adjustments according to Regulation on Shareholders' Equities of Banks Article 9, Paragraph 1, Clause (i)	-	
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	164,320	
Leasehold Improvements on Operational Leases (-)	18,691	
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	245,370	245,370
Net Deferred Tax Asset/Liability (-)	-	
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Securitization gains	-	
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

I. Explanations related to components of total capital (continued)

a) Components of total capital (continued)

Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Tier I Capital	428,381	
Total Tier I Capital	4,861,372	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	
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	-	
Other items to be Defined by the BRSA (-)	-	
Items to be Deducted from Tier I Capital during the Transition Period	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital = Common Equity Tier I Capital + Additional Tier I Capital)	4,861,372	

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

I. Explanations related to components of total capital (continued)

a) Components of total capital (continued)

TIER II CAPITAL	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	-
Provisions (Amounts explained in the first paragraph of the Article 8 of the Regulation on Bank Capital)	143,798	-
Total Deductions from Tier II Capital	143,798	-
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in equity instruments issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	143,798	
Total Equity (Total Tier I and Tier II Capital)	5,005,170	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	
Other items to be Defined by the BRSA (-)	43	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	-	
The Portion of 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 not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

I. Explanations related to components of total capital (continued)

a) Components of total capital (continued)

CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	5,005,127	
Total Risk Weighted Assets	29,851,077	
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	16.29	
Tier I Capital Ratio (%)	16.29	
Capital Adequacy Ratio (%)	16.77	
BUFFERS		
Bank-specific total CET1 Capital Ratio (a+b+c)	2.51	
a) Capital Conservation Buffer Ratio (%)	2.50	
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.01	
c) Systemic significant bank buffer ratio (%)	-	
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	8.77	
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	
Remaining Mortgage Servicing Rights	-	
Net Deferred Tax Assets arising from Temporary Differences	-	
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 ten thousand)	143,798	
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	143,798	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiquéé on Calculation of Credit Risk by Internal Ratings Based Approach	-	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiquéé 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 January 2018 1 January 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	-	
⁽¹⁾ Represents the amounts taken into consideration according to transition clauses.		

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

I. Explanations related to components of total capital (continued)

a) Components of total capital (continued)

PRIOR PERIOD	AMOUNT	AMOUNT AS THE REGULATION BEFORE 1/1/2014 ⁽¹⁾
TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	1,193,585	
Share Premium	-	
Reserves	1,072,811	
Other Comprehensive Income according to TAS	57,018	
Profit	717,584	
Current Period Profit	696,063	
Prior Period Profit	21,521	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	
Tier I Capital Before Deductions	3,040,998	
Deductions From Tier I Capital		
Valuation adjustments according to Regulation on Shareholders' Equities of Banks Article 9, Paragraph 1, Clause (i)	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	4,014	
Leasehold Improvements on Operational Leases (-)	7,517	
Goodwill and Other Intangible Assets and Related Deferred Taxes (-)	-	
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	152,051	152,051
Net Deferred Tax Asset/Liability (-)	-	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

I. Explanations related to components of total capital (continued)

a) Components of total capital (continued)

Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions from Tier I Capital in cases where there are no adequate Additional Tier I or Tier II Capitals (-)	-	-
Total Deductions from Tier I Capital	163,582	
Total Tier I Capital	2,877,416	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	
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	-	
Other items to be Defined by the BRSA (-)	-	
Items to be Deducted from Tier I Capital during the Transition Period	-	
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	
Total Deductions from Additional Tier I Capital	-	
Total Additional Tier I Capital	-	
Total Tier I Capital (Tier I Capital = Common Equity Tier I Capital + Additional Tier I Capital)	2,877,416	

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

I. Explanations related to components of total capital (continued)

a) Components of total capital (continued)

TIER II CAPITAL	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	133,920
Total Deductions from Tier II Capital	133,920
Deductions from Tier II Capital	
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in equity instruments issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and having conditions stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital and Tier II Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of Tier I Capital (-)	-
Other items to be defined by the BRSA (-)	-
Total Deductions from Tier II Capital	-
Total Tier II Capital	133,920
Total Equity (Total Tier I and Tier II Capital)	3,011,336
Total Tier I Capital and Tier II Capital (Total Equity)	
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-
Other items to be Defined by the BRSA (-)	-
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period	-
The Portion of 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 not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

I. Explanations related to components of total capital (continued)

a) Components of total capital (continued)

CAPITAL	
Total Capital (Total of Tier I Capital and Tier II Capital)	3,011,336
Total Risk Weighted Assets	21,899,641
CAPITAL ADEQUACY RATIOS	
CET1 Capital Ratio (%)	13.14
Tier I Capital Ratio (%)	13.14
Capital Adequacy Ratio (%)	13.75
BUFFERS	
Bank-specific total CET1 Capital Ratio (a+b+c)	2.57
a) Capital Conservation Buffer Ratio (%)	2.50
b) Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	0.07
c) Systemic significant bank buffer ratio (%)	-
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	5.75
Amounts Lower Than Excesses as per Deduction Rules	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-
Remaining Mortgage Servicing Rights	-
Net Deferred Tax Assets arising from Temporary Differences	-
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 ten thousand)	133,920
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	133,920
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 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	-
(1) Represents the amounts taken into consideration according to transition clauses.	

b) Debt instruments included in capital calculation:

None.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

c) Explanations for the confirmation between the components of shareholders’ equity table and balance sheet amounts:

The “Shareholders’ equity” difference between the components of shareholders’ equity table and unconsolidated balance sheet originates from expected credit loss provisions. Up to 1.25% of the expected credit loss provisions to credit risk is considered as Tier II Capital in the components of shareholders’ equity table for calculation of “Shareholders’ equity” amount. On the other hand, leasehold improvements on operational leases that based under tangible assets at the balance sheet, are featured in Deductions from Tier I Capital in the components of shareholders’ equity table with intangible assets and other items to be defined by the BRSA.

Credit risk is defined as the possibility of incurring loss where the counterparty in a transaction, partially or completely fails to meet its contractual obligations in due time in an agreement with the Bank. The Bank includes the credit risks exposed in the Banking Law No: 5411 due to all kinds of transactions within the scope of credit. Credit risks exposed by the Bank due to new products and services are also subject to evaluation within this scope.

II. Explanations on credit risk

The Bank sets credit limits for counterparties in order to achieve risk limitation in lending transactions which are subject to credit risk and does not allocate loans above these limits. While determining these limits, the financial structure and debt payment capacities of the customers are taken into consideration as well as the credit policies and strategies determined by the bank.

The authority to allocate a credit limit is on the Board of Directors. This authorization has been transferred to Credit Committees and to the authority of the Head Office within the framework of written rules. These delegated authorities are regularly monitored and reported by internal audit, internal control and risk management departments.

The internal rating system, developed within the Bank, which includes various financial and non-financial criteria, is used in the evaluation of the customers. As a result of evaluating the general economic developments and monitoring the changes in the financial information and operations of customers, previously determined credit limits are revised.

The debtors or group of debtors are subject to credit risk limits. Risk limits are monitored in terms of debtor or group of debtors and sector segmentation each allocation by the Bank. There is no geographical limitation.

Risk limits and allocations regarding daily transactions are determined in the Bank’s procedures related to loans. These monitoring activities may be done on a daily basis. The Bank’s risk concentration on off-balance sheet risks is monitored and evaluated at the weekly Assets-Liabilities Committee meetings.

The Bank calculates the credit risk exposure within the framework of the “Regulation on Measurement and Assessment of Capital Adequacy of Banks” published in the Official Gazette dated 23 October 2015 and numbered 29511. Thus, credit risks are managed in a structure that will ensure that the capital adequacy standard ratio remains above the limit set in the regulations.

The account status documents obtained for the loans are controlled in accordance with the legislation and the credit limits are updated in line with the economic conditions and the initiative of the Board of Directors, the Credit Committee and the General Manager. The Bank obtains sufficient collaterals for its loans and other receivables.

1. In the credit transactions, company signature or surety, real estate mortgage, bank counter-guarantee, cash blockage and bills of exchange are also taken as collateral. The collaterals received are taken into consideration in parallel with the market conditions and the collateral conditions of other banks.

The bank believes that the collection of the principal or the interest or both is overdue for more than one year from the due date or due date, or due to the fact that it is highly probable that the entire amount of the receivables due will not be collected in a period exceeding one year, and that the creditworthiness of the debtor has been weakened. It classifies the loans and other receivables that are deemed to have lost completely as non-performing and impaired.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

RISK CLASSIFICATIONS	CURRENT PERIOD RISK AMOUNT ⁽¹⁾	AVERAGE RISK AMOUNT
Conditional and unconditional receivables from central governments or central banks	14,477,769	10,979,127
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	4,932,985	3,421,594
Conditional and unconditional corporate receivables	14,000,748	12,655,388
Conditional and unconditional retail receivables	3,564,137	4,097,642
Conditional and unconditional secured mortgage receivables	67,537	145,465
Past due receivables	164,223	162,160
Receivables defined in high risk category by BRSA	4,558,608	3,415,062
Securities collateralised by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, stockbrokers and corporate investments of natured collective investment enterprise	-	-
Undertakings for collective investments in mutual funds	749,117	354,775
Equity share investments	393,066	396,166
Other receivables	926,152	1,146,556
Total	43,834,342	36,773,935

⁽¹⁾ Risk amounts after the credit conversions and the effects of credit risk mitigation

2. The Bank performs regular controls on the positions held in forward transactions, option contracts and other similar agreements and effectively manages the risks.

3. The risks of the forward, option and other similar type agreements are followed regularly.

4. Indemnified non-cash loans are subject to the same risk weight as non-performing loans. These loans are classified according to their collaterals and transferred to the non-performing loans account. For the renewed and rescheduled loans, no risk separation is made except for the monitoring method determined by the relevant legislation.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

5. The Bank's banking activities in foreign countries and credit transactions do not constitute an important risk in terms of the related countries' economic conditions and activities of customers and companies. The Bank, as an active participant in the international banking market, is not exposed to significant credit risk concentration when considered together with the financial activities of other financial institutions.

6. The proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans:

As of the balance sheet date, the proportion of the Bank's top 100 and 200 cash loan customers' in total cash loans portfolio is 56.15% and 57.65% respectively (31 December 2021: 54.38% and 55.33%).

The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans:

As of the balance sheet date, the Bank has 339 non-cash loan customers (31 December 2021: 386 non-cash loan customers). As of the balance sheet date, the proportion of the Bank's top 100 and 200 non-cash loan customers' in total non-cash loans portfolio is 92.96% and 99.52% respectively (31 December 2021: 93.71% and 99.53%).

The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total balance sheet assets and non-cash loans is 23.93% and 26.63% respectively (31 December 2021: 28.90% and 31.53%).

7. Stage 1 and Stage 2 expected credit losses for credit risks of the Bank:

As of 31 December 2022, the Bank has recognized a provision amounting to TL 145,567 which is composed by TL 83,565 for cash loans and financial assets classified as stage I, TL 48,418 for loans classified as stage II and TL 13,584 for non-cash loans.

As of 31 December 2021, the Bank has recognized general provision amounting to TL 137,332 which is composed by TL 61,633 for cash loans classified as stage I, TL 62,584 for loans classified as stage II and TL 13,115 for non-cash loans.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

8. Geographical distribution of risk amounts decomposed as part of significant risk group

RISK CLASSIFICATIONS ⁽¹⁾								RISK CLASSIFICATIONS ⁽¹⁾										
	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO CENTRAL GOVERNMENTS OR CENTRAL BANKS	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO REGIONAL GOVERNMENTS OR LOCAL AUTHORITIES	CONDITIONAL AND UNCONDITIONAL RECEIVABLES FROM ADMINISTRATIVE UNITS AND NON-COMMERCIAL ENTERPRISES	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO MULTILATERAL DEVELOPMENT BANKS	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO INTERNATIONAL ORGANIZATIONS	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO BANKS AND BROKERAGE HOUSES	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO CORPORATES	CONDITIONAL AND UNCONDITIONAL RETAIL EXPOSURES	CONDITIONAL AND UNCONDITIONAL EXPOSURES SECURED BY REAL ESTATE PROPERTY	PAST DUE RECEIVABLES	RECEIVABLES DEFINED IN HIGH RISK CATEGORY BY BRSA	EXPOSURES IN THE FORM BONDS SECURED BY MORTGAGES	SECURITIZATION POSITIONS	SHORT TERM EXPOSURES TO BANKS, BROKERAGE HOUSES AND CORPORATES	EXPOSURES IN THE FORM OF COLLECTIVE INVESTMENT UNDERTAKINGS	STOCK INVESTMENTS	OTHER RECEIVABLE	TOTAL
CURRENT PERIOD																		
1. Domestic	10,162,797	-	-	-	-	3,211,170	13,878,877	3,409,520	67,537	122,130	4,518,922	-	-	-	-	-	-	35,370,953
2. European Union Countries	-	-	-	-	-	517,965	-	-	-	-	-	-	-	-	-	-	-	517,965
3. OECD Countries ⁽²⁾	-	-	-	-	-	7,278	-	-	-	-	-	-	-	-	-	-	-	7,278
4. Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. USA, Canada	-	-	-	-	-	80,443	-	-	-	-	-	-	-	-	-	-	-	80,443
6. Other Countries	-	-	-	-	-	587,267	121,871	2,079	-	2,649	390	-	-	-	-	-	-	714,256
7. Associates, subsidiaries and jointly controlled partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	393,066	-	393,066
8. Unallocated Assets/Liabilities ⁽³⁾	4,314,972	-	-	-	-	528,862	-	152,538	-	39,444	39,296	-	-	-	749,117	-	926,152	6,750,381
9. Total	14,477,769	-	-	-	-	4,932,985	14,000,748	3,564,137	67,537	164,223	4,558,608	-	-	-	749,117	393,066	926,152	43,834,342

⁽¹⁾ Regulation on Measurement and Assessment of Capital Adequacy of Banks in the risk classes are taken into consideration. Risk amounts are after the credit conversions and the effects of credit risk mitigation.

⁽²⁾ OECD Countries excluding European countries, USA and Canada

⁽³⁾ Assets and liabilities that cannot be allocated on a consistent basis

RISK CLASSIFICATIONS ⁽¹⁾								RISK CLASSIFICATIONS ⁽¹⁾										
	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO CENTRAL GOVERNMENTS OR CENTRAL BANKS	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO REGIONAL GOVERNMENTS OR LOCAL AUTHORITIES	CONDITIONAL AND UNCONDITIONAL RECEIVABLES FROM ADMINISTRATIVE UNITS AND NON-COMMERCIAL ENTERPRISES	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO MULTILATERAL DEVELOPMENT BANKS	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO INTERNATIONAL ORGANIZATIONS	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO BANKS AND BROKERAGE HOUSES	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO CORPORATES	CONDITIONAL AND UNCONDITIONAL RETAIL EXPOSURES	CONDITIONAL AND UNCONDITIONAL EXPOSURES SECURED BY REAL ESTATE PROPERTY	PAST DUE RECEIVABLES	RECEIVABLES DEFINED IN HIGH RISK CATEGORY BY BRSA	EXPOSURES IN THE FORM BONDS SECURED BY MORTGAGES	SECURITIZATION POSITIONS	SHORT TERM EXPOSURES TO BANKS, BROKERAGE HOUSES AND CORPORATES	EXPOSURES IN THE FORM OF COLLECTIVE INVESTMENT UNDERTAKINGS	STOCK INVESTMENTS	OTHER RECEIVABLE	TOTAL
PRIOR PERIOD																		
1. Domestic	7,134,165	-	-	-	-	779,777	10,682,113	4,837,603	72,371	127,600	1,624,955	-	-	-	-	-	-	25,258,584
2. European Union Countries	-	-	-	-	-	129,668	-	-	-	-	-	-	-	-	-	-	-	129,668
3. OECD Countries ⁽²⁾	-	-	-	-	-	65,513	-	-	-	-	-	-	-	-	-	-	-	65,513
4. Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. USA, Canada	-	-	-	-	-	58,116	-	-	-	-	-	-	-	-	-	-	-	58,116
6. Other Countries	-	-	-	-	-	465,699	509,645	3,819	69,999	-	-	-	-	-	-	-	-	1,049,162
7. Associates, subsidiaries and jointly controlled partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	387,358	-	387,358
8. Unallocated Assets/Liabilities ⁽³⁾	1,940,144	-	-	-	-	200,897	-	106,442	-	25,893	43,730	-	-	-	302,567	-	863,815	3,483,488
9. Total	9,074,309	-	-	-	-	1,699,670	11,191,758	4,947,864	142,370	153,493	1,668,685	-	-	-	302,567	387,358	863,815	30,431,889

⁽¹⁾ Regulation on Measurement and Assessment of Capital Adequacy of Banks in the risk classes are taken into consideration. Risk amounts are after the credit conversions and the effects of credit risk mitigation.

⁽²⁾ OECD Countries excluding European countries, USA and Canada

⁽³⁾ Assets and liabilities that cannot be allocated on a consistent basis

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

9. Risk profile by sector or counterparties

CURRENT PERIOD	RISK CLASSIFICATIONS ⁽¹⁾									RISK CLASSIFICATIONS ⁽¹⁾												
	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO CENTRAL GOVERNMENTS OR CENTRAL BANKS	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO REGIONAL GOVERNMENTS OR LOCAL AUTHORITIES	CONDITIONAL AND UNCONDITIONAL RECEIVABLES FROM ADMINISTRATIVE UNITS AND NON-COMMERCIAL ENTERPRISE	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO MULTILATERAL DEVELOPMENT BANKS	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO INTERNATIONAL ORGANIZATIONS	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO BANKS AND BROKERAGE HOUSES	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO CORPORATES	CONDITIONAL AND UNCONDITIONAL RETAIL EXPOSURES		CONDITIONAL AND UNCONDITIONAL EXPOSURES SECURED BY REAL ESTATE PROPERTY	PAST DUE RECEIVABLES	RECEIVABLES DEFINED IN HIGH RISK CATEGORY BY BRSA	EXPOSURES IN THE FORM OF BONDS SECURED BY MORTGAGES	SECURITIZATION EXPOSURES	SHORT-TERM RECEIVABLES FROM BANKS AND CORPORATE	INVESTMENTS SIMILAR TO COLLECTIVE INVESTMENT FUND	STOCK INVESTMENST	OTHER RECEIVABLES	TL	FC	TOTAL	
Agriculture	-	-	-	-	-	-	1,215,017	9,974		-	-	-	-	-	-	-	-	-	-	50,058	1,174,933	1,224,991
Farming and Stockbreeding	-	-	-	-	-	-	1,215,017	9,974		-	-	-	-	-	-	-	-	-	-	50,058	1,174,933	1,224,991
Forestry	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Industry	-	-	-	-	-	-	4,984,763	95,284		42,178	250	55,931	-	-	-	-	-	-	-	1,481,700	3,696,706	5,178,406
Mining and Quarry	-	-	-	-	-	-	502,348	14,861		-	-	-	-	-	-	-	-	-	-	119,427	397,782	517,209
Manufacturing	-	-	-	-	-	-	3,027,990	55,294		5,903	250	-	-	-	-	-	-	-	-	991,462	2,097,975	3,089,437
Electricity, Gas and Water	-	-	-	-	-	-	1,454,425	25,129		36,275	-	55,931	-	-	-	-	-	-	-	370,811	1,200,949	1,571,760
Construction	-	-	-	-	-	-	162,945	6,995		17,174	-	45,056	-	-	-	-	-	-	-	59,976	172,194	232,170
Services	-	-	-	-	-	1,545,977	3,101,044	32,950		8,185	17,322	164,597	-	-	-	-	-	-	-	1,280,339	3,589,736	4,870,075
Wholesale and Retail Trade	-	-	-	-	-	-	1,773,932	11,630		7,786	27	158,479	-	-	-	-	-	-	-	508,375	1,443,479	1,951,854
Accommodation and Dining	-	-	-	-	-	-	386	97		-	13,921	-	-	-	-	-	-	-	-	14,404	-	14,404
Transportation and Telecom	-	-	-	-	-	-	156,542	127		-	-	-	-	-	-	-	-	-	-	1,291	155,378	156,669
Financial Institutions	-	-	-	-	-	1,545,977	854,060	5,629		-	-	-	-	-	-	-	-	-	-	552,626	1,853,040	2,405,666
Real Estate and Rental Services	-	-	-	-	-	-	33,575	250		-	-	-	-	-	-	-	-	-	-	24,059	9,766	33,825
Professional Services	-	-	-	-	-	-	5	-		-	-	-	-	-	-	-	-	-	-	5	-	5
Educational Services	-	-	-	-	-	-	15,958	307		-	-	-	-	-	-	-	-	-	-	2,307	13,958	16,265
Health and Social Services	-	-	-	-	-	-	266,586	14,910		399	3,374	6,118	-	-	-	-	-	-	-	177,272	114,115	291,387
Other ⁽²⁾	14,477,769	-	-	-	-	-	3,387,008	4,536,979	3,418,934	-	146,651	4,293,024	-	-	-	749,117	393,066	926,152	20,659,386	11,669,314	32,328,700	
Toplam	14,477,769	-	-	-	-	-	4,932,985	14,000,748	3,564,137	67,537	164,223	4,558,608	-	-	-	749,117	393,066	926,152	23,531,459	20,302,883	43,834,342	

⁽¹⁾ Regulation on Measurement and Assessment of Capital Adequacy of Banks in the risk classes are taken into consideration. Risk amounts are after the credit conversions and the effects of credit risk mitigation.

⁽²⁾ Loans granted to Holding companies are included.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

9. Risk profile by sector or counterparties

PRIOR PERIOD	RISK CLASSIFICATIONS ⁽¹⁾									RISK CLASSIFICATIONS ⁽¹⁾												
	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO CENTRAL GOVERNMENTS OR CENTRAL BANKS	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO REGIONAL GOVERNMENTS OR LOCAL AUTHORITIES	CONDITIONAL AND UNCONDITIONAL RECEIVABLES FROM ADMINISTRATIVE UNITS AND NON-COMMERCIAL ENTERPRISE	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO MULTILATERAL DEVELOPMENT BANKS	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO INTERNATIONAL ORGANIZATIONS	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO BANKS AND BROKERAGE HOUSES	CONDITIONAL AND UNCONDITIONAL EXPOSURES TO CORPORATES	CONDITIONAL AND UNCONDITIONAL RETAIL EXPOSURES		CONDITIONAL AND UNCONDITIONAL EXPOSURES SECURED BY REAL ESTATE PROPERTY	PAST DUE RECEIVABLES	RECEIVABLES DEFINED IN HIGH RISK CATEGORY BY BRSA	EXPOSURES IN THE FORM OF BONDS SECURED BY MORTGAGES	SECURITIZATION EXPOSURES	SHORT-TERM RECEIVABLES FROM BANKS AND CORPORATE	INVESTMENTS SIMILAR TO COLLECTIVE INVESTMENT FUND	STOCK INVESTMENST	OTHER RECEIVABLES	TL	FC	TOTAL	
Agriculture	-	-	-	-	-	-	644,913	21,767		1,642	-	-	-	-	-	-	-	-	-	8,496	659,826	668,322
Farming and Stockbreeding	-	-	-	-	-	-	644,913	21,767		1,642	-	-	-	-	-	-	-	-	-	8,496	659,826	668,322
Forestry	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-	-	-	-
Industry	-	-	-	-	-	-	3,811,618	47,584		35,009	375	883	-	-	-	-	-	-	-	1,590,895	2,304,574	3,895,469
Mining and Quarry	-	-	-	-	-	-	502,755	-		-	-	-	-	-	-	-	-	-	-	243,225	259,530	502,755
Manufacturing	-	-	-	-	-	-	2,039,355	34,649		4,903	375	-	-	-	-	-	-	-	-	1,109,984	969,298	2,079,282
Electricity, Gas and Water	-	-	-	-	-	-	1,269,508	12,935		30,106	-	883	-	-	-	-	-	-	-	237,686	1,075,746	1,313,432
Construction	-	-	-	-	-	-	442,077	15,290		17,312	-	-	-	-	-	-	-	-	-	185,098	289,581	474,679
Services	-	-	-	-	-	704,308	2,898,555	39,849		87,596	6,606	124	-	-	-	-	-	-	-	1,256,167	2,480,871	3,737,038
Wholesale and Retail Trade	-	-	-	-	-	-	1,150,923	20,104		78,791	51	-	-	-	-	-	-	-	-	515,138	734,731	1,249,869
Accommodation and Dining	-	-	-	-	-	-	25,293	1		5,075	5,752	-	-	-	-	-	-	-	-	10,979	25,142	36,121
Transportation and Telecom	-	-	-	-	-	-	510,126	5,655		-	-	-	-	-	-	-	-	-	-	858	514,923	515,781
Financial Institutions	-	-	-	-	-	704,308	711,133	469		175	-	-	-	-	-	-	-	-	-	315,228	1,100,857	1,416,085
Real Estate and Rental Services	-	-	-	-	-	-	255,369	-		-	-	-	-	-	-	-	-	-	-	254,813	556	255,369
Professional Services	-	-	-	-	-	-	5	-		-	-	-	-	-	-	-	-	-	-	5	-	5
Educational Services	-	-	-	-	-	-	12,318	307		-	-	-	-	-	-	-	-	-	-	2,307	10,318	12,625
Health and Social Services	-	-	-	-	-	-	233,388	13,313		3,555	803	124	-	-	-	-	-	-	-	156,839	94,344	251,183
Other ⁽²⁾	9,074,309	-	-	-	-	995,362	3,394,595	4,823,374		811	146,512	1,667,678	-	-	-	302,567	387,358	863,815	12,731,124	8,925,257	21,656,381	
Toplam	9,074,309	-	-	-	-	1,699,670	11,191,758	4,947,864		142,370	153,493	1,668,685	-	-	-	302,567	387,358	863,815	15,771,780	14,660,109	30,431,889	

⁽¹⁾ Regulation on Measurement and Assessment of Capital Adequacy of Banks in the risk classes are taken into consideration. Risk amounts are after the credit conversions and the effects of credit risk mitigation.

⁽²⁾ Loans granted to Holding companies are included.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

9. Risk profile by sector or counterparties

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

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

EXPOSURES CLASSIFICATIONS-CURRENT PERIOD	TERM TO MATURITY				
	1 MONTH	1-3 MONTHS	3-6 MONTHS	6-12 MONTHS	OVER 1 YEAR
Conditional and unconditional exposures to central governments or central banks	4,099,411	324,935	171,152	295,501	9,586,770
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	1,528,517	398,604	364,822	63,594	2,577,448
Conditional and unconditional exposures to corporates	1,352,246	2,441,654	2,583,156	1,062,162	6,561,530
Conditional and unconditional retail exposures	33,944	61,616	91,275	459,945	2,917,357
Conditional and unconditional exposures secured by real estate property	578	11,172	13,862	477	41,448
Past due receivables	49,611	3,122	553	3,430	107,507
Receivables defined in high risk category by BRSA	3,343	55,052	3,487	38	4,496,688
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short term exposures and corporate exposures from banks and brokerage houses	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	749,117
Stock investments	-	-	-	-	393,066
Other receivables	-	-	-	-	926,152
Total	7,067,650	3,296,155	3,228,307	1,885,147	28,357,083

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

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

EXPOSURES CLASSIFICATIONS-PRIOR PERIOD	TERM TO MATURITY				
	1 MONTH	1-3 MONTHS	3-6 MONTHS	6-12 MONTHS	OVER 1 YEAR
Conditional and unconditional exposures to central governments or central banks	2,950,791	1,122,794	367,495	109,418	4,523,811
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organizations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	263,503	108,799	205,230	99,249	1,022,889
Conditional and unconditional exposures to corporates	602,947	1,577,949	1,877,472	1,345,157	5,788,233
Conditional and unconditional retail exposures	37,950	39,950	98,675	223,320	4,547,969
Conditional and unconditional exposures secured by real estate property	3,333	75,079	16,118	8,663	39,177
Past due receivables	47,108	1,308	1,497	2,693	100,887
Receivables defined in high risk category by BRSA	84	5	16	26	1,668,554
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short term exposures and corporate exposures from banks and brokerage houses	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	302,567
Stock investments	-	-	-	-	387,358
Other receivables	-	-	-	-	863,815
Total	3,905,716	2,925,884	2,566,503	1,788,526	19,245,260

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

11. Information on risk classes

a) Names of appointed credit rating agencies and export credit institutions and reasons for the change if these organizations are changed

None.

b) Risk classes used by each credit rating agency and export credit institution

None.

c) The absence of the credit rating of trading for items that are not included in the calculation, instead of the credit rating of the issuer, or if there is for export of these items that are available for information on the process of using credit ratings

None.

d) The credit rating of each appointed credit rating agency and export credit institution corresponds to the credit quality levels listed in Appendix-1 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks

None.

e) Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks” are presented below:

Exposures by risk weights:

RISK WEIGHTS CURRENT PERIOD	%0	%10	%20	%25	%35	%50	%75	%100	%150	%250	OTHER	DEDUCTIONS FROM EQUITY
1.Exposures before credit risk mitigation	14,812,301	-	3,283,003	-	-	1,651,569	4,228,388	15,355,727	4,238,559	-	264,795	-
2.Exposures after credit risk mitigation	14,868,547	-	3,311,252	-	28,109	1,691,221	4,225,654	15,206,205	4,238,559	-	264,795	-

RISK WEIGHTS PRIOR PERIOD	%0	%10	%20	%25	%35	%50	%75	%100	%150	%250	OTHER	DEDUCTIONS FROM EQUITY
1.Exposures before credit risk mitigation	9,252,457	-	504,155	-	-	1,279,341	6,032,371	11,680,514	1,683,051	-	-	-
2.Exposures after credit risk mitigation	9,267,160	-	507,900	-	34,297	1,385,155	6,005,681	11,548,645	1,683,051	-	-	-

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

Information of the amount of impaired loans and past due loans, value adjustments and provisions by sector or counterparty

The Bank considers loans that have overdue principal and interest payments and classifies as 2nd group in accordance with Communiqué on “Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made” as “past due loans.” Loans are classified as “impaired / provision reserved loans” that have overdue principal and interest payments for more than 90 days after the maturity date or the certain opinion by the Bank are considered in terms of credit rating of the debtor weakened. In accordance with the Regulation on Provisions, stage 1 and stage 2 expected credit losses are provided for the past due loans and stage 3 expected credit losses are provided for the impaired loans.

Stage 1 and stage 2 expected credit losses are shown in the value adjustments below.

Miscellaneous information based on important sectors

IMPORTANT SECTORS/COUNTERPARTIES	LOANS		PROVISIONS
IMPAIRED (TFRS 9)			
CURRENT PERIOD	SIGNIFICANT INCREASE IN CREDIT RISK (STAGE 2)	DEFAULT (STAGE 3)	EXPECTED CREDIT LOSS (TFRS 9)
Agriculture	-	-	-
Farming and Stockbreeding	-	-	-
Forestry	-	-	-
Fishery	-	-	-
Industry	87,268	5,490	6,303
Mining and Quarry	35,396	4,725	4,861
Manufacturing	8,551	765	455
Electricity, Gas and Water	43,321	-	987
Construction	-	-	-
Services	283	38,104	12,149
Wholesale and Retail Trade	263	17,856	10
Accommodation and Dining	-	13,920	10,855
Transportation and Telecom	-	-	-
Financial Institutions	-	-	-
Real Estate and Rental Services	-	-	-
Professional Services	20	6,328	1,284
Educational Services	-	-	-
Health and Social Services	-	-	-
Other	741,480	387,237	322,992
Total	829,031	430,831	341,444

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

12. Information of the amount of impaired loans and past due loans, value adjustments and provisions by sector or counterparty (continued)

Miscellaneous information based on important sectors (continued)

IMPORTANT SECTORS/COUNTERPARTIES		LOANS		PROVISIONS	
		IMPAIRED (TFRS 9)			
PRIOR PERIOD	SIGNIFICANT INCREASE IN CREDIT RISK (STAGE 2)	DEFAULT (STAGE 3)	EXPECTED CREDIT LOSS (TFRS 9)		
Agriculture	-	-	-		
Farming and Stockbreeding	-	-	-		
Forestry	-	-	-		
Fishery	-	-	-		
Industry	216,647	7,172	8,630		
Mining and Quarry	-	6,407	6,407		
Manufacturing	126,578	765	1,655		
Electricity, Gas and Water	90,069	-	568		
Construction	-	-	-		
Services	68,126	19,400	12,961		
Wholesale and Retail Trade	3	114	80		
Accommodation and Dining	-	17,612	10,889		
Transportation and Telecom	68,123	-	506		
Financial Institutions	-	-	-		
Real Estate and Rental Services	-	-	-		
Professional Services	-	1,674	1,486		
Educational Services	-	-	-		
Health and Social Services	-	-	-		
Other	736,749	422,385	336,375		
Total	1,021,522	448,957	357,966		

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

13. The explanations on definition of impaired loans and information related to impairment and loan loss provisions

Information related to value adjustments and changes in credit provisions

CURRENT PERIOD	OPENING BALANCE	THE AMOUNT OF PROVISION DURING THE PERIOD	REVERSAL OF PROVISION	OTHER ADJUSTMENTS ⁽¹⁾	CLOSING BALANCE
Stage 3 Provisions	295,382	154,318	(61,455)	(95,219)	293,026
Stage 1 and 2 Provisions	120,045	76,495	(78,701)	-	117,839
PRIOR PERIOD	OPENING BALANCE	THE AMOUNT OF PROVISION DURING THE PERIOD	REVERSAL OF PROVISION	OTHER ADJUSTMENTS ⁽¹⁾	CLOSING BALANCE
Stage 3 Provisions	233,317	161,890	(93,062)	(6,763)	295,382
Stage 1 and 2 Provisions	100,164	61,602	(41,721)	-	120,045

⁽¹⁾ It refers to the write-offs and sales from the portfolio of non-performing loans.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

II. Explanations on credit risk (continued)

14. Exposures subject to countercyclical capital buffer:

CURRENT PERIOD			
COUNTRY	RWAS OF BANKING BOOK FOR PRIVATE SECTOR LENDING	RWAS OF TRADING BOOK	TOTAL
Turkey	21,879,756	740	21,880,496
United Arab Emirates	61,792	-	61,792
Kazakhstan	3,044	-	3,044
Albania	330	-	330
Russia	1,745	-	1,745
PRIOR PERIOD			
COUNTRY	RWAS OF BANKING BOOK FOR PRIVATE SECTOR LENDING	RWAS OF TRADING BOOK	TOTAL
Turkey	17,330,400	479	17,330,879
United Arab Emirates	120,957	-	120,957
Kazakhstan	2,600	-	2,600
Albania	458,743	-	458,743
Russia	1,164	-	1,164

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

III. Explanations related to currency risk

1. Currency risks are calculated monthly according to the currency table in the scope of Standard Method and results are reported to the official agencies and to Bank management. Currency risk, as a part of market risk, is taken into consideration while computing capital adequacy ratio.

In addition to reporting made to the authority with standard method, risk exposure is computed daily with using internal method of which tests are performed retrospectively and the results are reported to top management and Board of Directors.

2. Foreign currency risk management policy:

The Bank is not exposed to significant currency risk. Any foreign exchange risk or parity risk from customer transactions are minimized daily by using derivative instruments.

The Bank's Board of Directors determines the Bank's limits, within regulatory limitations, related to short/long positions at any period.

3. The Bank's spot foreign exchange bid rates as of the balance sheet date and for each of the five days prior to that date are as follows:

	US DOLLAR	EURO
31 December 2022	18.6983	19.9349
30 December 2022	18.6983	19.9349
29 December 2022	18.6966	19.8816
28 December 2022	18.6964	19.8946
27 December 2022	18.6813	19.9087
26 December 2022	18.6649	19.8324

4. The basic arithmetical average of the Bank's foreign exchange bid rate for the last thirty days from the financial statement date:

1 US Dollar	18.6395
1 Euro	19.7374

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

III. Explanations related to currency risk (continued)

Information on the Bank’s foreign currency risk

	EURO	US DOLLAR	OTHER FC	TOTAL
31 DECEMBER 2022:				
Assets				
Cash (Cash on hand, money in transit, purchased cheques) and balances with the Central Bank of Turkey	1,884,364	5,313,797	184,192	7,382,353
Banks	257,349	685,495	699,877	1,642,721
Financial assets at fair value through profit/loss ⁽⁴⁾	3,806	25,619	-	29,425
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	256,613	5,407,091	-	5,663,704
Loans ⁽¹⁾	3,812,970	4,891,127	-	8,704,097
Investments in associates, affiliates and joint ventures	-	7,196	-	7,196
Financial assets measured at amortised cost	-	1,627,311	-	1,627,311
Derivative financial assets held for risk management	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets ⁽²⁾	5,010	67,392	-	72,402
Total Assets	6,220,112	18,025,028	884,069	25,129,209
Liabilities				
Bank deposits	-	-	-	-
Foreign currency deposits	-	-	-	-
Money markets funds	925,489	6,829,380	189,080	7,943,949
Funds from other financial institutions	831,881	2,896,926	30,037	3,758,844
Securities issued	899,142	3,443,764	-	4,342,906
Miscellaneous payables	391,725	1,289,377	2,869,762	4,550,864
Derivative financial liabilities held for risk management	-	-	-	-
Other liabilities ⁽³⁾	3,036,527	3,424,548	554,496	7,015,571
Total Liabilities	6,084,764	17,883,995	3,643,375	27,612,134
Net Balance Sheet Position	135,348	141,033	(2,759,306)	(2,482,925)
Net ‘Off-Balance Sheet’ Position	(17,495)	(370,971)	2,893,079	2,504,613
Derivative financial assets ⁽⁵⁾	3,547,973	7,841,236	4,691,189	16,080,398
Derivative financial liabilities ⁽⁵⁾	3,565,468	8,212,207	1,798,110	13,575,785
Non-cash loans ⁽⁶⁾	563,108	1,687,099	229,906	2,480,113

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

III. Explanations related to currency risk (continued)

Information on the Bank’s foreign currency risk

	EURO	US DOLLAR	OTHER FC	TOTAL
31 DECEMBER 2021:				
Total Assets	5,654,361	12,772,338	287,649	18,714,348
Total Liabilities	5,283,385	11,082,168	2,069,339	18,434,892
Net Balance Sheet Position	370,976	1,690,170	(1,781,690)	279,456
Net ‘Off-Balance Sheet’ Position	(374,688)	(1,343,843)	1,785,337	66,806
Financial derivative assets	1,387,249	5,479,541	2,494,830	9,361,620
Financial derivative liabilities	1,761,937	6,823,384	709,493	9,294,814
Non-cash loans ⁽⁶⁾	1,518,309	1,925,444	162,012	3,605,765

⁽¹⁾ Includes TL 25,731 of foreign currency indexed loans (31 December 2021: TL 44,048).

⁽²⁾ Includes TL 187 of advances given, TL 5,446 of guarantees given, TL 66,769 of other receivables (31 December 2021: TL 133 of advances given, TL 5,430 of guarantees given and TL 55,916 other receivables).

⁽³⁾ Includes TL 6,779,496 of customer funds (31 December 2021: TL 4,136,627).

⁽⁴⁾ Income accrual of trading derivative instruments amounting to TL 232,350 (31 December 2021: TL 85,326) is not included in currency risk table. Expense accrual of trading derivative instruments amounting to TL 86,897 (31 December 2021: TL 27,116) is not included in currency risk table.

⁽⁵⁾ Derivative financial assets include foreign currency purchase amounting to TL 1,380,032 (31 December 2021: TL 188,730). Derivative financial liabilities include foreign currency sales amounting to TL 1,567,805 (31 December 2021: TL 254,873).

⁽⁶⁾ Non-cash loans are not included in the net off-balance sheet position.

IV. Explanations related to interest rate risk

Interest rate sensitivity of assets, liabilities and off-balance sheet items are measured by the Bank. Sensitivity analysis performed within this context is reported to the Asset-Liability Committee weekly.

Board of Directors do not have limits to daily interest rates. Applied interest rates are determined by adding a spread to the cost of liability and asset yield.

Since the Bank does not permit maturity mismatches or imposes limits on the mismatch, significant interest rate risk exposures are not expected. It is expected that interest rate risk would not have significant effect on net income and on shareholder’s equity.

As part of asset and liability management, duration and sensitivity analysis are used to measure the effects of changes in yield curves on the balance sheet. The Bank daily monitors interest rate movements in the market and revises the Bank’s interest rates. Results are reported to the top management. In addition in the context of Financial Emergency Procedure daily interest rates are also reported to top management.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IV. Explanations related to interest rate risk (continued)

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

	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	NON-INTEREST BEARING	TOTAL
31 DECEMBER 2022:							
Assets							
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	8,395,533	-	-	-	-	478,580	8,874,113
Banks	497,291	194,227	-	-	-	976,642	1,668,160
Financial assets at fair value through profit and loss	-	-	-	4,764	-	2,340,172	2,344,936
Money market placements	1,100,611	-	-	-	-	-	1,100,611
Financial assets at fair value through other comprehensive Income	488,540	2,610,761	2,998,818	4,195,850	1,064,059	21,440	11,379,468
Loans	5,598,580	1,319,597	2,150,364	8,569,846	269,463	430,831	18,338,681
Financial assets measured at amortised cost	37,582	343,930	1,117,829	1,487,419	249,979	-	3,236,739
Other assets ⁽¹⁾	79,279	168,960	21,425	2,699	-	1,509,704	1,782,067
Total Assets	16,197,416	4,637,475	6,288,436	14,260,578	1,583,501	5,757,369	48,724,775
Liabilities							
Bank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money markets funds	7,029,051	1,924,568	295,689	5,419	-	-	9,254,727
Miscellaneous payables	921,408	-	-	-	-	4,818,050	5,739,458
Securities issued	11,922,720	1,447,092	117,312	909,097	-	-	14,396,221
Funds borrowed	3,954,386	1,075,753	619,963	-	-	-	5,650,102
Other liabilities ⁽²⁾	636,318	227,473	25,429	8,456	2,068	12,784,523	13,684,267
Total Liabilities	24,463,883	4,674,886	1,058,393	922,972	2,068	17,602,573	48,724,775
On balance sheet long position	-	-	5,230,043	13,337,606	1,581,433	-	20,149,082
On balance sheet short position	(8,266,467)	(37,411)	-	-	-	(11,845,204)	(20,149,082)
Off-balance sheet long position	-	-	-	-	-	-	-
Off-balance sheet short position	-	-	-	-	-	-	-
Total Position	(8,266,467)	(37,411)	5,230,043	13,337,606	1,581,433	(11,845,204)	-

⁽¹⁾ Associates and subsidiaries, lease receivables, tangible assets, intangible assets, tax assets, expected losses, derivative financial assets, assets held for sale and other assets are presented in other assets.

⁽²⁾ Derivative financial liabilities held for trading, funds, other liabilities, provisions, tax liability and shareholders' equity are presented in other liabilities.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IV. Explanations related to interest rate risk (continued)

Average interest rates on monetary financial instruments (%)

	EURO	USD	YEN	TL
31 DECEMBER 2022:				
Assets				
Cash (Cash on hand, money in transit, purchased cheques) and balances with the Central Bank of Turkey	2.50	4.25	-	-
Banks	4.25	5.20	-	10.00
Financial assets at fair value through profit/loss	3.87	9.33	-	-
Money market placements	-	-	-	10.13
Financial assets at fair value through other comprehensive income	3.94	7.01	-	18.11
Loans	8.69	10.11	-	37.11
Financial assets measured at amortised cost	-	8.57	-	18.68
Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Money markets funds	2.27	4.28	-	13.54
Miscellaneous payables	-	-	-	-
Securities issued	3.02	4.68	-	25.62
Other fundings	1.46	4.26	-	16.73

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IV. Explanations related to interest rate risk (continued)

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

	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	NON-INTEREST BEARING	TOTAL
31 DECEMBER 2021:							
Assets							
Cash (cash in vault, foreign currency, money in transit, cheques purchased) and balances with the Central Bank of Republic of Turkey	7,910,808	-	-	-	-	275,268	8,186,076
Banks	314,927	83,128	-	-	-	328,099	726,154
Financial assets at fair value through profit and loss ⁽¹⁾	-	-	268	-	3,113	550,392	553,773
Receivables from money markets	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	386,771	2,578,235	1,196,508	2,717,318	1,100,715	16,642	7,996,189
Loans and receivables ⁽²⁾	3,461,911	1,445,013	1,880,120	6,691,369	1,038,311	448,957	14,965,681
Financial assets measured at amortised cost	1,830	14,053	33,186	637,451	-	-	686,520
Other assets	220,549	19,782	135,401	19,898	-	972,570	1,368,200
Total Assets	12,296,796	4,140,211	3,245,483	10,066,036	2,142,139	2,591,928	34,482,593
Liabilities							
Bank deposits	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-
Money markets	4,275,978	1,025,963	137,281	11,473	-	-	5,450,695
Miscellaneous payables	363,576	-	-	-	-	3,671,611	4,035,187
Securities issued	5,193,039	2,396,418	790,859	415,621	-	-	8,795,937
Other fundings	3,371,125	4,583,945	420,804	-	-	-	8,375,874
Other liabilities ⁽²⁾	111,322	68,279	111,126	5,670	1,777	7,526,726	7,824,900
Total Liabilities	13,315,040	8,074,605	1,460,070	432,764	1,777	11,198,337	34,482,593
Off-balance sheet items							
On balance sheet long position	-	-	1,785,413	9,633,272	2,140,362	-	13,559,047
On balance sheet short position	(1,018,244)	(3,934,394)	-	-	-	(8,606,409)	(13,559,047)
Off-balance sheet long position	-	-	-	-	-	-	-
Off-balance sheet short position	-	-	-	-	-	-	-
Total Position	(1,018,244)	(3,934,394)	1,785,413	9,633,272	2,140,362	(8,606,409)	-

⁽¹⁾ Associates and subsidiaries, lease receivables, tangible assets, intangible assets, tax assets, expected losses, derivative financial assets, assets held for sale and other assets are presented in other assets.
⁽²⁾ Derivative financial liabilities held for trading, funds, other liabilities, provisions, tax liability and shareholders' equity are presented in other liabilities.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IV. Explanations related to interest rate risk (continued)

Average interest rates on monetary financial instruments (%)

	EURO	USD	YEN	TL
31 DECEMBER 2021:				
Assets				
Cash (cash on hand, money in transit, purchased cheques) and balances with the Central Bank of Turkey	-	-	-	8.50
Banks	1.04	0.25	-	-
Financial assets at fair value through profit/loss	4.38	4.45	-	-
Receivables from money markets	-	-	-	-
Financial assets at fair value through other comprehensive income	3.94	5.87	-	19.00
Loans and receivables	4.18	6.23	-	27.35
Financial assets measured at amortised cost	-	7.06	-	20.26
Liabilities				
Bank deposits	-	-	-	-
Other deposits	-	-	-	-
Money markets	0.51	1.07	-	15.13
Miscellaneous payables	-	-	-	-
Securities issued	0.98	1.72	-	19.86
Other fundings	0.63	1.63	-	14.70

V. The equity share risk of the banking accounts

None.

VI. Explanations related to liquidity risk and liquidity coverage ratio

a) Information on risk capacity of the Bank, Responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application:

Liquidity risk management of the Bank is carried out strategically by the Board of Directors and Asset and Liability Committee. Monitoring, measurement and reporting of the Bank's liquidity risk is performed by the Risk Management Department. Treasury Asset, Liability and Liquidity Unit is responsible for the compliance and implementation of the Bank's liquidity risk with the foreseen liquidity levels. End-of-day reports are reported to the General Manager and Assistant General Managers on a daily basis; to the Asset-Liability Committee on a weekly basis; and monthly to the Board of Directors. In addition to the legal liquidity ratios, there are internal liquidity ratios defined by ALCO. In order to closely monitor the liquidity position of the Bank, the ratio of liquid assets to total assets and total portfolio of the Bank's securities issued is calculated and monitored weekly by the Risk Management Department based on the determined limits.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

VI. Explanations related to liquidity risk and liquidity coverage ratio (continued)

b) Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank’s subsidiaries:

There is a centralization approach between the Bank’s investments and its own liquidity. The Bank also determines the limit of the liquidity support that will be given in terms of partnerships in cases which is necessary.

c) Information on the Bank’s funding strategy including the policies on funding types and variety of maturities:

In order to add diversity to its funding sources, the Bank makes repurchase agreements with BIST, Open Market Transactions at CBRT and interbank market in addition to its bank bonds. Also with the repurchase agreements in the limits of interbank market, the Bank may find liquid source. In the situation of liquidity divergence between currency type and maturity, the Bank balances itself with swap transactions. When all these transactions are being made, liability diversity and maturity orientation should be taken into consideration.

d) Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank’s total liabilities:

Foreign currency liquidity management is provided by Bank’s treasury department for domestic funding sources and for foreign funding opportunities it is provided by treasury department group coordination for currency of the sources, passive cost and adaptation and diversification in terms of maturity.

e) Information on liquidity risk mitigation techniques:

In order to meet the likely source composing to liquidity buffers for internal liquidity target and followed on a daily basis. For reducing the risk, the Bank should diversify the sources and avoid the concentration on reimbursement dates.

f) Information on the use of stress tests:

Liquidity ratio stress test is made monthly by risk management department. The Bank’s bonds issue ratios are monitored continuously and monthly issue ratios is calculated end of the month. Development of the Bank’s bonds issue ratio are parallel with development of liquidity position, for this reason, related data is used in stress tests and scenario analysis as source data. In analysis that the scenario is built as highest issue ratio is the worst scenario, also “Break-even point” that need for reaching legal limits is calculated. Analysis results are reported monthly to the Board of Directors.

g) General information on urgent and unexpected liquidity situation plans:

There is an emergency action plan of liquidities, to manage the Bank’s liquidity problem as much as possible, protect the Bank’s assets and reputation and be prepared to financial emergencies, if there is such a situation as bank liquidity assets cannot supply the short term liabilities and make it hard for bank to keep the operational activities. Terms within this plan is being executed by Treasury Department, monitoring and measuring is being done by Risk Management Department.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

VI. Explanations related to liquidity risk and liquidity coverage ratio (continued)

Liquidity Coverage Ratio

		RATE OF “PERCENTAGE TO BE TAKEN INTO ACCOUNT” NOT IMPLEMENTED TOTAL VALUE ⁽¹⁾		RATE OF “PERCENTAGE TO BE TAKEN INTO ACCOUNT” IMPLEMENTED TOTAL VALUE ⁽¹⁾	
CURRENT PERIOD		TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)			10,913,469	7,382,912
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which:	24,814,649	14,946,937	15,067,714	10,965,695
6	Operational deposits	-	-	-	-
7	Non-operational deposits	-	-	-	-
8	Unsecured funding	24,814,649	14,946,937	15,067,714	10,965,695
9	Secured wholesale funding			3,295,063	3,251,177
10	Other cash outflows of which:	12,764,656	7,583,998	11,762,384	7,045,740
11	Outflows related to derivative exposures and other collateral requirements	11,332,839	6,815,058	11,332,839	6,815,058
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	1,431,817	768,940	429,545	230,682
14	Other revocable off-balance sheet commitments and contractual obligations	916,960	916,340	45,848	45,817
15	Other irrevocable or conditionally revocable off-balance sheet obligations	1,305,500	1,211,486	469,890	773,555
16	TOTAL CASH OUTFLOWS			30,640,899	22,081,984
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	5,319,539	4,176,706	4,649,056	3,666,154
19	Other cash inflows	11,458,313	10,216,163	11,458,313	10,216,163
20	TOTAL CASH INFLOWS	16,777,852	14,392,869	16,107,369	13,882,317
		Total Adjusted Value			
21	TOTAL HQLA			10,913,469	7,382,912
22	TOTAL NET CASH OUTFLOWS			14,533,530	8,199,667
23	LIQUIDITY COVERAGE RATIO (%)			75.09	90.04

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

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

VI. Explanations related to liquidity risk and liquidity coverage ratio (continued)

Liquidity Coverage Ratio (continued)

		RATE OF “PERCENTAGE TO BE TAKEN INTO ACCOUNT” NOT IMPLEMENTED TOTAL VALUE ⁽¹⁾		RATE OF “PERCENTAGE TO BE TAKEN INTO ACCOUNT” IMPLEMENTED TOTAL VALUE ⁽¹⁾	
PRIOR PERIOD		TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)			6,735,590	5,489,200
CASH OUTFLOWS					
2	Retail deposits and deposits from small business customers, of which:	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured wholesale funding, of which:	13,879,927	7,606,086	7,485,938	5,303,038
6	Operational deposits	-	-	-	-
7	Non-operational deposits	-	-	-	-
8	Unsecured funding	13,879,927	7,606,086	7,485,938	5,303,038
9	Secured wholesale funding			2,468,784	2,342,149
10	Other cash outflows of which:	7,028,409	5,430,095	6,435,647	4,946,383
11	Outflows related to derivative exposures and other collateral requirements	6,181,606	4,739,078	6,181,606	4,739,078
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	846,803	691,017	254,041	207,305
14	Other revocable off-balance sheet commitments and contractual obligations	292,440	292,440	14,622	14,622
15	Other irrevocable or conditionally revocable off-balance sheet obligations	1,580,250	1,303,066	145,555	332,704
16	TOTAL CASH OUTFLOWS			16,550,546	12,938,896
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	2,849,391	2,637,519	2,560,000	2,450,906
19	Other cash inflows	6,261,566	5,781,963	6,261,566	5,781,963
20	TOTAL CASH INFLOWS	9,110,957	8,419,482	8,821,566	8,232,869
Total Adjusted Value					
21	TOTAL HQLA			6,735,590	5,489,200
22	TOTAL NET CASH OUTFLOWS			7,728,980	4,706,027
23	LIQUIDITY COVERAGE RATIO (%)			87.15	116.64

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

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

VI. Explanations related to liquidity risk and liquidity coverage ratio (continued)

Liquidity Coverage Ratio (continued)

In accordance with the regulation on the calculation of banks Liquidity coverage ratio Consolidated and non-consolidated percent of the total liquidity coverage ratio from consolidated and non-consolidated foreign exchange liquidity coverage ratio shall not be less than eighty per cent. With the BRSA decision, it was decided to apply consolidated and unconsolidated total and foreign currency liquidity fulfillment rates for development and investment banks as zero percent until determined otherwise by the board. In this context, the Bank reports to the BRSA but does not seek compliance with the legal ratio.

Liquidity coverage ratio is calculated by comparing the high quality liquid assets owned by the Bank to net cash outflow in one month.Balance sheet accounts that are significant on the ratio can be listed as reserve requirements maintained at CBRT, marketable securities that are not subject to repurchase agreements or not given as collateral, foreign funds, securities issued and borrowings from banks. The effect of these accounts on the liquidity coverage ratio is higher than other accounts, since these accounts have a higher share in liquid assets, have a higher rate of percentage to be taken into account and their variability over time.

Fluctuations in foreign currency derivative transactions, especially in derivative transactions and currency swaps, may affect the foreign currency liquidity coverage ratio.

The Bank's high-quality liquid assets, 59% of accounts with the CBRT and 35% of T.R. It consists of securities issued by the Treasury and cash values. Fund resources, on the other hand, are composed of securities issued at a rate of 26% and bank debts at a rate of 12%, and are distributed among repo and other financial instruments.

In accordance with the Regulation on Banks' Liquidity Coverage Ratio Calculation, the consolidated and unconsolidated total liquidity coverage ratio cannot be less than one percent, and the consolidated and unconsolidated foreign currency liquidity coverage ratio cannot be less than eighty percent. With the decision of the BRSA, it has been decided to apply the consolidated and unconsolidated total and foreign currency liquidity coverage ratios as zero percent for development and investment banks until the Board determines otherwise. In this context, the Bank reports to the BRSA, but does not seek compliance with the legal ratio.

The liquidity coverage ratio is calculated by dividing the high quality liquid assets by the net cash outflows in the one-month maturity window.

The dates and values of minimum and maximum total liquidity coverage ratios calculated weekly for last three months are given below:

	31 December 2022	
	TL+FC	FC
Minimum	61.67	57.18
Week	9 December 2022	30 December 2022
Maximum	108.08	169.52
Week	25 November 2022	25 November2022
	31 December 2021	
	TL+FC	FC
Minimum	43.37	93.83
Week	29 October 2021	12 November 2021
Maximum	130.85	146.37
Week	31 December 2021	31 December 2021

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

VI. Explanations related to liquidity risk and liquidity coverage ratio (continued)

Presentation of assets and liabilities according to their remaining maturities

31 December 2022	DEMAND ⁽¹⁾	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	5 YEARS AND OVER	UNALLOCATED ⁽²⁾	TOTAL
Varlıklar								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and Balances with the Central Bank of Turkey	478,580	8,395,533	-	-	-	-	-	8,874,113
Banks	976,642	497,291	194,227	-	-	-	-	1,668,160
Financial assets at fair value through profit and loss	2,340,172	-	-	-	4,764	-	-	2,344,936
Money market placements	-	1,100,611	-	-	-	-	-	1,100,611
Financial assets at other comprehensive income	21,440	72,381	538,057	1,029,034	7,758,149	1,960,407	-	11,379,468
Loans	-	5,553,281	1,206,518	2,051,296	8,702,493	394,262	430,831	18,338,681
Financial assets measured at amortised cost	-	37,582	144,312	361,162	2,244,086	449,597	-	3,236,739
Other assets ⁽³⁾	-	79,279	168,960	21,425	2,699	-	1,509,704	1,782,067
Total Assets	3,816,834	15,735,958	2,252,074	3,462,917	18,712,191	2,804,266	1,940,535	48,724,775
Liabilities								
Bank deposits	-	-	-	-	-	-	-	-
Other deposits	-	-	-	-	-	-	-	-
Funds provided from other financial institutions	-	3,954,386	1,075,753	619,963	-	-	-	5,650,102
Money market borrowings	-	7,029,051	1,924,568	295,689	5,419	-	-	9,254,727
Marketable securities issued	-	11,922,720	1,447,092	117,312	909,097	-	-	14,396,221
Miscellaneous liabilities	4,818,050	921,408	-	-	-	-	-	5,739,458
Other liabilities ⁽⁴⁾	6,568,501	636,318	227,473	25,429	8,456	2,068	6,216,022	13,684,267
Total Liabilities	11,386,551	24,463,883	4,674,886	1,058,393	922,972	2,068	6,216,022	48,724,775
Likidite açığı	(7,569,717)	(8,727,925)	(2,422,812)	2,404,524	17,789,219	2,802,198	(4,275,487)	-
31 December 2021								
Total assets	1,170,401	11,694,960	1,805,173	3,757,138	12,344,176	2,289,218	1,421,527	34,482,593
Total liabilities	7,891,679	13,315,040	8,074,605	1,460,070	432,764	1,777	3,306,658	34,482,593
Liquidity Gap	(6,721,278)	(1,620,080)	(6,269,432)	2,297,068	11,911,412	2,287,441	(1,885,131)	-

⁽¹⁾ Cash, demand deposits, other assets other than prepaid expenses, miscellaneous liabilities, demand funds and transitory liability accounts are included.

⁽²⁾ Non-performing receivables and expected credit losses, tangible and intangible assets, tax assets, associates and subsidiaries, prepaid expenses and other assets not presented elsewhere are disclosed in other assets under the unallocated column. Shareholders' equity and provisions are disclosed in other liabilities line under the unallocated column.

⁽³⁾ Associates, subsidiaries, tangible assets, tax assets, expected losses, derivative financial assets, assets held for sale and other assets are shown in the other assets line.

⁽⁴⁾ Derivative financial liabilities, funds, other foreign assets, provisions, tax liabilities, lease liabilities and equity are shown in the other liabilities line.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

VI. Explanations related to liquidity risk and liquidity coverage ratio (continued)

Contractual maturity analysis of liabilities according to remaining maturities

The remaining maturities table of the contractual liabilities includes the undiscounted future cash outflows for the principal amounts of the Bank's financial liabilities as per their earliest likely contractual maturities.

31 DECEMBER 2022	CARRYING VALUE	GROSS NOMINAL AMOUNT	DEMAND	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	5 YEARS AND OVER
Non derivative financial liabilities								
Funds borrowed	5,650,102	(5,698,440)	-	(3,961,657)	(1,097,204)	(639,579)	-	-
Money markets	9,254,727	(9,282,770)	-	(7,039,749)	(1,936,411)	(301,026)	(5,584)	-
Securities Issued	14,396,221	(14,656,657)	-	(12,145,232)	(1,469,940)	(120,158)	(921,327)	-
Funds	7,085,710	(7,086,828)	(6,568,501)	(492,898)	(25,429)	-	-	-
Total	36,386,760	(36,724,695)	(6,568,501)	(23,639,536)	(4,528,984)	(1,060,763)	(926,911)	-
31 DECEMBER 2021	CARRYING VALUE	GROSS NOMINAL AMOUNT	DEMAND	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	5 YEARS AND OVER
Non derivative financial liabilities								
Funds borrowed	8,375,874	(8,451,460)	-	(3,380,273)	(4,647,142)	(424,045)	-	-
Money markets	5,450,695	(5,456,258)	-	(4,279,159)	(1,027,616)	(137,951)	(11,532)	-
Securities Issued	8,795,937	(8,908,175)	-	(5,265,397)	(2,421,041)	(803,331)	(418,406)	-
Funds	4,220,068	(4,220,068)	(4,220,068)	-	-	-	-	-
Total	26,842,574	(27,035,961)	(4,220,068)	(12,924,829)	(8,095,799)	(1,365,327)	(429,938)	-

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

VII. Explanations related to leverage ratio

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

As of 31 December 2022, leverage ratio of the Bank calculated from the arithmetic average of the last three months is 7.40% (31 December 2021: 6.50%). This ratio is above the minimum required.

	CURRENT PERIOD	PRIOR PERIOD
	31 DECEMBER 2022 ⁽¹⁾	31 DECEMBER 2021 ⁽¹⁾
On-balance sheet assets		
1 On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	45,630,738	31,106,436
2 (Assets deducted in determining Tier 1 capital)	(452,628)	(206,476)
3 Total on-balance sheet risks (sum of lines 1 and 2)	45,178,110	30,899,960
Derivative financial instruments and credit derivatives		
4 Replacement cost associated with all derivative instruments and credit derivatives	-	-
5 Add-on amounts for PFE associated with all derivative instruments and credit derivatives	813,932	347,118
6 Total risks of derivative financial instruments and credit derivatives		
(sum of lines 4 to 5)	813,932	347,118
Securities or commodity financing transactions (SCFT)		
7 Risks from SCFT assets	6,717,068	2,355,981
8 Risks from brokerage activities related exposures	-	-
9 Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	6,717,068	2,355,981
Other off-balance sheet transactions		
10 Gross notional amounts of off-balance sheet transactions	45,490,182	30,437,651
11 (Adjustments for conversion to credit equivalent amounts)	(33,255,204)	(21,754,242)
12 Total risks of off-balance sheet items		
(sum of lines 10 and 11)	12,234,978	8,683,409
Capital and total risks		
13 Tier 1 capital	4,809,077	2,749,119
14 Total risks (sum of lines 3, 6, 9 and 12)	64,944,088	42,286,468
Leverage ratio		
15 Leverage ratio	7.40	6.50

⁽¹⁾ Amounts in the table are three-month average amounts.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

VIII. Explanations on the presentation of financial assets and liabilities at their fair values

The Bank has calculated the fair values of financial instruments by using available market information and appropriate valuation methods. The Bank management assumes that the fair values of the financial instruments do not differ significantly from the carrying values of the related instruments because of their short term maturity. These instruments include cash and cash equivalents and Central Bank, banks, money market receivables, receivables from leasing transactions, borrowings from financial institutions, marketable securities issued and miscellaneous liabilities.

As of 31 December 2022 and 31 December 2021 the fair value of financial assets measured at amortized cost is determined based on quoted market prices. If the market prices cannot be obtained, the quoted market prices of other marketable securities are used for which have the same qualification in terms of interest, maturity and other terms. As of 31 December 2022 and 31 December 2021 fair value hierarchy of financial investments measured at amortized cost has been determined as Level 2.

The following table summarizes the carrying values and fair values of some financial assets and liabilities of the Bank.

	CARRYING VALUE		FAIR VALUE	
	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
Financial Assets				
Cash and balances with the Central Bank of Turkey	8,874,113	8,186,076	8,874,113	8,186,076
Banks	1,668,160	726,154	1,668,160	726,154
Money market placements	1,100,611	-	1,100,611	-
Financial assets measured at fair value through other comprehensive income	11,379,468	7,996,189	11,379,468	7,996,189
Loans	18,338,681	14,965,681	18,465,105	14,746,316
Financial assets measured at amortised cost	3,236,739	686,520	3,468,388	702,102
Financial Liabilities				
Funds borrowed	5,650,102	8,375,874	5,650,102	8,375,874
Money markets funds	9,254,727	5,450,695	9,254,727	5,450,695
Marketable securities issued	14,396,221	8,795,937	14,396,221	8,795,937
Funds	7,085,710	4,220,068	7,085,710	4,220,068
Miscellaneous payables	5,739,458	4,035,187	5,739,458	4,035,187
Debts from leasing transactions	13,078	8,947	13,078	8,947

The expected fair value of loans are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value. The fair value hierarchy level of loans are determined as Level 2 for presentation purposes.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

VIII. Explanations on the presentation of financial assets and liabilities at their fair values (continued)

Fair value hierarchy

The following table provides valuation methods for financial instruments that are valued at fair value. The valuation methods according to the levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Other than published prices included within Level 1, either directly (by price) or indirectly (derived from price) observable data in terms of assets or liabilities

Level 3: Not based on observable market data in relation to assets or liabilities

31 DECEMBER 2022	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial Assets				
Financial assets measured at fair value through other comprehensive income	7,407,705	3,971,763	-	11,379,468
Financial assets measured at fair value through profit/loss	4,764	2,340,172	-	2,344,936
Derivative financial assets	-	272,363	-	272,363
	7,412,469	6,584,298	-	13,996,767
Financial Liabilities				
Derivative financial liabilities	-	93,101	-	93,101
	-	93,101	-	93,101
31 DECEMBER 2021	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial Assets				
Financial assets measured at fair value through other comprehensive income	3,834,570	4,161,619	-	7,996,189
Financial assets measured at fair value through profit/loss	3,113	550,660	-	553,773
Derivative financial assets	-	395,630	-	395,630
	3,837,683	5,107,909	-	8,945,592
Financial Liabilities				
Derivative financial liabilities	-	175,695	-	175,695
	-	175,695	-	175,695

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management

The notes under this caption is prepared as per the “Regulation on Calculation of Risk Management Disclosures” published in the Official Gazette no. 29511 dated 23 October 2015.

a. General Explanations on Risk Management and Risk Weighted Amounts:

1. Bank’s risk management approach:

The Bank aims that legislative regulations, legal standards and in-bank legislations are taken into consideration for risk management system; its Risk Management performs together with the bank activities and also aims to emphasize the necessity of risk management operations implementation.

It is the responsibility of the Bank’s Board of Directors to establish a risk management system in this direction and to monitor its effectiveness. The Board of Directors carries out oversight responsibilities through the Audit Committee, Credit Committee and other related committees.

One of the most important item of the Bank’s Risk Management System, “The risk appetite Policy” is aimed to determine and describe the predictable risk level by Board of Directors. Accordingly, measurable indicators are constituted for risks that are approved by the Board of Directors. The Assets-Liabilities Committee, under the presidency of the Board of Directors, is responsible for the administration and the control of risk appetite; Risk Management Department is responsible for tracking and reporting of risk appetite policies.

Risk Appetite is defined as the level of risk that the Bank would like to carry out in terms of each type of risk that it considers important in order to realize the targets and strategies taking into account the risk capacity. The risk appetite indicator will be accepted as an indicator for the follow-up, and the risks that are of high importance are determined by the Board of Directors and measurable indicators are established for the identified risks.

The Asset - Liability Committee is responsible for the control and management of the Risk Appetite under the chairmanship of the General Manager, under the supervision of the Executive Board. The Risk Management Department is responsible for monitoring and reporting the indicators and limits set by the Risk Appetite policies.

Regular audits and inspections are conducted to determine that all processes are maintained in accordance with the policies and procedures of the bank in accordance with the procedures and principles set out by the board of directors and are reported accurately to top management.

Activities carried out by departments within the internal systems are used as a means to identify weaknesses in the risk management process, policies and procedures and to identify transactions that are contrary to such limits, policies and procedures. In this context, the Board of Inspectors, Internal Control Department, Compliance Department and Risk Management Department, which operate directly under the Board of Directors, continue their activities in coordination with the executive units.

Within the scope of risk management activities, monthly stress tests and scenario analysis are carried out in order to identify, measure and manage the risks, and the results are shared with the Board of Directors.

The effect of downward or upward movements in the yield curve on the balance sheet is calculated on a monthly basis using the standard shock method in the stress tests conducted on interest rate risk within the context of market risk. Stress tests are performed separately for assets and liabilities in TL, USD and EUR. In addition, the potential loss of upward movements in interest rates on the securities portfolio and the effect of this loss on the Capital Adequacy Ratio are also calculated through stress tests. Within the scope of exchange rate risk, the foreign exchange position arising from the difference of all FC-type assets and liabilities in the bank’s balance sheet is stressed on a monthly basis by the exchange rate estimates made in the market and the possible profit/loss amounts are calculated. Market exchange rate estimates are available from the Economic Research Unit.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

a. General Explanations on Risk Management and Risk Weighted Amounts (continued):

1. Bank’s risk management approach: (continued)

Since bank bills issued by the standard shock method are one of the largest passive items in the balance sheet, monthly roll rates of bank bills are used in stress tests and scenario analyses related to liquidity risk. In addition, under the reverse stress test, the bank's liquidity ratios 2. Degree indicator, 1. The rating indicator and the bond exit rates that will bring it below the legal limit are calculated.

The loss of value and interest income that is likely to be encountered due to the balance sheet's positions other than trading accounts is examined within the scope of YFOR. The standard interest rate shock method is used to measure structural interest rate risk by the bank. For positions of the balance sheet other than trading accounts, stress is applied between 100 and 1000 basis points for TL, USD and EUR separately.

Within the scope of credit risk, monthly scenario analysis is carried out for the sectors identified in the bank's corporate loans portfolio. With the default rates of the last 10 years obtained from BRSA data, the probability of default, loss in default and expected loss under various assumptions are calculated and the effect of the total expected loss amount calculated on SYR is measured.

For the bank's personal loan portfolio, the probability of default (CTR) value for the portfolio is calculated by taking advantage of the default rates of the last 10 years obtained from BRSA data. For this, the annual change in default rates is taken into account. The amount of additional default that will occur in the retail loan portfolio is determined based on the calculated value and the effect of the additional default amount on the Syr is calculated. Scenario analysis is also performed on a monthly basis in the loan amount 61-90 days delay in on the monthly roll rate ratios (the ratio of credits in the following accounts of those days 61-90 delay) calculated last annual roll-Over ratio of the average rate of the scenario analysis is carried out.

The results of stress tests and the ICSD report, in which these results are used as input, are taken into account in bank strategy and risk appetite formation, in determining and revising risk limits, in budgeting process and in reporting to senior management.

Regarding the effective implementation of the internal capital adequacy assessment process and the reporting of the results to the BRSA, the ICSD process was established in which the duties and responsibilities of the units and teams involved in this process were determined.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

a. General Explanations on Risk Management and Risk Weighted Amounts (continued):

2. Overview of risk weighted amounts:

		RISK WEIGHTED AMOUNTS		MINIMUM CAPITAL REQUIREMENT
		CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD
1	Credit risk (excluding counterparty credit risk)	26,018,306	18,964,317	2,081,464
2	Standardised Approach (SA)	26,018,306	18,964,317	2,081,464
3	Internal Rating-Based (IRB) Approach	-	-	-
4	Counterparty credit risk	786,097	420,086	62,888
5	Standardised Approach for Counterparty Credit Risk (SA-CCR)	786,097	420,086	62,888
6	Internal Model Method (IMM)	-	-	-
7	Equity position in banking book under basic risk weighting or internal rating-based	-	-	-
8	Equity investments in funds – look-through approach	-	-	-
9	Equity investments in funds – mandate-based approach	-	-	-
10	Equity investments in funds – 1250% risk weighting approach	-	-	-
11	Settlement risk	-	-	-
12	Securitisation exposures in banking book	-	-	-
13	IRB Ratings-Based Approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/Simplified Supervisory Formula Approach (SSFA)	-	-	-
16	Market risk	854,061	909,057	68,325
17	Standardised Approach (SA)	854,061	909,057	68,325
18	Internal Model Method Approaches (IMM)	-	-	-
19	Operational risk	2,192,613	1,606,181	175,409
20	Basic indicator approach	2,192,613	1,606,181	175,409
21	Standardised approach	-	-	-
22	Advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	29,851,077	21,899,641	2,388,086

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

b. Linkages between financial statements and regulatory exposures

1. Differences and matching between asset and liabilities’ carrying values in financial statements and risk amounts in capital adequacy calculation

	CARRYING VALUES OF ITEMS IN ACCORDANCE WITH TAS					
	CARRYING VALUES UNDER SCOPE OF REGULATORY CONSOLIDATION ⁽¹⁾	SUBJECT OF CREDIT RISK FRAMEWORK	SUBJECT TO COUNTERPARTY CREDIT RISK FRAMEWORK	EXPOSURES IN THE FORM OF BONDS SECURED BY MORTGAGES	SUBJECT TO THE MARKET RISK FRAMEWORK ⁽²⁾	NOT SUBJECT TO CAPITAL REQUIREMENTS OR SUBJECT TO DEDUCTION FROM CAPITAL
CURRENT PERIOD – 31 DECEMBER 2022						
Assets						
Cash and balances at central bank	8,874,113	8,874,113	-	-	-	-
Banks	1,666,642	1,666,642	-	-	-	-
Money markets placements	1,100,611	1,100,611	-	-	-	-
Financial assets measured at fair value through profit or loss	2,344,936	-	-	-	2,344,936	-
Financial assets measured at fair value through other comprehensive income (net)	11,379,468	11,379,468	-	-	-	-
Financial assets measured at amortised cost (net)	3,235,988	3,235,988	-	-	-	-
Derivative financial assets	272,363	-	272,363	-	-	-
Loans	17,927,816	17,927,816	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	98,374	98,374	-	-	-	-
Investments in associates (net)	13,596	13,596	-	-	-	-
Investments in subsidiaries (net)	379,470	379,470	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Tangible assets (net)	117,714	99,023	-	-	-	18,691
Intangible assets (net)	238,402	-	-	-	-	238,402
Investment properties (net)	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	-	-
Other assets	1,075,282	1,075,282	-	-	-	-
Total Assets	48,724,775	45,850,383	272,363	-	2,344,936	257,093
Liabilities						
Deposits	-	-	-	-	-	-
Funds borrowed	5,650,102	-	-	-	-	5,650,102
Money markets funds	9,254,727	-	-	-	-	9,254,727
Securities issued	14,396,221	-	-	-	-	14,396,221
Funds	7,085,710	-	-	-	-	7,085,710
Financial liabilities classified as at fair value through profit or loss	-	-	-	-	-	-
Derivative financial liabilities	93,101	-	93,101	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables	13,078	-	-	-	-	13,078
Provisions	762,293	-	-	-	-	762,293
Current tax liability	164,107	-	-	-	-	164,107
Deferred tax liability	5,710	-	-	-	-	5,710
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated debts	-	-	-	-	-	-
Other liabilities	6,174,293	-	-	-	-	6,174,293
Shareholders’ equity	5,125,433	-	-	-	-	5,125,433
Total liabilities	48,724,775	-	93,101	-	-	48,631,674

⁽¹⁾ Represents the unconsolidated financial statements of the Bank.

⁽²⁾ Represents the amounts of financial instruments in accordance with TAS for which are in trading book according to the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

b. Linkages between financial statements and regulatory exposures (continued)

1. Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)

	CARRYING VALUES OF ITEMS IN ACCORDANCE WITH TAS					
	CARRYING VALUES UNDER SCOPE OF REGULATORY CONSOLIDATION ⁽¹⁾	SUBJECT OF CREDIT RISK FRAMEWORK	SUBJECT TO COUNTERPARTY CREDIT RISK FRAMEWORK	EXPOSURES IN THE FORM OF BONDS SECURED BY MORTGAGES	SUBJECT TO THE MARKET RISK FRAMEWORK ⁽²⁾	NOT SUBJECT TO CAPITAL REQUIREMENTS OR SUBJECT TO DEDUCTION FROM CAPITAL
PRIOR PERIOD – 31 DECEMBER 2021						
Assets						
Cash and balances at central bank	8,186,076	8,186,076	-	-	-	-
Banks	724,986	724,986	-	-	-	-
Money markets placements	-	-	-	-	-	-
Financial assets measured at fair value through profit or loss	553,773	-	-	-	553,773	-
Financial assets measured at fair value through other comprehensive income (net)	7,996,189	7,996,189	-	-	-	-
Financial assets measured at amortised cost (net)	686,399	686,399	-	-	-	-
Derivative financial assets	395,630	-	395,630	-	-	-
Loans	14,550,208	14,550,208	-	-	-	-
Non-current assets and disposal groups classified as held for sale (net)	105,004	105,004	-	-	-	-
Investments in associates (net)	17,888	17,888	-	-	-	-
Investments in subsidiaries (net)	369,470	369,470	-	-	-	-
Investments in joint ventures (net)	-	-	-	-	-	-
Tangible assets (net)	82,064	74,547	-	-	-	7,517
Intangible assets (net)	148,691	-	-	-	-	148,691
Investment properties (net)	-	-	-	-	-	-
Current tax assets	-	-	-	-	-	-
Deferred tax assets	21,432	21,432	-	-	-	-
Other assets	644,783	644,783	-	-	-	-
Total Assets	34,482,593	33,376,982	395,630	-	553,773	156,208
Liabilities						
Deposits	-	-	-	-	-	-
Funds borrowed	8,375,874	-	-	-	-	8,375,874
Money markets funds	5,450,695	-	-	-	-	5,450,695
Securities issued	8,795,937	-	-	-	-	8,795,937
Funds	4,220,068	-	-	-	-	4,220,068
Financial liabilities classified as at fair value through profit or loss	-	-	-	-	-	-
Derivative financial liabilities	175,695	-	175,695	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables	8,947	-	-	-	-	8,947
Provisions	300,816	-	-	-	-	300,816
Current tax liability	70,777	-	-	-	-	70,777
Deferred tax liability	-	-	-	-	-	-
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated debts	-	-	-	-	-	-
Other liabilities	4,221,677	-	-	-	-	4,221,677
Shareholders’ equity	2,862,107	-	-	-	-	2,862,107
Total liabilities	34,482,593	-	175,695	-	-	34,306,898

⁽¹⁾ Represents the unconsolidated financial statements of the Bank.

⁽²⁾ Represents the amounts of financial instruments in accordance with TAS for which are in trading book according to the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

b. Linkages between financial statements and regulatory exposures (continued)

2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements

CURRENT PERIOD – 31 DECEMBER 2022	TOTAL	ITEMS SUBJECT TO CREDIT RISK FRAMEWORK	EXPOSURES IN THE FORM OF BONDS SECURED BY MORTGAGES	ITEMS SUBJECT TO COUNTERPARTY CREDIT RISK FRAMEWORK	ITEMS SUBJECT TO MARKET RISK FRAMEWORK ⁽¹⁾
1. Asset carrying value amount under scope of regulatory consolidation	48,467,682	45,850,383	-	272,363	2,344,936
2. Liabilities carrying value amount under regulatory scope of consolidation		-	-	93,101	-
3. Total net amount under regulatory scope of consolidation	48,467,682	45,850,383	-	365,464	2,344,936
4. Off-balance sheet amounts	45,646,234	2,521,307	-	-	-
5. Differences in valuations	-	-	-	-	-
6. Differences due to different netting rules(except placed row 2)	-	-	-	-	-
7. Differences due to consideration of provisions	-	-	-	-	-
8. Differences due to prudential filters	-	-	-	-	-
9. Differences due to risk reduction	-	(116,258)	-	420,633	-
10. Risk Amounts		48,255,432		786,097	2,344,936
⁽¹⁾ Represents the amounts of financial instruments in accordance with TAS for which are in trading book according to the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”					

PRIOR PERIOD – 31 DECEMBER 2021	TOTAL	ITEMS SUBJECT TO CREDIT RISK FRAMEWORK	EXPOSURES IN THE FORM OF BONDS SECURED BY MORTGAGES	ITEMS SUBJECT TO COUNTERPARTY CREDIT RISK FRAMEWORK	ITEMS SUBJECT TO MARKET RISK FRAMEWORK ⁽¹⁾
1. Asset carrying value amount under scope of regulatory consolidation	34,326,385	33,376,982	-	395,630	553,773
2. Liabilities carrying value amount under regulatory scope of consolidation		-	-	175,695	-
3. Total net amount under regulatory scope of consolidation	34,326,385	33,376,982	-	571,325	553,773
4. Off-balance sheet amounts	33,354,588	2,154,218	-	-	-
5. Differences in valuations	-	-	-	-	-
6. Differences due to different netting rules(except placed row 2)	-	-	-	-	-
7. Differences due to consideration of provisions	-	-	-	-	-
8. Differences due to prudential filters	-	-	-	-	-
9. Differences due to risk reduction	-	(86,226)	-	(151,239)	-
10. Risk Amounts		35,444,974		420,086	553,773
⁽¹⁾ Represents the amounts of financial instruments in accordance with TAS for which are in trading book according to the “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks”					

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

b. Linkages between financial statements and regulatory exposures (continued)

3. Explanations of differences between carrying values and regulatory exposure amounts

a) Differences between carrying values and regulatory exposure amounts

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

c) Credit risk explanations

1. General qualitative information about credit risk

The Bank’s strategy on credit activities, risk appetite and capacity are determined by the Board of Directors.

Board of Directors, Audit Committee, Credit Committee and General Manager; fullfills its duties, powers and responsibilities within the scope of credit risk management within the framework defined in related regulations.

Senior Management is responsible for ensuring that the activities of the departments under their responsibility comply with the Bank’s credit risk management framework.

The primary responsibility and ownership of the risk is in the departments that carry out activities that constitute credit risk. In parallel with these sections, the operation, control, monitoring and support departments are jointly responsible.

In the loan approval process, internal credit rating model is used in accordance with the Bank’s risk appetite and credit policies. All credit customers have to be rated by the Bank. Credit ratings are used as basis in determining the levels of authority, limits and collateral ratios in loan portfolios. As a result of evaluating the general economic developments and monitoring the changes in the financial information and activities of customers, previously determined credit limits are revised.

Decision trees are used in the loan approval process of retail loans, and customers’ income, indebtedness rate and past payment performance are taken into consideration in the evaluations.

The Internal Systems Group regularly conducts audits and controls on the following issues.

- The credit processes are carried out in accordance with the Bank's credit policies and procedures.

- The loans are given in accordance with the procedures and principles determined by the board of directors.

- Determining the maturity, amount and qualifications of loans correctly reported to senior management.

The Bank established internal limits to manage credit risk concentrations. The Risk Management Department evaluates compliance with internal limits, borrower / group in the loan portfolio, customer rating, and collateral and sector concentrations. These evaluations and the stress test results applied to the credit portfolio are reported to the Board of Directors and the Audit Committee on a monthly basis.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

c) Explanations related to credit risk (continued)

2. Credit Quality of Assets

GROSS CARRYING VALUE IN FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH TURKISH ACCOUNTING STANDARDS (TAS)				
CURRENT PERIOD	DEFAULTED	NON-DEFAULTED	ALLOWANCES/ AMORTIZATION AND IMPAIRMENTS	NET VALUES
1 Loans	430,831	17,907,850	410,865	17,927,816
2 Debt securities	-	3,236,739	751	3,235,988
3 Off-balance sheet exposures	-	4,090,638	13,977	4,076,661
4 Total	430,831	25,235,227	425,593	25,240,465

GROSS CARRYING VALUE IN FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH TURKISH ACCOUNTING STANDARDS (TAS)				
PRIOR PERIOD	DEFAULTED	NON-DEFAULTED	ALLOWANCES/ AMORTIZATION AND IMPAIRMENTS	NET VALUES
1 Loans	448,957	14,516,724	415,427	14,550,254
2 Debt securities	-	686,520	167	686,353
3 Off-balance sheet exposures	-	4,466,204	13,349	4,452,855
4 Total	448,957	19,669,448	428,943	19,689,462

3. Changes in Stock of Default Loans and Debt Securities

	CURRENT PERIOD	PRIOR PERIOD
1 Defaulted loans and debt securities at end of the previous reporting period	448,957	318,636
2 Loans and debt securities that have defaulted since the last reporting period	203,300	216,863
3 Receivables back to non-defaulted status	-	-
4 Amounts written off (-)	(95,219)	(6,763)
5 Other changes (-)	(126,207)	(79,779)
6 Defaulted loans and debt securities at end of the reporting period	430,831	448,957

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

c) Explanations related to credit risk (continued)

4. Additional disclosure related to the credit quality of assets

a) Definitions of overdue and the receivables which are provisioned are presented in Note VII of Section Three.

b) The part of the overdue receivables (past 90 days) for which provision is not recognized and reasons for this assessment

The Bank’s credit amount in this scope is insignificant as of 31 December 2022.

c) Definitions of the methods used when determining the provision amount are presented in Note VII of Section Three.

d) Definitions of restructured receivables

The Bank can restructure both the first and second group loans as well as non-performing loans and receivables. The first and second group loans and other receivables are restructured to enhance customer’s ability to repay the loan. In addition to this, restructuring can be made in terms of changes in the contractual conditions with the demand of customer. While non-performing loans and receivables are restructured to ensure the collection of the receivables by changing the cash flow of the loan.

e) Breakdown of receivables by geographical area, sector and remaining maturity

Presented in Note II of Section Four.

f) Amounts of provision allocated receivables based on geographical area and sector and amounts deducted from the assets with the related provisions

Breakdown by geographical area:

	CURRENT PERIOD		PRIOR PERIOD	
	LOANS UNDER FOLLOW-UP	SPECIFIC PROVISIONS	LOANS UNDER FOLLOW-UP	SPECIFIC PROVISIONS
Domestic	430,831	293,026	448,957	295,382
European Union Countries	-	-	-	-
OECD Countries (1)	-	-	-	-
Off-shore banking regions	-	-	-	-
USA, Canada	-	-	-	-
Other countries	-	-	-	-
Total	430,831	293,026	448,957	295,382

(1) OECD Countries excluding European countries, USA and Canada

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

c) Explanations related to credit risk (continued)

Breakdown by sectorial area:

	CURRENT PERIOD		PRIOR PERIOD	
	LOANS UNDER FOLLOW-UP	SPECIFIC PROVISIONS	LOANS UNDER FOLLOW-UP	SPECIFIC PROVISIONS
Agricultural	-	-	-	-
Farming and raising livestock	-	-	-	-
Forestry	-	-	-	-
Fishing	-	-	-	-
Manufacturing	5,490	5,146	7,172	6,735
Mining and quarrying	4,725	4,725	6,407	6,407
Production	765	421	765	328
Electricity, gas, water	-	-	-	-
Construction	-	-	-	-
Services	38,104	12,143	19,400	12,455
Wholesale and retail trade	17,856	4	114	80
Hotel, food and beverage services	13,920	10,855	17,612	10,889
Transportation and telecommunication	-	-	-	-
Financial institutions	-	-	-	-
Real estate and leasing services	-	-	-	-
Self-employment services	6,328	1,284	1,674	1,486
Education services	-	-	-	-
Health and social services	-	-	-	-
Other	387,237	275,737	422,385	276,192
Total	430,831	293,026	448,957	295,382

g) Aging analysis for overdue receivables

	CURRENT PERIOD	PRIOR PERIOD
30 - 60 days	190,634	197,047
60 - 90 days	76,903	92,970
Total	267,537	290,017

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

h) Breakdown of restructured receivables based on whether or not provisions are allocated

	CURRENT PERIOD	PRIOR PERIOD
Loans restructured from loans and other under close monitoring	335,185	368,918
Loans restructured from loans under legal follow-up	-	17,612
Total	335,185	386,530

Provision is allocated for the loans restructured from standard loans, loans under follow-up and non-performing loans.

i) Credit risk mitigation techniques:

The Bank assesses the cash flow of the activity or investment subject to loan as the primary repayment source during the loan approval process. If the collateral of the loan is based on this cash flow, it becomes the primary source of payment, while the collaterals that do not rely on cash flow are only considered as the source of secondary payment.

During the term of the loan, collaterals are kept under control and periodically evaluated depending on the type and quality of the asset received. All guarantees received under the condition of a notification are entered into the Main Banking System and can be tracked through the system.

The processes related to collateral management are documented in accordance with credit policies.

Financial collaterals, which are used as credit mitigation techniques in capital adequacy calculations, consist of blocked deposits, bonds and stock pledges held in the Bank. In addition, real estate mortgages are considered as physical guarantees.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

c) Explanations related to credit risk (continued)

5. Credit risk mitigation techniques - Overview

CURRENT PERIOD	EXPOSURES UNSECURED: CARRYING AMOUNT AS PER TAS	EXPOSURES SECURED BY COLLATERAL	COLLATERALIZED AMOUNT OF EXPOSURES SECURED BY COLLATERAL	EXPOSURES SECURED BY FINANCIAL GUARANTEES	COLLATERALIZED AMOUNT OF EXPOSURES SECURED BY FINANCIAL GUARANTEES	EXPOSURES SECURED BY CREDIT DERIVATIVES	COLLATERALIZED AMOUNT OF EXPOSURES SECURED BY CREDIT DERIVATIVES
1. Loans	16,854,516	1,073,300	88,188	-	-	-	-
2. Debt securities	3,235,988	-	-	-	-	-	-
3. Total	20,090,504	1,073,300	88,188	-	-	-	-
4. Of which defaulted	430,831	-	-	-	-	-	-

PRIOR PERIOD	EXPOSURES UNSECURED: CARRYING AMOUNT AS PER TAS	EXPOSURES SECURED BY COLLATERAL	COLLATERALIZED AMOUNT OF EXPOSURES SECURED BY COLLATERAL	EXPOSURES SECURED BY FINANCIAL GUARANTEES	COLLATERALIZED AMOUNT OF EXPOSURES SECURED BY FINANCIAL GUARANTEES	EXPOSURES SECURED BY CREDIT DERIVATIVES	COLLATERALIZED AMOUNT OF EXPOSURES SECURED BY CREDIT DERIVATIVES
1. Loans	13,816,672	733,582	70,410	-	-	-	-
2. Debt securities	686,520	-	-	-	-	-	-
3. Total	14,503,192	733,582	70,410	-	-	-	-
4. Of which defaulted	448,957	-	-	-	-	-	-

6. Qualitative disclosures on banks’ use of external credit ratings under the standardised approach for credit risk

No rating agency is used to determine the risk weights to be applied in the calculation of capital adequacy.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

c) Explanations related to credit risk (continued)

7. Standardised approach credit risk exposure and credit risk mitigation techniques

CURRENT PERIOD – 31 DECEMBER 2022		EXPOSURES BEFORE CCF AND CRM		EXPOSURES POST-CCF AND CRM		RWA AND RWA DENSITY	
RISK CLASS		ON-BALANCE SHEET AMOUNT	OFF-BALANCE SHEET AMOUNT	ON-BALANCE SHEET AMOUNT	OFF-BALANCE SHEET AMOUNT	RWA	RWA DENSITY (%)
1	Conditional and unconditional receivables from central governments or central banks	14,424,969	-	14,424,969	-	-	-
2	Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-
3	Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
5	Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
6	Conditional and unconditional receivables from banks and brokerage houses	3,881,052	559,740	3,881,051	522,122	1,605,845	%36
7	Conditional and unconditional corporate receivables	12,017,347	40,376,413	12,017,347	1,881,295	13,278,183	%96
8	Conditional and unconditional retail receivables	3,441,799	593,576	3,441,799	108,350	2,760,736	%78
9	Conditional and unconditional secured mortgage receivables	27,710	848	27,710	399	9,838	%35
10	Past due receivables	31,561	8,341	31,561	7,867	19,699	%50
11	Receivables defined in high risk category by BRSA	164,223	-	164,223	-	146,716	%89
12	Securities collateralised by mortgages	4,469,944	2,546	4,469,944	1,273	6,839,144	%153
13	Securitisation positions	-	-	-	-	-	-
14	Short-term receivables from banks, stockbrokers and corporate investments of natured collective investment enterprise	-	-	-	-	-	-
15	Undertakings for collective investments in mutual funds	749,117	-	749,117	-	749,117	%100
16	Other receivables	926,152	-	926,152	-	639,450	%69
17	Equity share investments	393,066	-	393,066	-	393,066	%100
18	Total	40,526,940	41,541,464	40,526,939	2,521,306	26,441,794	%61

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

c) Explanations related to credit risk (continued)

7. Standardised approach credit risk exposure and credit risk mitigation techniques (continued)

PRIOR PERIOD – 31 DECEMBER 2021		EXPOSURES BEFORE CCF AND CRM		EXPOSURES POST-CCF AND CRM		RWA AND RWA DENSITY	
RISK CLASS		ON-BALANCE SHEET AMOUNT	OFF-BALANCE SHEET AMOUNT	ON-BALANCE SHEET AMOUNT	OFF-BALANCE SHEET AMOUNT	RWA	RWA DENSITY (%)
1	Conditional and unconditional receivables from central governments or central banks	8,917,818	-	8,917,818	-	-	-
2	Conditional and unconditional receivables from regional or local governments	-	-	-	-	-	-
3	Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-	-
4	Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-	-
5	Conditional and unconditional receivables from international organizations	-	-	-	-	-	-
6	Conditional and unconditional receivables from banks and brokerage houses	1,240,382	273,003	1,240,382	258,340	870,529	%58
7	Conditional and unconditional corporate receivables	9,342,022	30,435,675	9,342,022	1,787,089	10,493,425	%94
8	Conditional and unconditional retail receivables	4,861,963	595,706	4,861,963	85,901	3,742,150	%76
9	Conditional and unconditional secured mortgage receivables	22,320	13,093	22,320	12,714	12,009	%34
10	Past due receivables	98,045	11,836	98,045	9,291	53,205	%50
11	Receivables defined in high risk category by BRSA	153,493	-	153,493	-	124,663	%81
12	Securities collateralised by mortgages	1,667,802	1,766	1,667,802	883	2,501,597	%150
13	Securitisation positions	-	-	-	-	-	-
14	Short-term receivables from banks, stockbrokers and corporate investments of natured collective investment enterprise	-	-	-	-	-	-
15	Undertakings for collective investments in mutual funds	302,567	-	302,567	-	302,567	%100
16	Other receivables	863,815	-	863,815	-	713,847	%83
17	Equity share investments	387,358	-	387,358	-	387,358	%100
18	Total	27,857,585	31,331,079	27,857,585	2,154,218	19,201,350	%64

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

c) Explanations related to credit risk (continued)

8. Standardised approach receivables according to risk classes and risk weights

CURRENT PERIOD													TOTAL RISK AMOUNT (POST-CCF AND CRM) ⁽²⁾
RISK CLASSES / RISK WEIGHTS		0%	10%	20%	25%	35%	50%(1)	75%	100%	150%	250%	OTHERS	
Exposures to sovereigns and their central banks		14,424,969	-	-	-	-	-	-	-	-	-	-	14,424,969
Exposures to regional and local government		-	-	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities		-	-	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks		-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations		-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses		95,515	-	2,507,220	-	-	1,392,074	-	408,364	-	-	-	4,403,173
Exposures to corporates		9,321	-	372,350	-	-	90,002	1,073,030	12,353,939	-	-	-	13,898,642
Retail exposures		437	-	1,064	-	-	-	3,152,501	396,147	-	-	-	3,550,149
Exposures secured by residential property		-	-	-	-	28,109	-	-	-	-	-	-	28,109
Exposures secured by commercial property		29	-	-	-	-	39,399	-	-	-	-	-	39,428
Past-due items		-	-	-	-	-	69,740	-	59,758	34,725	-	-	164,223
Exposures in high-risk categories		-	-	-	-	-	481	-	2,107	4,203,834	-	264,795	4,471,217
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 undertaking		-	-	-	-	-	-	-	749,117	-	-	-	749,117
Equity share investments		285,476	-	1,533	-	-	-	-	639,143	-	-	-	926,152
Other exposures		-	-	-	-	-	-	-	393,066	-	-	-	393,066
Total		14,815,747	-	2,882,167	-	28,109	1,591,696	4,225,531	15,001,641	4,238,559	-	264,795	43,048,245

⁽¹⁾ Secured by real estate

⁽²⁾ Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM)

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

c) Explanations related to credit risk (continued)

8. Standardised approach receivables according to risk classes and risk weights (continued)

PRIOR PERIOD												
RISK CLASSES / RISK WEIGHTS	0%	10%	20%	25%	35%	50% ⁽¹⁾	75%	100%	150%	250%	OTHERS	TOTAL RISK AMOUNT (POST-CCF AND CRM) ⁽²⁾
Exposures to sovereigns and their central banks	8,917,818	-	-	-	-	-	-	-	-	-	-	8,917,818
Exposures to regional and local government	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	41,079	-	281,497	-	-	723,833	-	452,313	-	-	-	1,498,722
Exposures to corporates	831	-	131,657	-	-	464,947	1,188,225	9,343,451	-	-	-	11,129,111
Retail exposures	229	-	1,402	-	-	-	4,817,456	128,777	-	-	-	4,947,864
Exposures secured by residential property	712	-	25	-	34,297	-	-	-	-	-	-	35,034
Exposures secured by commercial property	32	-	1,490	-	-	105,814	-	-	-	-	-	107,336
Past-due items	-	-	-	-	-	74,363	-	62,428	16,702	-	-	153,493
Exposures in high-risk categories	-	-	-	-	-	526	-	1,810	1,666,349	-	-	1,668,685
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 undertaking	-	-	-	-	-	-	-	302,567	-	-	-	302,567
Equity share investments	-	-	-	-	-	-	-	387,358	-	-	-	387,358
Other exposures	149,968	-	-	-	-	-	-	713,847	-	-	-	863,815
Total	9,110,669	-	416,071	-	34,297	1,369,483	6,005,681	11,392,551	1,683,051	-	-	30,011,803

⁽¹⁾ Secured by real estate

⁽²⁾ Total credit risk exposure amount after Credit Conversion Factor (CCF) and Credit Risk Mitigation (CRM)

d. Explanations on counterparty credit risk (CCR)

1. Qualitative disclosure related to counterparty credit risk:

Counterparty credit risk calculations are performed by the Risk Management Department for repo and reverse repo transactions based on the securities in the Bank's portfolio and over the counter derivative financial instruments such as FX and Swap transactions. The creditworthiness of the counterparty is analyzed prior to the transactions leading to the CCR and subsequently the creditworthiness of the counter parties is reviewed at regular intervals. The frequency of inspections is increased when necessary.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

d. Explanations on counterparty credit risk (CCR) (continued)

1. Qualitative disclosure related to counterparty credit risk: (continued)

In the counterparty credit risk calculations, the Standard Method detailed in the Communiqué on Regulation on Measurement and Evaluation of Capital Adequacy of Banks and Communiqué on Regulation Credit Risk Mitigation Techniques is used and Volatility Adjustment Approach for repo transactions is used.

Bank limits and guarantees subject to counterparty credit risk are determined by the Board of Directors. For corporate and retail customers other than banks, the authorization for approval specified for the standard loan approval process are applied.

2. Analysis of counterparty credit risk exposure by approach

CURRENT PERIOD – 31 DECEMBER 2022		REPLACEMENT COST	POTENTIAL FUTURE EXPOSURE	EEPE (EFFECTIVE EXPECTED POSITIVE EXPOSURE)	ALPHA USED FOR COMPUTING REGULATORY EAD	EAD POST-CRM	RWA
1	Standardized approach- CCR (for derivatives)	256,807	529,290		1.4	786,097	340,237
2	Internal model method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple approach for credit risk mitigation (for repo, transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)				-	-	-
4	Comprehensive approach for credit risk mitigation (for repo transactions, long settlement transactions and securities financing transactions)				-	-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions				-	-	-
6	Total						340,237

PRIOR PERIOD – 31 DECEMBER 2021		REPLACEMENT COST	POTENTIAL FUTURE EXPOSURE	EEPE (EFFECTIVE EXPECTED POSITIVE EXPOSURE)	ALPHA USED FOR COMPUTING REGULATORY EAD	EAD POST-CRM	RWA
1	Standardized approach- CCR (for derivatives)	256,807	152,577		1.4	409,384	180,623
2	Internal model method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)			-	-	-	-
3	Simple approach for credit risk mitigation (for repo, transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)				-	10,702	1,673
4	Comprehensive approach for credit risk mitigation (for repo transactions, long settlement transactions and securities financing transactions)				-	-	-
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions				-	-	-
6	Total						182,296

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

d) Explanations on counterparty credit risk (CCR) (continued)

3. Credit valuation adjustment (CVA) capital charge

CURRENT PERIOD		PRIOR PERIOD	
EXPOSURE AT DEFAULT POST-CRM	RWA	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 Standardised CVA capital charge	786,097	409,384	760
4 Total subject to the CVA capital charge	786,097	409,384	760

4. Standardised approach – CCR exposures by regulatory portfolio and risk weights

CURRENT PERIOD – 31 DECEMBER 2022									
RISK CLASS / RISK WEIGHTS	0%	10%	20%	50%	75%	100%	150%	OTHERS	TOTAL CREDIT RISK
Exposures to sovereigns and their central banks	52,800	-	-	-	-	-	-	-	52,800
Exposures to regional and local government	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	428,406	99,525	-	1,881	-	-	529,812
Exposures to corporates	-	-	679	-	-	101,427	-	-	102,106
Retail exposures	-	-	-	-	123	13,865	-	-	13,988
Exposures in high-risk categories	-	-	-	-	-	87,391	-	-	87,391
Other exposures	-	-	-	-	-	-	-	-	-
Total	52,800	-	429,085	99,525	123	204,564	-	-	786,097

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

d) Explanations on counterparty credit risk (CCR) (continued)

3. Standardised approach – CCR exposures by regulatory portfolio and risk weights (continued)

PRIOR PERIOD - 31 DECEMBER 2021									
RISK CLASS / RISK WEIGHTS	0%	10%	20%	50%	75%	100%	150%	OTHERS	TOTAL CREDIT RISK
Exposures to sovereigns and their central banks	156,491	-	-	-	-	-	-	-	156,491
Exposures to regional and local government	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	91,829	15,672	-	93,447	-	-	200,948
Exposures to corporates	-	-	-	-	-	62,647	-	-	62,647
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Total	156,491	-	91,829	15,672	-	156,094	-	-	420,086

5. Collaterals for counterparty credit risk

Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio (31 December 2021: None).

6. Credit derivatives

The Bank has no credit derivatives.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

IX. Explanations related to risk management (continued)

d) Explanations on counterparty credit risk (CCR) (continued)

7. Exposures to central counterparties (CCP): (continued)

		CURRENT PERIOD		PRIOR PERIOD	
		EXPOSURE AT DEFAULT (POST-CRM)	RWA	EXPOSURE AT DEFAULT (POST-CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs) (total)				
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
3	(i) OTC derivatives	-	-	-	-
4	(ii) Exchange-traded derivatives	-	-	-	-
5	(iii) Securities financing transactions	-	-	10,702	1,673
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	-	-	-	-
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	-	-	-	-

X. Explanations related to securitization transactions

The Bank has no securitization transactions.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

XI. Explanations related to market risk

1. Qualitative disclosure requirements related to market risk

Within the framework of the Bank's financial risk management, it is aimed to keep the foreign exchange position in balance and to minimize the liquidity and interest rate risk in order to avoid the risks that may arise in the markets.

The Financial Emergency Procedure has been prepared with the approval of the Board of Directors and the following criteria are started to be followed.

According to the Standard Method, market risk is calculated monthly and included in the calculation of the capital adequacy standard ratio. The Board of Directors takes necessary measures to maintain an effective internal control and risk management system within the Bank and closely monitors its activities. Monthly changes are reviewed and evaluated.

The maturity and instrument distribution of the Bank's portfolio and developments in the markets are continuously monitored by the Bank's Senior Management. All treasury transactions are carried out within the knowledge of Senior Management. The fund management strategy is revised by the Senior Management of the Bank depending on the developments in the markets. In addition, the transactions carried out are monitored and controlled by the Risk Management Department and the Internal Control Department, which are operating directly under the Board of Directors.

There are factors such as interest rate risk, stock risk, exchange rate risk, liquidity risk etc. that arise due to fluctuations in financial markets, interest rate, exchange rate and stock price change. It is aimed to protect the balance sheet and capital structure of the Bank from these factors and to minimize the risk.

According to inherent model market risk is measured by Value at Risk ("VaR") approach which takes into account different risk factors. VaR calculations use variance-covariance, historical simulation and Monte Carlo simulation methods. The software used can perform calculations with an advanced yield curve and volatility models. The VaR model is based on the assumptions of 99% confidence interval and a 10-day holding period. VaR analyses are performed on a daily basis and reported to the Senior Management. VaR analyses are also used as risk and limit management instrument for trading transactions. The limits are reviewed periodically according to market conditions and the application of specified limits is subject to authority restrictions and therefore the control effectiveness is increased. VaR analyses are supported with scenario analyses and stress tests, and take into consideration the effects of low probability events which have significant impact and the effects of market fluctuations. Retrospective tests of the model outputs are performed regularly.

The following table indicates the details of the market risk calculation as of 31 December 2022, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

XI. Explanations related to market risk (continued)

2. Standardised approach

		CURRENT PERIOD	PRIOR PERIOD
		RISK WEIGHTED AMOUNTS	RISK WEIGHTED AMOUNTS
Outright products			
1	Interest rate risk (general and specific)	94,769	78,913
2	Equity risk (general and specific)	16,200	11,900
3	Foreign exchange risk	196,863	413,375
4	Commodity risk	540,929	403,919
Options			
5	Simplified approach	5,300	950
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization		
Total		854,061	909,057

XII. Explanations on Operational Risk:

Value at operational risk by 23 October 2015 and 31 March 2016 published in the Official Gazette 29511 dated as of the date of the current version which was enacted “measurement and assessment of capital adequacy of the bank “in the “basic indicator method” by calculated and reported.

In the capital adequacy statement, the bank calculated the amount based on operational risk over its 2021, 2020 and 2019 year-end gross revenues.

	31 DECEMBER 2019	31 DECEMBER 2020	31 DECEMBER 2021	TOTAL / TOTAL NUMBER OF YEARS	RATE	TOPLAM
Gross Income	833,026	1,120,120	1,555,035	1,169,394	15	175,409
Amount subject to operational risk (Totalx12.5)						2,192,613

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

XIII. Interest rate risk related to banking book

Nature of interest rate risk resulting from banking book, major assumptions on early repayment of loans and frequency of measuring interest rate risk;

The frequency of interest rate measured on a weekly basis in the Bank and presented to the Asset-Liability Committee. Monthly interest rate risk reported to Official Institutions.

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

		CURRENT PERIOD CURRENCY	APPLIED SHOCK (+/-X BASIS POINT) ⁽¹⁾	GAINS/LOSSES	GAINS/EQUITY LOSSES/EQUITY
1	TRY		500	(215,608)	% (4.31)
			(400)	203,489	% 4.07
2	EUR		200	97,125	% 1.94
			(200)	(104,182)	% (2.08)
3	USD		200	(1,171)	% (0.02)
			(200)	10,461	% 0.21
Total (For negative shocks)				109,768	% 2.20
Total (For positive shocks)				(119,654)	% (2.39)

		PRIOR PERIOD CURRENCY	APPLIED SHOCK (+/-X BASIS POINT) ⁽¹⁾	GAINS/LOSSES	GAINS/EQUITY LOSSES/EQUITY
1	TRY		500	(245,638)	% (8.16)
			(400)	219,933	% 7.30
2	EUR		200	102,166	% 3.39
			(200)	5,363	% 0.18
3	USD		200	(92,057)	% (3.06)
			(200)	99,722	% 3.31
Total (For negative shocks)				325,018	% 10.79
Total (For positive shocks)				(235,529)	% (7.83)

⁽¹⁾ Separate lines for each shock are used, with the intensity and direction applied to a currency.

INFORMATION ABOUT FINANCIAL STRUCTURE AND MANAGEMENT (continued)

XIV. Explanations related to segment reporting

The Bank is mainly active in corporate banking, retail banking and investment banking.

CURRENT PERIOD	RETAIL BANKING	CORPORATE BANKING	INVESTMENT BANKING	OTHER	TOTAL
Operating profit	1,109,474	709,747	2,094,996	360,151	4,274,368
Other	-	-	-	-	-
Operating income	1,109,474	709,747	2,094,996	360,151	4,274,368
Unallocated costs ⁽¹⁾	(600,921)	(117,071)	(265,811)	(676,778)	(1,660,581)
Income from subsidiaries	-	-	-	1,773	1,773
Profit before tax	508,553	592,676	1,829,185	(314,854)	2,615,560
Tax provision	-	-	-	(715,144)	(715,144)
Profit after tax	508,553	592,676	1,829,185	(1,029,998)	1,900,416
Net profit	508,553	592,676	1,829,185	(1,029,998)	1,900,416
Segment assets	7,682,791	10,245,025	28,874,121	-	46,801,937
Subsidiaries and associates	-	-	393,066	-	393,066
Unallocated assets	-	-	-	1,529,772	1,529,772
Total assets	7,682,791	10,245,025	29,267,187	1,529,772	48,724,775
Segment liabilities	17,802,110	16,353,226	8,077,061	-	42,232,397
Unallocated assets	-	-	-	6,492,378	6,492,378
Total liabilities	17,802,110	16,353,226	8,077,061	6,492,378	48,724,775
Other segment items					
Capital investment ⁽²⁾	-	-	10,000	181,555	191,555
Depreciation ⁽²⁾	-	-	-	61,824	61,824
Impairment losses ⁽²⁾	-	-	-	-	-

MALİ BÜNYEYE VE RİSK YÖNETİMİNE İLİŞKİN BİLGİLER (devamı)

XIV. Raporlamanın bölümlmeye göre yapılmasına ilişkin açıklamalar (devamı)

PRIOR PERIOD	RETAIL BANKING	CORPORATE BANKING	INVESTMENT BANKING	OTHER	TOTAL
Operating profit	629,607	431,513	536,474	104,176	1,701,770
Other	-	-	-	-	-
Operating income	629,607	431,513	536,474	104,176	1,701,770
Unallocated costs ⁽¹⁾	(349,615)	(61,495)	(170,703)	(202,025)	(783,838)
Income from subsidiaries	-	-	-	978	978
Profit before tax	279,992	370,018	365,771	(96,871)	918,910
Tax provision	-	-	-	(222,847)	(222,847)
Profit after tax	279,992	370,018	365,771	(319,718)	696,063
Net profit	279,992	370,018	365,771	(319,718)	696,063
Segment assets	6,349,203	8,201,051	18,543,007	-	33,093,261
Subsidiaries and associates	-	-	387,358	-	387,358
Unallocated assets	-	-	-	1,001,974	1,001,974
Total assets	6,349,203	8,201,051	18,930,365	1,001,974	34,482,593
Segment liabilities	10,996,863	9,561,111	10,504,429	-	31,062,403
Unallocated assets	-	-	-	3,420,190	3,420,190
Total liabilities	10,996,863	9,561,111	10,504,429	3,420,190	34,482,593
Other segment items					
Capital investment ⁽²⁾	-	-	-	108,314	108,314
Depreciation ⁽²⁾	-	-	-	40,761	40,761
Impairment losses ⁽²⁾	-	-	-	-	-

⁽¹⁾ Consists up of the expenses that cannot be allocated to segments according to a consistent base.
⁽²⁾ Other segment expenses could not be distributed.

XV. Explanation on the activities carried out on behalf and account of other persons

The Bank carries out custody, management and consulting services on behalf of customers and on their account. These transactions are carried in the off-balance sheet table.

SECTION FIVE

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to assets

Explanations and disclosures related to asset of unconsolidated balance sheet as follows:

1. Information related to cash and balances with the CBRT

1.1. Information related to cash and balances with the CBRT

	31 DECEMBER 2022		31 DECEMBER 2021	
	FC	TL	FC	YP
Cash and foreign currency	39,282	351,038	9,165	234,768
CBRT	1,452,478	7,029,165	366,962	7,575,181
Other	-	2,150	-	-
Total	1,491,760	7,382,353	376,127	7,809,949

1.2. Information on the account of Central Bank of Turkey

	31 DECEMBER 2022		31 DECEMBER 2021	
	FC	TL	FC	YP
Unrestricted demand deposit	1,452,478	-	366,962	-
Unrestricted time deposit	-	4,029,045	-	5,656,408
Restricted time deposit	-	3,000,120	-	1,918,773
Total	1,452,478	7,029,165	366,962	7,575,181

1.3. Explanation related to reserve deposits

As per the Communiqué no. 2013/15 “Reserve Deposits” of the Central Bank of the Republic of Turkey (CBRT), banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. Required reserves can be kept in Turkish Lira, US Dollar and/or Euro and standard gold in accordance with the "Communiqué on Required Reserves" at the CBRT. According to the Communiqué on Required Reserves published in the Official Gazette dated 1 July 2021 and numbered 31528, the possibility of maintaining Turkish lira required reserves in foreign currency was terminated as of October 1, 2021.

As of 31 December 2022, Turkish currency reserve deposits kept at the rates in between 3% and 8% (31 December 2021: in between 3% and 8%) depending on its maturity date; foreign currency reserve deposits kept at the rates in between 5% and 26% (31 December 2021: in between 5% and 26%) depending on its maturity date.

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

2. With their net values and comparison, information on financial assets measured at fair value through profit or loss subject to repo transactions and given as collateral/blocked

	31 DECEMBER 2022		31 DECEMBER 2021	
	TL	FC	TL	FC
Subject to repo transactions	1,914,639	4,764	313,621	3,113
Given as collateral / blocked	-	-	-	-
Total	1,914,639	4,764	313,621	3,113

3. Information on derivative financial assets

3.1. Derivative financial assets measured at fair value through profit/loss

3.1.1 Positive differences related to the derivative financial assets measured at fair value through profit/loss

	31 DECEMBER 2022		31 DECEMBER 2021	
	TL	FC	TL	FC
Forward transactions	19,227	49,039	34,786	1,309
Swap transactions	20,534	165,235	150,576	79,876
Futures transactions	252	-	122,158	-
Options	-	18,076	2,784	4,141
Other	-	-	-	-
Total	40,013	232,350	310,304	85,326

3.2. Derivative financial instruments held for risk management

None (31 December 2021: None).

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

4. Information on banks and other financial institutions

4.1 Information on banks and other financial institutions

	31 DECEMBER 2022		31 DECEMBER 2021	
	TL	FC	TL	FC
Banks	25,439	1,642,721	3,518	722,636
<i>Domestic banks</i>	25,439	399,013	3,518	910
<i>Foreign banks</i>	-	1,243,708	-	721,726
<i>Branches and offices abroad</i>	-	-	-	-
Total	25,439	1,642,721	3,518	722,636

	UNRESTRICTED AMOUNT		RESTRICTED AMOUNT ⁽²⁾	
	31 DECEMBER 2022	31 DECEMBER 2021	31 DECEMBER 2022	31 DECEMBER 2021
European Union Countries	655,754	90,886	57,903	85,488
USA, Canada	112,844	87,123	-	-
OECD countries ⁽¹⁾	8,964	95,323	-	-
Off-shore banking regions	-	-	-	-
Other	408,243	362,906	-	-
Total	1,185,805	636,238	57,903	85,488

⁽¹⁾ OECD Countries excluding European countries, USA and Canada
⁽²⁾ Non-Free amounts consist mainly of guarantees held in various banks related to financial transactions.

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

5.1. Information on financial assets measured at fair value through other comprehensive income subject to repurchase agreements and given as collateral or blocked

	31 DECEMBER 2022		31 DECEMBER 2021	
	TL	FC	TL	FC
Subject to repurchase agreements	2,913,949	4,127,541	3,125,122	2,275,803
Given as collateral or blocked	1,499,738	830,529	180,859	765,087
Total	4,413,687	4,958,070	3,305,981	3,040,890

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

5. Information on financial assets measured at fair value through other comprehensive income (continued)

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

	31 DECEMBER 2022		31 DECEMBER 2021	
	TL	FC	TL	FC
Debt Securities	5,717,610	5,824,065	4,186,608	4,039,398
<i>Quoted on a stock exchange</i>	5,717,592	5,824,065	3,817,247	4,039,398
<i>Not quoted</i>	18	-	369,361	-
Equity Shares	1,518	19,922	1,518	15,124
<i>Quoted on a stock exchange</i>	-	19,307	-	14,658
<i>Not quoted</i>	1,518	615	1,518	466
Impairment provision (-)	3,364	180,283	132,002	114,457
Total	5,715,764	5,663,704	4,056,124	3,940,065

6. Information related to loans

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

	31 DECEMBER 2022		31 DECEMBER 2021	
	CASH-LOANS	NON-CASH LOANS	CASH-LOANS	NON-CASH LOANS
Direct lending to shareholders	663,056	9,151	949,335	1,984
<i>Corporate</i>	663,056	9,143	949,335	1,973
<i>Individuals</i>	-	8	-	11
Indirect lending to shareholders	939,845	421,795	1,451,283	1,605,335
Loans to employees	1,008	-	825	-
Total	1,603,909	430,946	2,401,443	1,607,319

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

6. Information related to loans (continued)

6.2. Information on standard loans and loans under close monitoring including restructured or rescheduled loans

CASH LOANS-CURRENT PERIOD	STANDARD LOANS	LOANS UNDER CLOSE MONITORING		
		NOT UNDER THE SCOPE OF RESTRUCTURING OR RESCHEDULING	RESTRUCTURED	
			LOANS WITH REVISED CONTRACT TERMS	REFINANCING
Non-specialized loans				
Corporation loans	8,421,497	45,625	-	35,396
Export loans	1,067,526	6,530	-	-
Import loans	-	-	-	-
Loans given to financial sector	572,324	-	-	-
Consumer loans	6,869,473	440,365	299,789	-
Credit cards	37,969	1,326	-	-
Other	110,030	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	17,078,819	493,846	299,789	35,396

CASH LOANS-PRIOR PERIOD	STANDARD LOANS	LOANS UNDER CLOSE MONITORING		
		NOT UNDER THE SCOPE OF RESTRUCTURING OR RESCHEDULING	RESTRUCTURED	
			LOANS WITH REVISED CONTRACT TERMS	REFINANCING
Non-specialized loans				
Corporation loans	5,340,296	256,597	-	28,176
Export loans	646,224	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	819,321	-	-	-
Consumer loans	5,725,914	396,007	340,742	-
Credit cards	44,795	-	-	-
Other	918,652	-	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	13,495,202	652,604	340,742	28,176

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

6. Information related to loans (continued)

6.2. Information on standard loans and loans under close monitoring including restructured or rescheduled loans: (continued)

	31 DECEMBER 2022		31 DECEMBER 2021	
	STANDARD LOANS	LOANS UNDER CLOSE MONITORING	STANDARD LOANS	LOANS UNDER CLOSE MONITORING
12 Month expected credit losses	69,421	-	57,461	-
Significant increase in credit risk	-	48,418	-	62,584
Total	69,421	48,418	57,461	62,584

6.3. Maturity analysis of cash loans

CASH LOANS – CURRENT PERIOD	LOANS UNDER FOLLOW-UP		
	STANDARD LOANS	NON-RESTRUCTURED	RESTRUCTURED OR RESCHEDULED
Short-term loans	8,237,800	17,398	36,645
Medium and long-term loans	8,841,019	476,448	298,540
Total	17,078,819	493,846	335,185

CASH LOANS – PRIOR PERIOD	LOANS UNDER FOLLOW-UP		
	STANDARD LOANS	NON-RESTRUCTURED	RESTRUCTURED OR RESCHEDULED
Short-term loans	5,962,067	6,174	30,314
Medium and long-term loans	7,533,135	646,430	338,604
Total	13,495,202	652,604	368,918

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

6. Information related to loans (continued)

6.4. Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel

CURRENT PERIOD	SHORT TERM	MEDIUM AND LONG TERM	TOTAL
Consumer Loans-TL	195,259	7,365,867	7,561,126
Housing Loans	-	-	-
Automobile Loans	79,660	1,371,958	1,451,618
General Purpose Loans	115,599	5,993,909	6,109,508
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	39,270	-	39,270
With Installments	2,756	-	2,756
Without Installments	36,514	-	36,514
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TL	90	893	983
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	90	893	983
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	25	-	25
With Installments	5	-	5
Without Installments	20	-	20
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TL (Individuals)	47,518	-	47,518
Overdraft Accounts-FC (Individuals)	-	-	-
Total	282,162	7,366,760	7,648,922

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

6. Information related to loans (continued)

6.4. Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel (continued)

PRIOR PERIOD	SHORT TERM	MEDIUM AND LONG TERM	TOTAL
Consumer Loans-TL	95,678	6,338,334	6,434,012
Housing Loans	-	646	646
Automobile Loans	9,165	839,237	848,402
General Purpose Loans	86,513	5,498,451	5,584,964
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	44,744	-	44,744
With Installments	3,590	-	3,590
Without Installments	41,154	-	41,154
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TL	93	681	774
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	93	681	774
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	51	-	51
With Installments	7	-	7
Without Installments	44	-	44
Personnel Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Overdraft Accounts-TL (Individuals)	27,877	-	27,877
Overdraft Accounts-FC (Individuals)	-	-	-
Total	168,443	6,339,015	6,507,458

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

6. Information related to loans (continued)

6.5. Information on commercial instalments loans and corporate credit cards

CURRENT PERIOD	SHORT-TERM	MEDIUM AND LONG-TERM	TOTAL
Commercial Installment Loans-TL	6,352	77,927	84,279
Business Residential Loans	-	-	-
Automobile Loans	-	1,113	1,113
Consumer Loans	6,352	76,814	83,166
Other	-	-	-
Commercial Installment Loans- Indexed to FC	-	25,731	25,731
Business Residential Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	25,731	25,731
Other	-	-	-
Commercial Installment Loans – FC	28,061	1,099,272	1,127,333
Business Residential Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	28,061	1,099,272	1,127,333
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
Installment	-	-	-
Non-installment	-	-	-
Corporate Credit Cards-FC	-	-	-
Installment	-	-	-
Non-installment	-	-	-
Overdraft Accounts-TL (Corporation)	31,730	-	31,730
Overdraft Accounts-FC (Corporation)	-	-	-
Total	66,143	1,202,930	1,269,073

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

6. Information related to loans (continued)

6.5. Information on commercial instalments loans and corporate credit cards (continued)

PRIOR PERIOD	SHORT-TERM	MEDIUM AND LONG-TERM	TOTAL
Commercial Installment Loans-TL	10,443	83,376	93,819
Business Residential Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	10,443	83,376	93,819
Other	-	-	-
Commercial Installment Loans- Indexed to FC	-	20,700	20,700
Business Residential Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	20,700	20,700
Other	-	-	-
Commercial Installment Loans – FC	-	978,973	978,973
Business Residential Loans	-	-	-
Automobile Loans	-	-	-
Consumer Loans	-	978,973	978,973
Other	-	-	-
Corporate Credit Cards-TL	-	-	-
Installment	-	-	-
Non-installment	-	-	-
Corporate Credit Cards-FC	-	-	-
Installment	-	-	-
Non-installment	-	-	-
Overdraft Accounts-TL (Corporation)	54,042	-	54,042
Overdraft Accounts-FC (Corporation)	-	-	-
Total	64,485	1,083,049	1,147,534

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

6. Information related to loans (continued)

6.6. Loan according to types of borrowers

	31 DECEMBER 2022	31 DECEMBER 2021
Public	22,755	-
Private	17,885,095	14,516,724
Total	17,907,850	14,516,724

6.7. Distribution of domestic and foreign loans

	31 DECEMBER 2022	31 DECEMBER 2021
Domestic Loans	17,821,200	13,589,571
Foreign Loans	86,650	927,153
Total	17,907,850	14,516,724

6.8. Loans granted to subsidiaries and associates

	31 DECEMBER 2022	31 DECEMBER 2021
Direct lending to subsidiaries and associates	133,505	168,610
Indirect lending to subsidiaries and associates	-	-
Total	133,505	168,610

6.9. Specific provisions for loans or provisions for default loans (third group)

	31 DECEMBER 2022	31 DECEMBER 2021
Loans and receivables with limited collectability	20,051	31,429
Doubtful loans and receivables	41,674	45,880
Uncollectible loans and receivables	231,301	218,073
Total	293,026	295,382

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

6. Information related to loans (continued)

6.10. Information on non-performing loans (Net)

6.10.1. Information on loans under follow-up, loans and other receivables restructured or rescheduled

	GROUP III	GROUP IV	GROUP V
	LOANS WITH LIMITED COLLECTABILITY	COLLECTIBLE DOUBTFUL LOANS	UNCOLLECTIBLE LOANS
Current Period: 31 December 2022			
(Gross Amounts Before Provisions)	-	-	-
Restructured Loans	-	-	-
Prior Period: 31 December 2021			
(Gross Amounts Before Provisions)	-	17,612	-
Restructured Loans	-	17,612	-

6.10.2. Information on the movement of total non-performing loans

	GROUP III	GROUP IV	GROUP V
CURRENT PERIOD	LOANS AND RECEIVABLES WITH LIMITED COLLECTABILITY	DOUBTFUL LOANS AND RECEIVABLES	UNCOLLECTIBLE LOANS AND RECEIVABLES
Prior period end balance	70,518	101,800	276,639
Additions (+)	51,575	83,038	68,687
Transfers from other categories of loans under follow-up (+)	-	43,378	101,285
Transfers to other categories of loans under follow-up (-)	43,378	101,285	-
Collections (-)	28,771	43,467	53,969
Write-offs (-)	8	10	3,040
Sold	3	-	92,158
Corporate and commercial loans	-	-	-
Retail loans	3	-	92,158
Credit cards	-	-	-
Other	-	-	-
Balance at end of period	49,933	83,454	297,444
Provisions (-)	20,051	41,674	231,301
Net balance on balance sheet	29,882	41,780	66,143

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

6. Information related to loans (continued)

6.10. Information on non-performing loans (Net) (continued)

6.10.2. Information on the movement of total non-performing loans (continued)

PRIOR PERIOD	GROUP III	GROUP IV	GROUP V
	LOANS AND RECEIVABLES WITH LIMITED COLLECTABILITY	DOUBTFUL LOANS AND RECEIVABLES	UNCOLLECTIBLE LOANS AND RECEIVABLES
Prior period end balance	1,162	52,607	264,867
Additions (+)	70,864	84,357	61,642
Transfers from other categories of loans under follow-up (+)	-	1,253	27,522
Transfers to other categories of loans under follow-up (-)	1,253	27,522	-
Collections (-)	249	8,893	70,637
Write-offs (-)	6	2	6,755
Sold	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Balance at end of period	70,518	101,800	276,639
Provisions (-)	31,429	45,880	218,073
Net balance on balance sheet	39,089	55,920	58,566

6.10.3. Information on foreign currency non-performing loans and other receivables

	GROUP III	GROUP IV	GROUP V
	LOANS AND RECEIVABLES WITH LIMITED COLLECTABILITY	DOUBTFUL LOANS AND RECEIVABLES	UNCOLLECTIBLE LOANS AND RECEIVABLES
Current Period: 31 December 2022			
Prior period end balance	-	19,481	-
Provision (-)	-	12,137	-
Net value on balance sheet	-	7,344	-
Prior Period: 31 December 2021			
Prior period end balance	-	17,612	-
Provision (-)	-	10,889	-
Net value on balance sheet	-	6,723	-

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

6. Information related to loans (continued)

6.10. Information on non-performing loans (Net) (continued)

6.10.4. Information on gross and net non-performing loans and receivables as per customer categories

	GROUP III	GROUP IV	GROUP V
	LOANS AND RECEIVABLES WITH LIMITED COLLECTABILITY	LOANS AND RECEIVABLES WITH DOUBTFUL COLLECTABILITY	UNCOLLECTIBLE LOANS AND OTHER RECEIVABLES
31 December 2022 (Net)			
Loans to individuals and corporate (Gross)	49,933	83,454	297,444
Provisions (-)	20,051	41,674	231,301
Loans to individuals and corporate (Net)	29,882	41,780	66,143
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans and receivables (Net)	-	-	-
31 December 2021 (Net)			
Loans to individuals and corporate (Gross)	70,518	101,800	276,639
Provisions (-)	31,429	45,880	218,073
Loans to individuals and corporate (Net)	39,089	55,920	58,566
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Provisions (-)	-	-	-
Other loans and receivables (Net)	-	-	-

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

6. Information related to loans (continued)

6.10. Information on non-performing loans (Net) (continued)

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

	GROUP III	GROUP IV	GROUP V
	LOANS AND RECEIVABLES WITH LIMITED COLLECTABILITY	LOANS AND RECEIVABLES WITH DOUBTFUL COLLECTABILITY	UNCOLLECTIBLE LOANS AND OTHER RECEIVABLES
Current Period (Net)			
Interest accruals and valuation differences	13,380	27,639	293,950
Provision (-)	9,090	16,858	270,774
Prior Period (Net)			
Interest accruals and valuation differences	15,634	26,059	284,655
Provision (-)	10,183	14,863	262,659

6.10.6. Outline of the liquidation policy for uncollectible loans and receivables

Uncollectible loans and receivables are collected through legal follow-ups and liquidation of collaterals.

6.10.7. Information on write-off from assets policies

The accounts receivable to be liquidated shall be deducted from the principal at certain rates within the scope of campaigns organized by the decision of the board of directors and the amount that is discounted shall be deleted from the assets by making a peace protocol with the customer.

7. Financial assets measured at amortised cost (net)

7.1. Information on subject to repurchase transactions, given as a guarantee or blocked

	31 DECEMBER 2022		31 DECEMBER 2021	
	TL	FC	TL	FC
Given as collateral/blocked	32,988	-	-	-
Subject to repurchase agreements	1,541,801	397,674	64,754	581,314
Total	1,574,789	397,674	64,754	581,314

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

7. Financial assets measured at amortised cost (net) (continued)

7.2. Information on government debt securities measured at amortised cost

	31 DECEMBER 2022	31 DECEMBER 2021
	TL	FC
Government bonds	1,277,272	-
Treasury bills	-	-
Other government debt securities	-	-
Total	1,277,272	-

7.3. Information on financial assets measured at amortised cost

	31 DECEMBER 2022		31 DECEMBER 2021	
	TL	FC	TL	FC
Debt securities	1,609,428	1,627,311	64,754	621,766
Quoted at stock exchange	1,609,428	955,374	42,812	488,268
Unquoted at stock exchange	-	671,937	21,942	133,498
Provision for decrease in valuation	-	-	-	-
Total	1,609,428	1,627,311	64,754	621,766

7.4. Movement of financial assets measured at amortized cost

	31 DECEMBER 2022	31 DECEMBER 2021
	TL	FC
Balances at the beginning of period	686,520	471,506
Foreign currency differences on monetary assets	248,457	214,381
Purchase during the period	2,295,088	133,253
Disposals through sales/redemptions	(57,393)	(145,956)
Provision for decrease in valuation (-)	-	-
Valuation effect	64,067	13,336
Total	3,236,739	686,520

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

8. Investments in associates (Net)

8.1. Information on investment in associates

TITLE					ADDRESS (CITY/COUNTRY)		BANK'S SHARE PERCENTAGE- IF DIFFERENT FROM VOTING PERCENTAGE (%)	BANK'S RISK GROUP SHARE PERCENTAGE (%)
1	Kazakhstan Ijara Company Jsc				Kazakhstan		14.31	14.31
2	Haliç Financial Leasing A.Ş.				Turkey		32.00	32.00

	TOTAL ASSETS	SHAREHOLDERS' EQUITY	TOTAL FIXED ASSETS	INTEREST INCOME	INCOME ON SECURITIES PORTFOLIO	CURRENT PERIOD PROFIT/LOSS	PRIOR PERIOD PROFIT/LOSS	FAIR VALUE
1 ⁽¹⁾	619,331	371,585	913	-	-	34,383	15,812	-
2 ⁽²⁾	30,842	30,344	32	787	-	3,236	2,098	-

⁽¹⁾ Unaudited financial data for the year ended 31 December 2022.

Movement of investment in associates

	31 DECEMBER 2022	31 DECEMBER 2021
Balance at the beginning of period	17,888	17,888
Movements during the period	(4,292)	-
Acquisitions	-	-
Bonus shares received and	-	-
Dividends from current year profit	-	-
Sales/settlements	(4,292)	-
Revaluation increase	-	-
Value increase/(decrease)	-	-
Balance at the end of period	13,596	17,888
Capital commitments	-	-
Share percentage at the end of period (%)	14.31-32.00	14.31-36.71

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

8. Investments in associates (Net) (continued)

8.2. Sectorial distribution of investment and associates

	31 DECEMBER 2022	31 DECEMBER 2021
Banks	-	-
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	13,596	17,888
Finance companies	-	-
Other associates	-	-

8.3. Associates quoted on stock market

None (31 December 2021: None).

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

9. Information on subsidiaries

9.1. Information on non-consolidated subsidiaries

	TITLE	ADDRESS (CITY/COUNTRY)	BANK'S SHARE PERCENTAGE- IF DIFFERENT FROM VOTING PERCENTAGE (%)	BANK'S RISK GROUP SHARE PERCENTAGE (%)
1.	Epost Elektronik Perakende Otomasyon Satış Ticaret A.Ş.	İstanbul / Turkey	99.80	100.00
2.	Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş.	İstanbul / Turkey	100.00	100.00
3.	Emlak Girişim Danışmanlığı A.Ş.	İstanbul / Turkey	100.00	100.00
4.	Aktif Bank Sukuk Varlık Kiralama A.Ş.	İstanbul / Turkey	100.00	100.00
5.	UPT Ödeme Hizmetleri A.Ş.	İstanbul / Turkey	100.00	100.00
6.	Aktif Portföy Yönetimi A.Ş.	İstanbul / Turkey	80.00	80.00
7.	N Kolay Ödeme Kuruluşu A.Ş.	İstanbul / Turkey	90.04	90.04
8.	Aktiftech Teknoloji A.Ş.	İstanbul / Turkey	100.00	100.00

	TOTAL ASSETS	SHAREHOLDERS' EQUITY	TOTAL FIXED ASSETS	INTEREST INCOME	INCOME ON SECURITIES PORTFOLIO	CURRENT PERIOD PROFIT/LOSS	PRIOR PERIOD PROFIT/LOSS	FAIR VALUE
1 ⁽¹⁾	226.627	220.694	63	40	-	215	259	-
2 ⁽²⁾	633.133	536.624	865	136.488	-	189.566	129.674	-
3 ⁽¹⁾	335.478	(98.739)	180.166	9.379	-	(68.362)	(153.946)	-
4 ⁽²⁾	3.118.999	493	-	-	-	22	182	-
5 ⁽¹⁾	1.134.763	181.858	13.754	3.865	-	84.210	44.409	-
6 ⁽¹⁾	26.212	21.293	359	3.200	-	7.498	2.759	-
7 ⁽¹⁾	181.242	65.607	6.352	3.812	-	22.963	13.670	-
8 ⁽¹⁾	38.814	26.155	22.749	368	-	16.165	-	-

⁽¹⁾ Unaudited financial data for the year ended 31 December 2022.

⁽²⁾ Financial data for the period ended 30 June 2022.

	31 DECEMBER 2022	31 DECEMBER 2021
Balance at the beginning of the period	369,470	369,470
Movements during the period	10,000	-
Acquisitions	10,000	-
Bonus shares and contributions to capital	-	-
Dividends from current year profit	-	-
Sales/Settlements	-	-
Revaluation increase	-	-
Value increase/(decrease)	-	-
Balance at the end of the period	379,470	369,470
Capital commitments	-	-
Share percentage at the end of period (%)	80-100	80-100

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

9. Information on subsidiaries (continued)

9.2. Sectorial information on subsidiaries and the related carrying amounts in the legal books

	31 DECEMBER 2022	31 DECEMBER 2021
Banks	-	-
Insurance companies	37,000	37,000
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other Subsidiaries	342,470	332,470

9.3. Subsidiaries quoted on stock market

None (31 December 2021: None).

10. Information on jointly controlled entities

There is no jointly controlled entities of the Bank (31 December 2021: None).

11. Information on Finance Lease Receivables (Net)

11.1. Maturities of investments on finance leases

The Bank has no maturities of investment on finance leases as of the balance sheet date (31 December 2021: None).

11.2. The information on net investments in finance leases

The Bank has no net investments in finance leases as of the balance sheet date (31 December 2021: None).

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

12. Information on tangible Assets

	MACHINERY, INSTALLATIONS AND EQUIPMENT	FIXTURES	VEHICLES	RIGHT OF USE ASSETS	OTHER TANGIBLE ASSETS	TOTAL
Prior Period						
Cost	126,160	52,763	9,586	11,166	21,133	220,808
Accumulated depreciation (-)	75,521	40,622	5,589	3,613	13,399	138,744
Net book value	50,639	12,141	3,997	7,553	7,734	82,064
Current Period						
Net book value per period	50,639	12,141	3,997	7,553	7,734	82,064
TFRS 16 opening balance	18,847	26,640	-	7,354	14,553	67,394
Additions	-	-	-	-	-	-
Capitalized financing costs	188	-	39	1,051	-	1,278
Disposals net (-)	14,669	8,005	1,903	2,561	3,328	30,466
Depreciation (-)	144,429	79,403	9,479	16,549	35,686	285,546
Period-end cost	89,800	48,627	7,424	5,254	16,727	167,832
Period-end accumulated depreciation(-)						
Book value	54,629	30,776	2,055	11,295	18,959	117,714

13. Information on intangible Assets

	CURRENT PERIOD	PRIOR PERIOD
Net book value per period	148,691	113,501
Additions	57,812	28,363
Internally generated	63,703	30,171
Disposals net (-)	446	-
Amortization (-)	31,358	23,344
Book value	238,402	148,691

14. Information on investment properties

There are no investment properties as of 31 December 2022 and 31 December 2021.

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

I. Explanations and disclosures related to assets (continued)

15. Information on tax assets

15.1. Information on current tax asset

The Bank has no current tax asset as of 31 December 2022 (31 December 2021: None).

15.2. Temporary differences, tax losses, exemptions and deductions reflected to balance sheet as deferred tax asset

The Bank has calculated deferred tax assets or liabilities from the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and recognised in the accompanying financial statements.

The Bank has calculated TL 5,710 net deferred tax liability and reflected to the financial statements enclosed (31 December 2021: TL 21,432 net deferred tax asset).

	31 DECEMBER 2022		31 DECEMBER 2021	
	ACCUMULATED TEMPORARY DIFFERENCES	DEFERRED TAX ASSET/LIABILITY	ACCUMULATED TEMPORARY DIFFERENCES	DEFERRED TAX ASSET/LIABILITY
Commissions received in advance	17,205	4,301	17,336	3,987
Employee benefits	16,409	4,102	21,111	2,978
Financial assets measured at fair value through other comprehensive income	124,885	31,221	115,327	28,832
Differences between tangible and intangible fixed assets' amortization costs	14,489	3,622	37,758	7,622
Provisions for TFRS 9	102,565	25,641	133,920	26,784
Prepaid expense	611	141	20,780	5,195
Other	(298,957)	(74,738)	(222,055)	(53,966)
Deferred Tax Assets, net		(5,710)		21,432

16. Information on assets held for sale and discontinued operations

As of 31 December 2022 the Bank has TL 98,374 assets held for sale (31 December 2021: TL 105,004).

17. Information on other assets

17.1. Breakdown of the 20% of other assets exceeding 10% of total balance sheet amount excluding off balance sheet commitments

A ten-year General Contract dated 27 August 2013, has been signed between the Bank and Turkish Football Federation (TFF) about the E-Ticket System which will be used for the entrance of the sport halls in Sport Clubs' league matches. As of the balance sheet date, following the TFF acceptances of the stadiums in the E-Ticket System, the Bank has paid TL 159,423 to TFF, TL 136,854 has been recognized as an expense, and the rest TL 22,569 has been classified under other assets that will be recognized as an expense in the upcoming years during the E-Ticket System will be used (31 December 2021: TL 159,423 is paid, TL 120,921 of it recognized as an expense, the remaining TL 38,502 is accounted under other assets to be held for prepaid expenses for future years).

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. Explanations and disclosures related to liabilities

Explanations and disclosures related to liabilities of unconsolidated balance sheet as follows.

1. Information on deposits

The Bank is not authorized to accept deposits.

2. Derivative financial liabilities

2.1. Negative differences table related to derivative financial liabilities measured at fair value through profit or loss

	31 DECEMBER 2022		31 DECEMBER 2021	
	TL	FC	TL	FC
Forward transactions	645	47,845	136,022	1,201
Swap transactions	134	25,493	9,794	22,630
Futures transactions	5,425	-	-	-
Options	-	13,559	2,763	3,285
Other	-	-	-	-
Total	6,204	86,897	148,579	27,116

3. Information on banks and other financial institutions

3.1. Information on banks and other financial institutions

	31 DECEMBER 2022		31 DECEMBER 2021	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	3,061,623	-
From Domestic Banks and Institutions	1,507,243	11,781	684,303	30,248
From Foreign Banks, Institutions and Funds	384,015	3,747,063	277,599	4,322,101
Total	1,891,258	3,758,844	4,023,525	4,352,349

3.2. Maturity analysis of funds borrowed

	31 DECEMBER 2022		31 DECEMBER 2021	
	TL	FC	TL	FC
Short-term	1,891,258	3,294,946	4,023,525	1,663,840
Medium and long-term	-	463,898	-	2,688,509
Total	1,891,258	3,758,844	4,023,525	4,352,349

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. Explanations and disclosures related to liabilities (continued)

3. Information on banks and other financial institutions (continued)

3.3. Explanations related to securities issued

	31 DECEMBER 2022		31 DECEMBER 2021	
	TL	FC	TL	FC
Securities issued	10,053,315	4,342,906	6,370,097	2,425,840
Total	10,053,315	4,342,906	6,370,097	2,425,840

	31 DECEMBER 2022	31 DECEMBER 2021
Nominal value of securities issued	15,743,443	9,430,235
Valuation difference of securities issued	(1,347,222)	(634,298)
Securities issued, net	14,396,221	8,795,937

3.4. Additional disclosures related to the concentrations of the Bank’s major liabilities

The Bank, within the scope of banking activities, provides funds by borrowing loans and issuing marketable securities as the bank is not entitled to collect deposits. Funds obtained from repurchase agreements and borrower funds compose other funding resources of the Bank.

4. Breakdown of the 20% of other liabilities exceeding 10% of total balance sheet amount excluding off balance sheet commitments

Other liabilities do not exceed 10% of balance sheet (31 December 2021: Not exceeding).

5. Information on obligations under financial leases (net)

As of January 1, 2019, the “TFRS 16 Leases” standard has eliminated the differences between operating leases and financial leases, and leasing transactions have started to be shown as liabilities by tenants under the item “liabilities from leasing transactions”.

Explanations on obligations arising from leasing transactions:

	31 DECEMBER 2022		31 DECEMBER 2021	
	Brüt	Net	Brüt	Net
Less than 1 year	5,054	2,554	3,236	1,500
Between 1 and 4 years	11,421	7,067	7,746	4,440
More than 4 years	4,798	3,457	3,845	3,007
Total	21,273	13,078	14,827	8,947

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. Explanations and disclosures related to liabilities (continued)

6. Information on liabilities arising from hedging purpose derivatives

There are no hedging purpose derivatives as of the balance sheet date (31 December 2021: None).

7. Information on provisions

7.1. Foreign exchange losses on the foreign currency indexed loans and finance lease receivables

There are no provision for foreign exchange differences on foreign currency indexed loans as of the balance sheet date (31 December 2021: None).

7.2. Employee benefits provision

As of the balance sheet date, total provision amount of employee benefits is TL 155,329 (31 December 2021: TL 94,551). These provisions consist of 27,926 TL severance provision, 10,688 TL leave provision and other provisions. In accordance with the existing social legislation in Turkey, the Bank is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of an agreed formula, are subject to certain upper limits and are recognised in the accompanying financial statements as accrued. The reserve has been calculated by estimating the present value of the future obligation of the Bank that may arise from the retirement of the employees.

Estimates used to calculate the net present value are as follows:

	31 DECEMBER 2022	31 DECEMBER 2021
Discount rate	%21.44	%19.10
Inflation rate	%17.90	%15.60

Movement of employee termination benefits liability in the balance sheet:

	1 JANUARY – 31 DECEMBER 2022	1 JANUARY – 31 DECEMBER 2021
Prior period ending balance	15,412	10,112
Provisions reserved during the year	7,243	4,241
Paid in the year	(4,786)	(2,031)
Actuarial gain / (loss)	10,057	3,090
Balance at the end of the period	27,926	15,412

7.3. Information related to other provisions

	31 DECEMBER 2022	31 DECEMBER 2021
General reserves for the possible effects of negative circumstances	575,000	187,000
Provision for lawsuits	17,987	5,916
Expected credit losses of non-cash loans	13,977	13,349
Total	606,964	206,265

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. Explanations and disclosures related to liabilities (continued)

8. Information on Taxes Payable

8.1. Information on current tax liability

As of 31 December 2022, the remaining tax liability is TL 85,193 after deducting temporary taxes paid during the period from corporate tax (31 December 2021: TL 16,427 current tax payable).

8.2. Information on taxes payable

	31 DECEMBER 2022	31 DECEMBER 2021
Corporate taxes payable	85,193	16,427
Taxation of securities	19,054	14,612
Property tax	-	-
Banking and insurance transaction tax (BITT)	33,670	20,735
Foreign exchange transaction tax	2,987	6,980
Value added tax payable	9,192	4,289
Other	7,121	3,983
Total	157,217	67,026

8.3. Information on premiums

	31 DECEMBER 2022	31 DECEMBER 2021
Social security premiums-employee	2,886	1,573
Social security premiums-employer	3,245	1,765
Bank social aid pension fund premium-employee	-	-
Bank social aid pension fund premium-employer	-	-
Pension fund membership fees and provisions-employee	-	-
Pension fund membership fees and provisions-employer	-	-
Unemployment insurance-employee	211	116
Unemployment insurance-employer	422	233
Other	126	64
Total	6,890	3,751

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. Explanations and disclosures related to liabilities (continued)

8. Vergi borcuna ilişkin açıklamalar (devamı)

8.4. Information on deferred tax liabilities

8.4.1. Temporary differences, tax losses, exemptions and deductions reflected to balance sheet as deferred tax liabilities

The Bank has computed deferred tax asset or liability on temporary differences arising from carrying values of assets and liabilities in the accompanying financial statements and their tax bases.

The Bank has calculated TL 5,710 net deferred tax liability and reflected to the financial statements enclosed (31 December 2021: TL 21,432 of net deferred tax asset).

9. Liabilities for assets held for sale and assets of discontinued operations

None (31 December 2021: None).

10. Information on Subordinated Loans

None (31 December 2021: None).

11. Information on Shareholders’ Equity

11.1. Presentation of paid-in capital

	31 DECEMBER 2022	31 DECEMBER 2021
Common stock	1,193,585	1,193,585
Preferred stock	-	-

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

II. Explanations and disclosures related to liabilities (continued)

11. Information on Shareholders’ Equity (continued)

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

There is no registered share capital ceiling at the Bank (31 December 2021: None).

11.3. Information on share capital increases and their sources; other information on increased capital shares in current period

None (31 December 2021: None).

11.4. Information on share capital increases from capital reserves

None (31 December 2021: None).

11.5. Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments

There is no capital commitment (31 December 2021: None).

11.6. Indicators of the Bank’s income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank’s equity due to the uncertainty of these indicators

None (31 December 2021: None).

11.7. Information on preferred shares

The Bank has no preferred shares (31 December 2021: None).

11.8. Information on marketable securities value increase fund

	31 DECEMBER 2022		31 DECEMBER 2021	
	TL	FC	TL	FC
From associates, subsidiaries and joint ventures	-	-	-	-
Valuation difference	308,686	(114,804)	(115,012)	(60,178)
Foreign Exchange difference	-	-	-	-
Total	308,686	(114,804)	(115,012)	(60,178)

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

III. Explanations and disclosures related to off-balance sheet items

Explanations and disclosures related to off-balance sheet items of unconsolidated balance sheet as follows:

1. Information on off-balance sheet liabilities

1.1. Nature and amount of irrevocable loan commitments

Irrevocable commitments

	31 DECEMBER 2022	31 DECEMBER 2021
Payment commitments for credit cards	382,521	352,818
Forward asset purchase commitments	3,412,039	583,361
Payment commitments for checks	4,737	3,914
Utilization guaranteed credit allocation commitments	18,698	-
Other irrevocable commitments	355,883	336,338
Total	4,173,878	1,276,431

1.2. Guarantees, bills of exchange and acceptances and other letters of credit which can be counted as financial collateral and other non-cash loans including letters of credit

As of the balance sheet date, other guarantees consist of bank acceptance do not exist (31 December 2021: None), other guarantees amounting to TL 58,189 (31 December 2021: TL 1,151,636) and letters of credit amounting to TL 891,238 (31 December 2021: TL 396,043).

1.3. Guarantees, suretyships, and similar transactions

As of the balance sheet date, total guarantees given by the Bank is TL 3,141,211 (31 December 2021: TL 2,918,525). Out of this amount, TL 52,026 (31 December 2021: TL 42,768) consist of tender guarantee letters, TL 1,321,483 (31 December 2021: TL 1,096,360) consist of guarantee letters, TL 694 (31 December 2021: TL 1,980) consist of customs letter of guarantee, TL 242,462 (31 December 2021: TL 767,695) consists of letters of guarantee given as collateral and TL 1,524,546 (31 December 2021: TL 1,009,722) consists of letters of guarantee given as collateral for cash loans.

1.4. Information related to non-cash loans

1.4.1. Total amount of non-cash loans

	31 DECEMBER 2022	31 DECEMBER 2021
Non-cash loans given against cash loan risks	1,572,067	1,009,722
<i>With maturity of one year or less than one year</i>	<i>1,132,114</i>	<i>631,768</i>
<i>With maturity of more than one year</i>	<i>439,953</i>	<i>377,954</i>
Other non-cash loans	2,518,571	3,456,482
Total	4,090,638	4,466,204

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

III. Explanations and disclosures related to off-balance sheet items (continued)

1. Information on off-balance sheet liabilities (continued)

1.4.2. Information on sectorial risk breakdown of non-cash loans

	31 DECEMBER 2022			
	TL	(%)	FC	(%)
Agricultural	52,364	3	36,440	1
<i>Farming and raising livestock</i>	<i>52,364</i>	<i>3</i>	<i>36,440</i>	<i>1</i>
<i>Forestry</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Fishing</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Manufacturing	422,171	27	1,377,401	56
<i>Mining and Quarrying</i>	<i>57,585</i>	<i>4</i>	<i>-</i>	<i>-</i>
<i>Production</i>	<i>300,303</i>	<i>19</i>	<i>1,088,376</i>	<i>44</i>
<i>Electricity, Gas, Water</i>	<i>64,283</i>	<i>4</i>	<i>289,025</i>	<i>12</i>
Construction	26,416	2	47,051	2
Services	1,106,888	68	1,019,221	41
<i>Wholesale and retail trade</i>	<i>448,395</i>	<i>28</i>	<i>392,245</i>	<i>16</i>
<i>Hotel, food and beverage services</i>	<i>897</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Transportation and telecommunication</i>	<i>1,936</i>	<i>-</i>	<i>8,012</i>	<i>-</i>
<i>Financial institutions</i>	<i>386,274</i>	<i>24</i>	<i>510,695</i>	<i>21</i>
<i>Real estate and leasing services</i>	<i>106,479</i>	<i>7</i>	<i>53,422</i>	<i>2</i>
<i>Self-employment services</i>	<i>151,098</i>	<i>9</i>	<i>40,823</i>	<i>2</i>
<i>Education services</i>	<i>4,613</i>	<i>-</i>	<i>14,024</i>	<i>-</i>
<i>Health and social services</i>	<i>7,196</i>	<i>-</i>	<i>-</i>	<i>-</i>
Other	2,686	-	-	-
Total	1,610,525	100	2,480,113	100

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

III. Explanations and disclosures related to off-balance sheet items (continued)

1. Information on off-balance sheet liabilities (continued)

1.4.2. Information on sectorial risk breakdown of non-cash loans (continued)

	31 DECEMBER 2021			
	TL	(%)	FC	(%)
Agricultural	9,449	1	122,515	3
<i>Farming and raising livestock</i>	9,449	1	122,515	3
<i>Forestry</i>	-	-	-	-
<i>Fishing</i>	-	-	-	-
Manufacturing	165,433	20	1,252,335	35
<i>Mining and Quarrying</i>	23,900	3	-	-
<i>Production</i>	67,179	8	989,825	28
<i>Electricity, Gas, Water</i>	74,354	9	262,510	7
Construction	37,473	4	155,694	4
Services	646,555	75	2,075,221	58
<i>Wholesale and retail trade</i>	114,015	13	1,008,651	28
<i>Hotel, food and beverage services</i>	238	-	36,210	1
<i>Transportation and telecommunication</i>	1,065	-	23,932	1
<i>Financial institutions</i>	341,161	40	225,632	6
<i>Real estate and leasing services</i>	70,965	8	626,749	18
<i>Self-employment services</i>	106,621	12	144,050	4
<i>Education services</i>	4,614	1	9,997	-
<i>Health and social services</i>	7,876	1	-	-
Other	1,529	-	-	-
Total	860,439	100	3,605,765	100

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

III. Explanations and disclosures related to off-balance sheet items (continued)

1. Information on off-balance sheet liabilities (continued)

1.4.3. Information on group I and group II non-cash loans

	GROUP I		GROUP II	
	TL	FC	TL	FC
Non-cash Loans				
Letters of guarantee	1,548,610	1,466,704	4,045	120,207
Bank acceptances	-	-	-	-
Letters of credit	-	891,238	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	57,870	319	-	-
Total	1,606,480	2,358,261	4,045	120,207

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

III. Explanations and disclosures related to off-balance sheet items (continued)

2. Information related to derivative financial instruments

	31 DECEMBER 2022	31 DECEMBER 2021
Types of hedging transactions		
A. Total hedging related derivatives	-	-
Transactions for fair value hedge	-	-
Transactions for cash flow hedge	-	-
Transactions for foreign net investment hedge	-	-
Types of trading transactions		
FC related derivative transactions (I) (1)	31,850,734	17,566,503
Forward FC transactions-buy	4,838,332	1,799,530
Forward FC transactions-sell	4,810,484	1,790,700
FC swap-buy	6,954,523	5,245,179
FC swap-sell	6,816,750	5,078,122
FC call options	3,932,087	1,124,187
FC put options	3,905,058	1,115,591
FC futures-buy	293,399	714,394
FC futures-sell	300,101	698,800
Interest related derivative transactions (II)	3,127,930	4,538,120
Interest rate swap-buy	1,563,965	2,269,060
Interest rate swap-sell	1,563,965	2,269,060
Interest rate options-buy	-	-
Interest rate options-sell	-	-
Securities options-buy	-	-
Securities options-sell	-	-
Interest rate futures-buy	-	-
Interest rate futures-sell	-	-
Other trading derivative transactions (III)	43,524	-
B. Total trading derivative transactions (I+II+III)	35,022,188	22,104,623
Total derivative transactions (A+B)	35,022,188	22,104,623

(1) Forward asset purchase and sale commitments are included.

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

III. Explanations and disclosures related to off-balance sheet items (continued)

2. Information related to derivative financial instruments (continued)

	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	5 YEARS AND OVER	TOTAL
Types of hedging transactions	-	-	-	-	-	-
A. Total hedging related derivatives	-	-	-	-	-	-
Transactions for fair value hedge	-	-	-	-	-	-
Transactions for cash flow hedge	-	-	-	-	-	-
Transactions for foreign net investment hedge	-	-	-	-	-	-
Types of trading transactions	-	-	-	-	-	-
Fc related derivative transactions (I)	7,287,565	10,277,972	14,277,382	7,815	-	31,850,734
Forward fc transactions-buy	2,026,620	913,034	1,894,771	3,907	-	4,838,332
Forward fc transactions-sell	2,027,594	902,272	1,876,710	3,908	-	4,810,484
Fc swap-buy	1,191,862	2,277,218	3,485,443	-	-	6,954,523
Fc swap-sell	1,192,502	2,230,856	3,393,392	-	-	6,816,750
Fc call options	425,328	1,689,460	1,817,299	-	-	3,932,087
Fc put options	423,659	1,685,081	1,796,318	-	-	3,905,058
Fc futures-buy	-	286,551	6,848	-	-	293,399
Fc futures-sell	-	293,500	6,601	-	-	300,101
Interest related derivative transactions (II)	-	-	1,058,698	2,069,232	-	3,127,930
Interest rate swap-buy	-	-	529,349	1,034,616	-	1,563,965
Interest rate swap-sell	-	-	529,349	1,034,616	-	1,563,965
Interest rate options-buy	-	-	-	-	-	-
Interest rate options-sell	-	-	-	-	-	-
Securities options-buy	-	-	-	-	-	-
Securities options-sell	-	-	-	-	-	-
Interest rate futures-buy	-	-	-	-	-	-
Interest rate futures-sell	-	-	-	-	-	-
Other trading derivative transactions (III)	-	-	43,524	-	-	43,524
B. Total trading derivative transactions (I+II + III)	7,287,565	10,277,972	15,379,604	2,077,047	-	35,022,188
Total Derivative Transactions (A+B)	7,287,565	10,277,972	15,379,604	2,077,047	-	35,022,188

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

III. Explanations and disclosures related to off-balance sheet items (continued)

2. Information related to derivative financial instruments (continued)

31 DECEMBER 2021	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	5 YEARS AND OVER	TOTAL
Types of hedging transactions	-	-	-	-	-	-
A. Total hedging related derivatives	-	-	-	-	-	-
Transactions for fair value hedge	-	-	-	-	-	-
Transactions for cash flow hedge	-	-	-	-	-	-
Transactions for foreign net investment hedge	-	-	-	-	-	-
Types of trading transactions	-	-	-	-	-	-
Fc related derivative transactions (I)	6,429,490	3,300,114	6,997,819	839,080	-	17,566,503
Forward fc transactions-buy	743,899	106,549	949,082	-	-	1,799,530
Forward fc transactions-sell	745,540	105,464	939,696	-	-	1,790,700
Fc swap-buy	2,292,767	687,956	2,264,456	-	-	5,245,179
Fc swap-sell	2,276,592	678,290	2,123,240	-	-	5,078,122
Fc call options	185,366	863,130	75,691	-	-	1,124,187
Fc put options	185,326	858,725	71,540	-	-	1,115,591
Fc futures-buy	-	-	293,239	421,155	-	714,394
Fc futures-sell	-	-	280,875	417,925	-	698,800
Interest related derivative transactions (II)	666,450	-	740,000	3,131,670	-	4,538,120
Interest rate swap-buy	333,225	-	370,000	1,565,835	-	2,269,060
Interest rate swap-sell	333,225	-	370,000	1,565,835	-	2,269,060
Interest rate options-buy	-	-	-	-	-	-
Interest rate options-sell	-	-	-	-	-	-
Securities options-buy	-	-	-	-	-	-
Securities options-sell	-	-	-	-	-	-
Interest rate futures-buy	-	-	-	-	-	-
Interest rate futures-sell	-	-	-	-	-	-
Other trading derivative transactions (III)	-	-	-	-	-	-
B. Total trading derivative transactions (I+II + III)	7,095,940	3,300,114	7,737,819	3,970,750	-	22,104,623
Total Derivative Transactions (A+B)	7,095,940	3,300,114	7,737,819	3,970,750	-	22,104,623

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

III. Explanations and disclosures related to off-balance sheet items (continued)

3. Credit derivatives and risk exposures on credit derivatives

None (31 December 2021: None).

4. Explanations of contingent liabilities and assets

As of the balance sheet date, the Bank does not have contingent liabilities and assets (31 December 2021: None).

5. Services rendered on behalf of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers.

IV. Explanations and disclosures related to the statement of income

Explanations and disclosures related to statement of income items as follows:

1. Interest Income

1.1. Information on interest received from loans

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Interest on loans ⁽¹⁾	2,955,616	527,687	1,937,439	261,823
Short term loans	461,678	393,113	235,135	154,401
Medium and long term loans	2,480,524	134,574	1,694,835	107,422
Interest on non-performing loans	13,414	-	7,469	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	2,955,616	527,687	1,937,439	261,823

⁽¹⁾ Fees and commission income from loans are included in interest on loans.

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

IV. Explanations and disclosures related to the statement of income (continued)

1. Interest Income (continued)

1.2. Information on interest received from banks

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
From the Central Bank of Turkey	-	12,246	-	-
From domestic banks	8,443	9,116	1,017	1,128
From foreign banks	11	13,728	-	4,757
From branches and head offices abroad	-	-	-	-
Total	8,454	35,090	1,017	5,885

1.3. Information on interest received from marketable securities

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Financial assets measured at fair value through profit/loss	-	220	4,648	65
Financial assets measured at fair value through other comprehensive income	1,255,056	297,637	560,355	175,953
Financial assets measured at amortised cost	331,713	76,243	14,427	27,290
Total	1,586,769	374,100	579,430	203,308

1.4. Information on interest income received from associates and subsidiaries

	CURRENT PERIOD	PRIOR PERIOD
Interest income received from associates and subsidiaries	16,979	12,222
Total	16,979	12,222

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

IV. Explanations and disclosures related to the statement of income (continued)

2. Interest expenses

2.1. Information on interest expense on funds borrowed

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Banks(1)	269,216	95,385	155,690	70,476
<i>Central Bank of Turkey</i>	<i>83,160</i>	<i>-</i>	<i>25,731</i>	<i>-</i>
<i>Domestic banks</i>	<i>135,704</i>	<i>1,250</i>	<i>87,075</i>	<i>84</i>
<i>Foreign banks</i>	<i>50,352</i>	<i>94,135</i>	<i>42,884</i>	<i>70,392</i>
<i>Branches and head offices abroad</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
Other institutions	-	15	-	275
Total	269,216	95,400	155,690	70,751

(1) Commission and fee expense on funds borrowed has been included in Banks.

2.2. Information on interest expense to associates and subsidiaries

	CURRENT PERIOD	PRIOR PERIOD
Interest expense to associates and subsidiaries	15,772	4,464
Total	15,772	4,464

2.3. Information on interest expense to securities issued

	CURRENT PERIOD		PRIOR PERIOD	
	TL	FC	TL	FC
Interest expense to securities issued	1,855,757	108,030	1,370,262	30,596

2.4. Allocation of interest expense on deposits based on maturity of deposits

The Bank is not authorized to accept deposits.

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

IV. Explanations and disclosures related to the statement of income (continued)

3. Information on dividend income (Net)

	CURRENT PERIOD	PRIOR PERIOD
From financial assets at fair value through profit or loss	-	-
From financial assets at fair value through other comprehensive income	333	353
Other	1,440	625
Total	1,773	978

4. Information on Net Trading Income (Net)

	CURRENT PERIOD	PRIOR PERIOD
Profit	11,460,667	7,807,549
Gains on capital market operations	644,905	117,042
Gains on derivative financial instruments	3,750,789	2,490,062
Foreign exchange gains	7,064,973	5,200,445
Losses (-)	10,606,892	7,601,602
Losses on capital market operations	107,856	8,080
Losses on derivative financial instruments	3,847,150	2,275,653
Foreign exchange losses	6,651,886	5,317,869
Net trading income / (losses)	853,775	205,947

5. Information related to other operating income

The Bank’s other operating income amounting to TL 358,872 TL 277,039 consists of previous years’ provision cancellations, TL 36,184 consists of income from the sale of assets and TL 45,649 consists of other income.

31 December 2021: The Bank’s other operating income amounting to TL 211,220 TL 145,894 consists of of previous years’ provision cancella-tions, TL 33,343 consists of income from the sale of assets and TL 31,983 consists of other income.

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

IV. Explanations and disclosures related to the statement of income (continued)

6. Provisions for losses on loans and other receivables

	CURRENT PERIOD	PRIOR PERIOD
Expected Credit Loss	252,916	234,459
12 month expected credit loss (stage 1)	74,107	52,404
Significant increase in credit risk (stage 2)	26,430	42,998
Non-performing loans (stage 3)	152,379	139,057
Marketable Securities Impairment Expense	362	296
Financial Assets Measured at Fair Value through Profit/Loss	362	296
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Impairment Provision for Associates, Subsidiaries and Joint Ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	478,000	50,000
Total	731,278	284,755

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

IV. Explanations and disclosures related to the statement of income (continued)

7. Information related to other operating expenses

	CURRENT PERIOD	PRIOR PERIOD
Reserve for employee termination benefits	2,457	2,210
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets	30,466	17,417
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	31,358	23,344
Impairment on subsidiaries accounted for under equity method	-	-
Impairment on assets for resale	-	-
Depreciation expenses on assets to be disposed of	-	-
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	417,152	238,317
<i>Lease expenses related to TFRS 16 exceptions</i>	32,261	26,839
<i>Repair and maintenance expenses</i>	26,533	16,153
<i>Advertisement expenses</i>	121,557	48,332
<i>Other expenses⁽¹⁾</i>	236,801	146,993
Loss on sales of assets	95,387	-
Other ⁽²⁾	103,531	67,058
Total	680,351	348,346

⁽¹⁾ Other operating expenses include TL 67,619 (31 December 2021: TL 36,156) amount of expense on outsourced benefits, TL 41,537 (31 December 2021: TL 21,233) amount of communication expenses, TL 13,450 (31 December 2021: TL 5,437) amount of vehicle expenses, TL 11,562 (31 December 2021: TL 3,673) amount of representation and communication expenses and TL 102,333 (31 December 2021: TL 80,494) amount of other expenses.

⁽²⁾ Other expenses amounting to TL 24,178 (31 December 2021: TL 13,293) consist of consultancy expenses.

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

The Bank has realized TL 2,615,560 profit before tax from continuing operations (31 December 2021: TL 918,910 profit).

9. Provision for taxes including taxes from continued and discontinued operations

The Bank has tax expenses of TL 715,144 from its continuing operations (31 December 2021: TL 222,847 tax expenses).

The Bank does not have discontinued operations.

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

IV. Explanations and disclosures related to the statement of income (continued)

10. Information on Profit/loss before taxes including profit/loss from continuing and discontinued operations

As of 31 December 2022, the Bank has realized TL 2,615,560 continuing operations profit before tax (31 December 2021: TL 918,910 profit). Tax expense due to continuing operations of the Bank is TL 715,144 (31 December 2021: TL 222,847). The Bank has obtained TL 1,900,416 net profit as of and for the year ended 31 December 2022 (31 December 2021: TL 696,063 net profit).

The Bank does not have discontinued operations (31 December 2021: None).

11. Information on net profit/loss

11.1. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank’s performance for the period

The Bank has ordinary operations on loans, purchase and sales of marketable securities, foreign currency operations and lending non-cash loans against collateral. Thus, net interest income, capital markets operations income, exchange profit and commission income from non-cash loans constitute a high proportion in income statement of the Bank.

11.2. Effect of change in a forecast related to financial statement components to profit/loss, if possibility to effect latter years occurs, information including those periods

There is no change in forecast related to financial statement components to profit/loss.

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

“Other fees and commissions received” amounting TL 790,684 (31 December 2021: TL 233,581) in the statement of profit or loss consist of com-missions and fees received from the Bank's brokerage commission and other banking services.

“Other fees and commissions paid” amounting TL 577,023 (31 December 2021: TL 191,496) in the statement of profit or loss consist of clearing commissions and other commission and fees paid.

13. Fees for services received from independent auditor / independent audit firm:

The fee for services for the reporting period regarding the services received from the independent auditor or independent audit firm in accor-dance with the decision of the POA dated 26 March 2021 is given in the table below. These fees include the fees for services rendered to the Bank's domestic subsidiaries and unconsolidated non-financial partnerships.

	CURRENT PERIOD	PRIOR PERIOD
Independent audit fee	5,682	2,191
Total	5,682	2,191

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

V. Explanations and disclosures related to the statement of changes in shareholders’ equity

1. Any increases arising from application of accounting for financial instruments

1.1. Increases from valuation of financial assets measured at fair value through other comprehensive income

“Unrealized gains and losses” arising from changes in the fair value of financial assets classified as financial assets at fair value through other comprehensive income are not recognized in current year income statements; they are recognized in the “Marketable securities valuation differences” account under equity, until the financial assets are sold, disposed of or impaired.

1.2. Increases due to cash flow hedges

None (31 December 2021: None).

2. Any decreases arising from application of accounting for financial instruments

2.1. Decreases from valuation of financial assets measured at fair value through other comprehensive income

None (31 December 2021: None).

2.2. Decreases due to cash flow hedges

None (31 December 2021: None).

3. Dividends

3.1. Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements

None (31 December 2021: None).

3.2. Dividends per share proposed subsequent to the balance sheet date

None (31 December 2021: None).

3.3. Amounts transferred to legal reserves

	31 DECEMBER 2022	31 DECEMBER 2021
Amount transferred to extraordinary reserves	661,260	428,112
Amount transferred to legal reserves	34,803	22,532
Amount transferred to capital reserves	-	-
Total	696,063	450,644

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

V. Explanations and disclosures related to the statement of changes in shareholders’ equity (continued)

3. Dividends (continued)

3.4. Issuance of share certificates

None (31 December 2021: None).

3.5. Effects of prior years’ corrections to beginning balances of current period

None.

3.6. Compensation of prior period losses

As of 31 December 2022, there is no amount used to offset prior periods’ losses in the distribution of profit in 2021 (31 December 2021: None).

VI. Explanations and disclosures related to the statement of cash flows

1. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents

For the period ended 31 December 2022, the Bank’s net cash outflow from banking activities is amounting to TL 619,489 (31 December 2021: TL 4,896,940 net cash inflow). Amounting to TL 1,793,967 (net cash outflow) of the related amount is due to changes in assets and liabilities (31 December 2021: TL 4,300,989 net cash inflow) and amounting to TL 1,174,478 is due to operating profit before the change in assets and liabilities of banking activities (31 December 2021: TL 595,951 operating profit).

For the period ended 31 December 2022, the Bank’s net cash outflows from investment activities is amounting to TL 4,714,503 (31 December 2021: TL 3,047,671 net cash outflow). As of 31 December 2022, “Other” item under “Net cash flow from investment activities” amounting to TL 57,812 refers to the amount purchased for intangible rights (31 December 2021: purchased, TL 28,363).

For the period ended 31 December 2022, the net cash inflows from the Bank’s financing activities is amounting to TL 5,604,759 and the amount is due to issuance of bonds (31 December 2021: TL 1,165,702 net cash inflow).

Cash and cash equivalents amounting to TL 6,892,200 at the beginning of the period is reached to TL 8,581,476 at the end of the period (31 December 2021: TL 1,470,741 and TL 6,892,200).

The “Other” item under “Operating profit before changes in operating assets and liabilities” amounting to TL 1,010,965 (31 December 2021: TL 665,473) consists of mainly items such as other operating expenses, foreign exchange gains and losses and fees and commissions paid excluding personnel expenses, taxes paid and depreciation expenses.

The “Net increase/decrease in other liabilities” item under “Changes in operating assets and liabilities” amounting to TL 6,707,214 (31 December 2021: TL 3,635,402 increase) consists of mainly changes in “Funds” and “Other Liabilities”.

The effect of changes 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 three months periods, and amounts as an increase of TL 1,418,509 (31 December 2021: TL 2,406,488 increase).

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

VI. Explanations and disclosures related to the statement of cash flows (continued)

2. Cash and cash equivalents at beginning of the year

	1 JANUARY 2022	1 JANUARY 2021
Cash	243,933	70,013
Cash in TL	9,165	4,149
Cash in FC	234,768	65,864
Other	-	-
Cash Equivalent	6,648,267	1,400,728
Central Bank of Turkey	6,023,370	952,865
Banks and other financial institutions	640,666	353,822
Money markets	-	100,051
Minus: income accruals on cash equivalents	(15,769)	(6,010)
Cash Equivalents	6,892,200	1,470,741

3. Cash and cash equivalents at the end of the year

	31 DECEMBER 2022	31 DECEMBER 2021
Cash	392,470	243,933
Cash in TL	39,282	9,165
Cash in FC	351,038	234,768
Other	2,150	-
Cash Equivalent	8,189,006	6,648,267
Central Bank of Turkey	5,481,523	6,023,370
Banks and other financial institutions	1,610,257	640,666
Money markets	1,100,611	-
Minus: income accruals on cash equivalents	(3,385)	(15,769)
Cash Equivalents	8,581,476	6,892,200

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

VII. Explanations on the risk group of the bank

1. Information on the volume of transactions related to the bank’s own risk group, outstanding loan and deposit transactions and income and expenses of the period

1.1. Current period

BANK’S RISK GROUP	ASSOCIATES, AFFILIATES AND JOINT-VENTURES		BANK’S DIRECT AND INDIRECT SHAREHOLDERS		OTHER COMPONENTS IN RISK GROUP	
	CASH	NON-CASH	CASH	NON-CASH	CASH	NON-CASH
Loans and other receivables						
Balance at beginning of period	168,610	719,049	949,335	1,984	1,283,498	886,286
Balance at end of period	133,505	85,960	663,056	9,151	807,348	335,835
Interest and commission income	16,979	2,125	240,445	45	159,632	12,995

1.2. Prior period

BANK’S RISK GROUP	ASSOCIATES, AFFILIATES AND JOINT-VENTURES		BANK’S DIRECT AND INDIRECT SHAREHOLDERS		OTHER COMPONENTS IN RISK GROUP	
	CASH	NON-CASH	CASH	NON-CASH	CASH	NON-CASH
Loans and other receivables						
Balance at beginning of period	137,066	482,774	1,223,886	178	1,497,011	165,455
Balance at end of period	168,610	719,049	949,335	1,984	1,283,498	886,286
Interest and commission income	12,222	2,558	176,863	9	135,059	8,610

2. Concentration of transaction volumes and balances with risk group and pricing policy

The Bank operates various banking operations with the risk group. These are commercial transactions and priced with market prices in line with Bank’s general pricing policy.

31 DECEMBER 2022	RISK GROUP	TOTAL ⁽¹⁾	RATE%
Cash loans	1,603,909	17,927,816	8.95
Non-cash loans	430,946	4,090,638	10.53

31 DECEMBER 2021	RISK GROUP	TOTAL ⁽¹⁾	RATE%
Cash loans	2,401,443	14,550,254	16.50
Non-cash loans	1,607,319	4,466,204	35.99

⁽¹⁾ Finance lease receivables and factoring receivables are included.

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

VII. Explanations on the risk group of the bank (continued)

3. Information on deposit held by Bank’s own risk group

The Bank is not authorized to accept deposits.

The Bank has the risk group balance classified in the customer accounts amounting to TL 1,300,027 (31 December 2021: TL 292,024).

The Bank has an amount of TL 220,858 of risk group balance in securities issued (31 December 2021: TL 149,257).

4. Information on forward, option and other similar agreements made with Bank’s own risk group

BANK’S RISK GROUP	ASSOCIATES, AFFILIATES AND JOINT-VENTURES		BANK’S DIRECT AND INDIRECT SHAREHOLDERS		OTHER COMPONENTS IN RISK GROUP	
	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD	CURRENT PERIOD	PRIOR PERIOD
Transactions at fair value through profit or (loss):						
Balance at beginning of period	(10,897)	-	(97,278)	-	16,676	(10,251)
Balance at end of period	1,914	(10,897)	321	(97,278)	3,428	16,676
Total profit/(loss)	(9,396)	(10,897)	(150,538)	(97,278)	33,334	29,338
Transactions for hedging						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total profit/(loss)	-	-	-	-	-	-

5. Benefits provided to key management personal

As of 31 December 2022, total salaries and other benefits paid to the Board of Members and top management during the year is TL 45,695 (31 December 2021: TL 36,633). In addition mentioned benefits, rights in kind are also provided.

DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS (continued)

VIII. Explanations on the bank’s domestic branches, agencies and branches abroad and off-shore branches

	NUMBER	NUMBER OF PERSONNEL		
Domestic Branches	13	793	COUNTRY	
Foreign Representation Office	-	-	-	
			TOTAL ASSETS	STATUTORY SHARE CAPITAL
Foreign Branches	-	-	-	-
Off-Shore Branches	-	-	-	-

SECTION SIX

OTHER EXPLANATIONS

I. Other disclosures on activities of the Bank

None.

II. Matters arising subsequent to balance sheet date

The earthquake that occurred in Kahramanmaraş on 6 February 2023 affected 10 provinces. After the disaster, BRSA, CBRT, TBB and Revenue Administration put into effect some reliefs for the residents of the provinces in the disaster area. The Bank's management has taken the necessary measures within the scope of the said decisions, and further studies on the subject continue. As announced in the Official Gazette dated 8 February 2023 and numbered 32098, a State of Emergency was declared for a period of 3 months in Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye and Şanlıurfa.

SECTION SEVEN

INDEPENDENT AUDITOR’S REPORT

I. Disclosures on independent auditor’s report

The unconsolidated financial statements and footnotes of the Bank as of 31 December 2022, have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and an independent auditor’s report dated 7 March 2023, is presented at the beginning of this report.

II. Disclosures and footnotes prepared by independent auditors

None.



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