(Convenience Translation of Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish)

ING Bank A.Ş.

Publicly Announced Unconsolidated Financial Statements
Related Disclosures and Independent Auditors' Report Thereon
as of and for the Year Ended
31 December 2022

9 February 2023

This report consists of 4 pages of "Independent Auditors' Review Report" and 109 pages of unconsolidated financial statements and related disclosures and footnotes.

Convenience Translation of the Independent Auditors' Report Originally Issued in Turkish

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ING Bank Anonim Şirketi:

Audit of Unconsolidated Financial Statements

Opinion

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

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of ING Bank A.Ş. as at December 31,2022 and financial performance and unconsolidated cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations.

Basis for Opinion

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

Other Matter

As of 31 December 2021, the unconsolidated financial statements of the Bank, prepared in accordance with the "BRSA Accounting and Financial Reporting Legislation", were audited by another audit firm, respectively. The independent audit firm in question expressed a positive opinion in its independent audit report dated February 11, 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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.

<table>
<tr><th>Key Audit Matter</th><th>How the Key Audit Matter is addressed in our audit</th></tr>
<tr><td>TFRS 9 “Financial Instruments” Standard and recognition of impairment on financial assets and related significant disclosures</td><td></td></tr>
<tr><td>As presented in Section VII disclosure VIII, the Bank recognizes expected credit losses of financial assets in accordance with TFRS 9 Financial Instruments standard. We considered impairment of financial assets as a key audit matter since:

- Amount of on and off-balance sheet items that are subject to expected credit loss calculation is material to the financial statements.

- There are complex and comprehensive requirements of TFRS 9.

- The classification of the financial assets is based on the Bank’s business model and characteristics of the contractual cash flows in accordance with TFRS 9 and the Bank uses significant judgment on the assessment of the business model and identification of the complex contractual cash flow characteristics of financial instruments.

- Policies implemented by the Bank management include compliance risk to the regulations and other practices.

- Processes of TFRS 9 are advanced and complex.

- Judgements and estimates used in expected credit loss, complex and comprehensive.

- Disclosure requirements of TFRS 9 are comprehensive and complex.</td><td>Our audit procedures included among others include:
- Evaluating the appropriateness of accounting policies as to the requirements of TFRS 9, Bank’s past experience, local and global practices.

- Reviewing and testing of processes which are used to calculate expected credit losses by involving our Information technology and process audit specialists.

- Reviewing the appropriateness of criteria in order to identify the financial assets having solely payments of principal and interest and checking the compliance to the Bank’s Business model.

- Evaluating the alignment of the significant increase in credit risk determined during the calculation of expected credit losses, default definition, restructuring definition, probability of default, loss given default, exposure at default and macro-economic variables that are determined by the financial risk management experts with the Bank’s past performance, regulations, and other processes that has forward looking estimations.

- Assessing the completeness and the accuracy of the data used for expected credit loss calculation.

- Testing the mathematical accuracy of expected credit loss calculation on sample basis.

- Evaluating the judgments and estimates used for the individually assessed financial assets.

- Evaluating the accuracy and the necessity of post-model adjustments.

- Auditing of TFRS 9 disclosures.</td></tr>
</table>

Responsibilities of Management and Directors for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the 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 the financial statement that is 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.

Auditor’s Responsibilities for the Audit of the Unconsolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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 Independent Audit Regulation and ISAs 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 financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement 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 auditor’s 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 auditor’s 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 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 government with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") no 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2022 are not in compliance with the TCC and provisions of the Bank's articles of association in relation to financial reporting.

2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Fatma Ebru Yücel.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Fatma Ebru Yücel, SMMM
Partner

February 9, 2023
Istanbul, Turkey

The unconsolidated financial report of ING Bank A.Ş. prepared as of and for the year ended 31 December 2022

Address of the Bank	:	**Reşitpaşa Mahallesi Eski Büyükdere Caddesi No: 8 34467 Sarıyer / İstanbul**
Phone and fax numbers of the Bank	:	**(212) 335 10 00** **(212) 286 61 00**
Web-site of the Bank	:	www.ing.com.tr
E-mail	:	disyazisma@ing.com.tr

The unconsolidated year end financial report includes the following sections in accordance with the "Communiqué on the Financial Statements and Related Disclosures and Footnotes that will be Publicly Announced" as regulated by the Banking Regulation and Supervision Agency.

- General information about the Bank
- Unconsolidated financial statements of the Bank
- Explanations on accounting policies applied in the related period
- Information on financial structure and risk management of the Bank
- Explanations and notes related to unconsolidated financial statements
- Other explanations
- Independent Auditors' report

The accompanying year end unconsolidated financial statements and footnotes to these financial statements which are expressed, unless otherwise stated, in **thousands of Turkish Lira** (TL), have been prepared based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, relating appendices and interpretations on these, and are independently audited.

John T. Mc CARTHY Chairman of the Board	Alper İhsan GÖKGÖZ CEO	K. Atıl ÖZUS CFO	M. Gökçe ÇAKIT Financial Reporting and Tax Director

M. Semra KURAN Chairman of the Audit Committee	Nermin GÜNEY Audit Committee Member

Contact information of the personnel in charge of addressing questions regarding this financial report:

Name-Surname/Title	:	Nurgül BİLGİÇER FİLİS / Manager
Phone No	:	(212) 403 72 66
Fax No	:	(212) 286 61 00

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Section one

General information

I. History of the Bank including its incorporation date, initial legal status, amendments to legal status

The foundations of ING Bank A.Ş. (“The Bank”) were laid in 1984 by the establishment of “The First National Bank of Boston Istanbul Branch” and the current structure has been formed with the below mergers and takeovers. The establishment and historical developments of the Bank are explained below:

“The First National Bank of Boston Istanbul Branch” was established in 1984. In 1990, “The First National Bank of Boston A.Ş.” was established to accept deposits and carry out banking transactions, and the Articles of Association of the Bank were officially registered on 31 October 1990 and published in the Turkish Trade Registry Gazette on 5 November 1990. Upon the establishment of the Bank and permission to accept deposits, the assets and liabilities in the balance sheet of “The First National Bank of Boston Istanbul Branch” were transferred to the Bank.

The title of the Bank which was operating as a Turkish Bank with four shareholders including Ordu Yardımlaşma Kurumu (“OYAK”), was changed as “Türk Boston Bank A.Ş.” in 1991; and OYAK purchased all other shares and became the sole owner of the Bank in 1993. On 10 May 1996, the title of “Türk Boston Bank A.Ş.” was changed as “Oyak Bank A.Ş.”.

On the other hand, on 22 December 1999, upon a Council of Ministers Decree, the shareholding rights, management and supervision of Sümerbank A.Ş. except for its dividend rights were transferred to Savings Deposit Insurance Fund (“the SDIF") as per the third and fourth paragraphs of Article 14 of the Banking Law. In 2001, the SDIF decided to merge the assets and liabilities of the banks, namely Egebank A.Ş., Türkiye Tütüncüler Bankası Yaşarbank A.Ş., Yurt Ticaret ve Kredi Bankası A.Ş., Bank Kapital A.Ş. and Ulusal Bank T.A.Ş. that have been formerly transferred to the SDIF, into Sümerbank A.Ş.

According to a share sale agreement executed between the SDIF and OYAK on 9 August 2001, all the shares constituting the capital of Sümerbank A.Ş. whose shares were transferred to the SDIF; were transferred to OYAK by the SDIF. As of 11 January 2002, it was resolved that Sümerbank A.Ş. would settle all its accounts and merge with the Bank and continue its banking operations under the Bank. The merger through transfer was performed on 11 January 2002 upon the approval of the Banking Regulation and Supervision Agency (“BRSA”).

In accordance with the permissions of the Competition Board with the decree number 07-69/856-324 dated 6 September 2007 and of the BRSA with the decree number 2416 dated 12 December 2007; the transfer of 1,074,098,150 shares of the Bank that represent the total capital which belongs to OYAK in amount of TL 1,074,098 to ING Bank N.V as of 24 December 2007 has been approved by the Board of Directors decision numbered 55/1 and dated 24 December 2007 and the share transfer has been recorded in Shareholders Stock Register as of the same date. It has been decided to change the title of the Bank from “Oyak Bank A.Ş.” to “ING Bank A.Ş.” effective from 7 July 2008. The Articles of Association of the Bank has been changed with the Extraordinary General Meeting dated 26 June 2014 in accordance with Turkish Trade Art numbered 6102 and published in Turkish Trade Registry Gazette numbered 8608 and dated 9 July 2014.

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

II. The Bank's shareholder structure, management and internal audit, direct and indirect shareholders, change in shareholder structure during the year and information on bank's risk group

The main shareholders and capital structure as of 31 December 2022 and 31 December 2021 are as follows:

	Current period		Prior period	
	Share amount Full TL	**Share percentage**	**Share amount Full TL**	**Share percentage**
ING Bank N.V.	3,486,267,793	100.00	3,486,267,793	100.00
Other shareholders total	4	-	4	-
Total	**3,486,267,797**	**100.00**	**3,486,267,797**	**100.00**

As of 31 December 2022, the Bank's paid-in capital consists of 3,486,267,797 shares with a nominal value of TL 1 (Full TL) each.

The Bank's paid-in capital is TL 3,486,268 as of 31 December 2022 and ING Bank N.V. has full control over the Bank's capital.

Other shareholders total represent the total shares of Chairman of the Board John T. Mc Carthy, Vice Chairman of the BoD A. Canan Ediboğlu, the members of the Board Nermin Güney and Karst Jan Wolters with a nominal value of TL 1 (Full TL) each.

One share amounting to TL 1 (full TL), belonging to the Member of the Board of Directors, Martijn Bastiaan Kamps, who resigned from his duty on 7 April 2022, was transferred to Nermin Güney on 28 April 2022.

As one of the world's leading financial services institutions, ING Group operates in the retail banking, wholesale and mid-corporate banking, investment banking and portfolio management segments. ING Group was established in 1991 as a result of a merger between NMB Postbank, which has a distinguished 150-year history, and the Netherlands' leading insurance company, Nationale-Nederlanden. Both companies were providing services in international markets before the merger, but ING became a leading global financial service provider with the merger.

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

III. Information on the Bank’s board of directors chairman and members, audit committee members, chief executive officer, executive vice presidents and their responsibilities and shareholdings in the Bank

As of 31 December 2022, the Bank’s Board of Directors (BOD), Members of Audit Committee and Chief Executive Officer and Executive Vice Presidents are as follows:

Name and Surname	Title	Responsibility area
John T. Mc Carthy	Chairman of the BoD	Legally declared
A. Canan Ediboğlu	Vice Chairman of the BoD	Legally declared
M. Semra Kuran	BoD Member and Chairman of the Audit Committee	Legally declared
Nermin Güney	BoD Member and Audit Committee Member	Legally declared
Karst Jan Wolters	BoD Member	Legally declared
Alper İhsan Gökgöz	Chief Executive Officer and BoD Member	Legally declared
Ayşegül Akay	Executive Vice President	Corporate Banking
Günce Çakır	Executive Vice President	Legal
İlker Kayseri	Executive Vice President	Treasury
İpek Erhan	Executive Vice President	Corporate Customers
K. Atıl Özus	Chief Financial Officer	Financial Control and Treasury
Martijn Bastiaan Kamps	Executive Vice President	Credits
Meltem Öztürk	Executive Vice President	Human Resources
Okan Korkmaz	Chief Audit Executive	Internal Audit
Ozan Kırmızı	Executive Vice President	Retail Banking
Öcal Ağar	Executive Vice President	Business Banking
Özge Gürsoy	Executive Vice President	Compliance Risk Management
Tuğçe Bora Kılıç	Executive Vice President	Operation
Umut Pasin	Executive Vice President	Retail and Corporate Credits
Wouter Meijs	Executive Vice President	Technology

Wouter Meijs has been appointed as Technology Executive Vice President per the Board of Directors resolution no. 96/2 and dated 30 November 2021, starting from 1 January 2022.

Operations Executive Vice President and ExCo Member, N. Yücel Ölçer, has been appointed COO for Retail Banking at ING Group effective of 1 January 2022. N. Yücel Ölçer's duty as Deputy Executive Vice President for Operations at the Bank ended on 15 July 2022. With the Board of Directors resolution, no. 94 dated 21 October 2022 Tuğçe Bora Kılıç has been appointed as Executive Vice President of Operations and Member of the Executive Board to be effective as from 15 November 2022.

Business Banking Executive Vice President and ExCo Member, İhsan Çakır, has been appointed CEO of ING Lease Belgium and Tribe Lead Lease for Market Leaders at the ING Group effective of 1 April 2022.

Credits Executive Vice President and ExCo Member, Öcal Ağar, has been appointed Bank’s Business Banking Executive Vice President effective of 18 April 2022. Martijn Bastiaan Kamps, who was the former Member of the Board of Directors and Audit Committee, has been appointed as Credits Executive Vice President and ExCo Member effective of 25 April, after the BRSA process.

With the Board of Directors resolution, no. 32, dated 7 April 2022, Nermin Güney has been appointed as a member of the Board of Directors to be effective as from 28 April 2022; substituting Martijn Bastiaan Kamps who resigned from his duty on 7 April 2022; according to Article 363/1 of the Turkish Commercial Code. it was decided to submit this matter for approval of the first General Assmbly and appoint Nermin Güney as a Member of the Audit Committee.

The Bank Financial Markets Executive Vice President Bohdan Robert Stepkowski has resigned from his duty as of 31 July 2022.

With the Board of Directors resolution, no. 79/1 dated 31 August 2022 Özge Gürsoy has been appointed as Executive Vice President of Compliance Risk Management to be effective as from 15 September 2022 who has been working as the Director of Compliance Consulting and Relations with Regulatory Institutions at the Bank. İpek Erhan has been appointed as Executive Vice President of Corporate Customers who has been working as the Director of Corporate Customers.

Financial Risk Management Executive Vice President, Umut Pasin, has been appointed as Executive Vice President of Retail and Corporate Credits effective of 1 December 2022.

Chief Executive Officer and Executive Vice Presidents have no share in the Bank.

IV. Information on the Bank's qualified shareholders

ING Bank N.V. has full control over the Bank's management with 3,486,267,793 shares and 100% paid-in share.

V. Summary information on the Bank's activities and services

The Bank is principally engaged in all types of banking transactions, accepting deposits and all kinds of legal transactions, activities and operations within banking license within the scope provided by the Banking Law, and all existing and/or future laws, regulations and decree laws and related legislation. The Bank carries out its operations with 148 domestic branches.

VI. Current or likely actual or legal barriers to immediate transfer of equity or repayment of debts between the Bank and its subsidiaries

None.

Section two

Unconsolidated financial statements

I. Unconsolidated balance sheet (statement of financial position)
II. Unconsolidated statement of off-balance sheet items
III. Unconsolidated statement of profit or loss
IV. Unconsolidated statement of profit or loss and other comprehensive income
V. Unconsolidated statement of changes in equity
VI. Unconsolidated statement of cash flows
VII. Statement of profit distribution

Unconsolidated balance sheet (statement of financial position) as of 31 December 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Audited			Audited
					Current period			Prior period
	Assets	Note			(31/12/2022)			(31/12/2021)
		(section five)	TL	FC	Total	TL	FC	Total
I.	**Financial assets (net)**		**10,987,386**	**15,867,697**	**26,855,083**	**10,214,808**	**18,688,889**	**28,903,697**
1.1	**Cash and cash equivalents**		**5,225,752**	**14,701,557**	**19,927,309**	**4,609,766**	**17,805,371**	**22,415,137**
1.1.1	Cash and balances at Central Bank	(I-1)	2,730,100	12,362,820	15,092,920	2,011,211	16,791,258	18,802,469
1.1.2	Banks	(I-3)	491	2,340,059	2,340,550	205	1,014,113	1,014,318
1.1.3	Money market placements		2,496,991	-	2,496,991	2,601,024	-	2,601,024
1.1.4	Expected credit losses (-)	(I-5)	(1,830)	(1,322)	(3,152)	(2,674)	-	(2,674)
1.2	**Financial assets at fair value through profit or loss**	**(I-2)**	**162,518**	**432,698**	**595,216**	**35,237**	**139,641**	**174,878**
1.2.1	Government securities		162,308	432,698	595,006	35,187	139,641	174,828
1.2.2	Equity instruments		210	-	210	50	-	50
1.2.3	Other financial assets		-	-	-	-	-	-
1.3	**Financial assets at fair value through other comprehensive income**	**(I-4)**	**4,359,169**	**1,139**	**4,360,308**	**1,340,189**	**869**	**1,341,058**
1.3.1	Government securities		4,294,403	-	4,294,403	1,329,741	-	1,329,741
1.3.2	Equity instruments		64,766	1,139	65,905	10,448	869	11,317
1.3.3	Other financial assets		-	-	-	-	-	-
1.4	**Derivative financial assets**		**1,239,947**	**732,303**	**1,972,250**	**4,229,616**	**743,008**	**4,972,624**
1.4.1	Derivative financial assets measured at fair value through profit or loss	(I-2)	1,168,071	732,303	1,900,374	4,102,332	743,008	4,845,340
1.4.2	Derivative financial assets measured at fair value through other comprehensive income	(I-11)	71,876	-	71,876	127,284	-	127,284
II.	**Financial assets measured at amortised cost**		**43,947,096**	**24,092,194**	**68,039,290**	**29,750,141**	**21,556,298**	**51,306,439**
2.1	**Loans**	**(I-5)**	**38,075,335**	**24,469,836**	**62,545,171**	**25,908,831**	**21,556,298**	**47,465,129**
2.2	**Receivables from leasing transactions**	**(I-10)**	**-**	**-**	**-**	**-**	**-**	**-**
2.3	**Factoring receivables**		**-**	**-**	**-**	**-**	**-**	**-**
2.4	**Other financial assets measured at amortised cost**	**(I-6)**	**7,178,958**	**-**	**7,178,958**	**5,609,794**	**-**	**5,609,794**
2.4.1	Government securities		7,178,958	-	7,178,958	5,609,794	-	5,609,794
2.4.2	Other financial assets		-	-	-	-	-	-
2.5	**Expected credit losses (-)**	**(I-5)**	**(1,307,197)**	**(377,642)**	**(1,684,839)**	**(1,768,484)**	**-**	**(1,768,484)**
III.	**Assets held for sale and assets of discontinued operations (net)**	**(I-16)**	**660**	**-**	**660**	**660**	**-**	**660**
3.1	Assets held for sale		660	-	660	660	-	660
3.2	Assets from discontinued operations		-	-	-	-	-	-
IV.	**Equity investments**		**560,927**	**610,935**	**1,171,862**	**479,246**	**360,040**	**839,286**
4.1	**Investments in associates (net)**	**(I-7)**	**-**	**-**	**-**	**-**	**-**	**-**
4.1.1	Associates consolidated by using equity method		-	-	-	-	-	-
4.1.2	Unconsolidated associates		-	-	-	-	-	-
4.2	**Investments in subsidiaries (net)**	**(I-8)**	**560,927**	**610,935**	**1,171,862**	**479,246**	**360,040**	**839,286**
4.2.1	Unconsolidated financial subsidiaries		389,545	610,935	1,000,480	479,246	360,040	839,286
4.2.2	Unconsolidated non-financial subsidiaries		171,382	-	171,382	-	-	-
4.3	**Jointly Controlled Partnerships (Joint Ventures) (net)**	**(I-9)**	**-**	**-**	**-**	**-**	**-**	**-**
4.3.1	Joint ventures consolidated by using equity method		-	-	-	-	-	-
4.3.2	Unconsolidated joint ventures		-	-	-	-	-	-
V.	**Tangible assets (net)**	**(I-12)**	**637,312**	**-**	**637,312**	**669,170**	**-**	**669,170**
VI.	**Intangible assets (net)**	**(I-13)**	**256,283**	**-**	**256,283**	**34,021**	**-**	**34,021**
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		256,283	-	256,283	34,021	-	34,021
VII.	**Investment property (net)**	**(I-14)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**Current tax asset**	**(I-15)**	**-**	**-**	**-**	**195,100**	**-**	**195,100**
IX.	**Deferred tax asset**	**(I-15)**	**267,637**	**-**	**267,637**	**-**	**-**	**-**
X.	**Other assets (net)**	**(I-17)**	**1,599,066**	**26,249**	**1,625,315**	**689,035**	**6,143**	**695,178**
	Total assets		**58,256,367**	**40,597,075**	**98,853,442**	**42,032,181**	**40,611,370**	**82,643,551**

ING Bank A.Ş.

Unconsolidated balance sheet (statement of financial position)
as of 31 December 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Audited			Audited
					Current period			Prior period
	Liabilities	**Note**			(31/12/2022)			(31/12/2021)
		(section five)	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**Deposits**	**(II-1)**	**37,589,697**	**29,703,491**	**67,293,188**	**20,167,799**	**32,914,226**	**53,082,025**
II.	**Loans received**	**(II-3)**	**84,523**	**8,857,075**	**8,941,598**	**324,390**	**9,100,818**	**9,425,208**
III.	**Money market funds**		**3,066,062**	**301,570**	**3,367,632**	**2,501,827**	**93,896**	**2,595,723**
IV.	**Securities Issued (net)**	**(II-4)**	**394,172**	**-**	**394,172**	**-**	**-**	**-**
4.1	Bills		394,172	-	394,172	-	-	-
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	**Funds**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrower funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	**Financial liabilities at fair value through profit or loss**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Derivative financial liabilities**		**1,064,487**	**499,791**	**1,564,278**	**1,180,404**	**817,468**	**1,997,872**
7.1	Derivative financial liabilities at fair value through profit or loss	(II-2)	1,064,487	499,791	1,564,278	1,169,336	817,468	1,986,804
7.2	Derivative financial liabilities at fair value through other comprehensive income	(II-7)	-	-	-	11,068	-	11,068
VIII.	**Factoring payables**		**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Lease payables (net)**	**(II-6)**	**184,109**	**-**	**184,109**	**161,525**	**-**	**161,525**
X.	**Provisions**	**(II-8)**	**376,822**	**226,318**	**603,140**	**299,711**	**-**	**299,711**
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		146,727	-	146,727	72,077	-	72,077
10.3	Insurance technical reserves (net)		-	-	-	-	-	-
10.4	Other provisions		230,095	226,318	456,413	227,634	-	227,634
XI.	**Current tax liability**	**(II-9)**	**443,134**	**-**	**443,134**	**116,790**	**-**	**116,790**
XII.	**Deferred tax liability**	**(II-9)**	**-**	**-**	**-**	**498,804**	**-**	**498,804**
XIII.	**Liabilities for assets held for sale and assets of discontinued operations (net)**	**(II-10)**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	**Subordinated debt**	**(II-11)**	**-**	**-**	**-**	**-**	**-**	**-**
14.1	Loans		-	-	-	-	-	-
14.2	Other debt instruments		-	-	-	-	-	-
XV.	**Other liabilities**	**(II-5)**	**1,478,545**	**1,064,687**	**2,543,232**	**866,048**	**2,790,826**	**3,656,874**
XVI.	**Shareholders' equity**	**(II-12)**	**13,518,959**	**-**	**13,518,959**	**10,809,019**	**-**	**10,809,019**
16.1	Paid-in capital		3,486,268	-	3,486,268	3,486,268	-	3,486,268
16.2	Capital reserves		-	-	-	-	-	-
16.2.1	Share premiums		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		-	-	-	-	-	-
16.3	Other comprehensive income/expense items not to be recycled to profit or loss		82,736	-	82,736	121,616	-	121,616
16.4	Other comprehensive income/expense items to be recycled in profit or loss		530,711	-	530,711	296,176	-	296,176
16.5	Profit reserves		6,792,955	-	6,792,955	5,704,846	-	5,704,846
16.5.1	Legal reserves		432,247	-	432,247	368,858	-	368,858
16.5.2	Statutory reserves		-	-	-	-	-	-
16.5.3	Extraordinary reserves		6,360,708	-	6,360,708	5,335,988	-	5,335,988
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or (loss)		2,626,289	-	2,626,289	1,200,113	-	1,200,113
16.6.1	Prior years' profits or (loss)		-	-	-	-	-	-
16.6.2	Current period profit or (loss)		2,626,289	-	2,626,289	1,200,113	-	1,200,113
	Total liabilities and shareholders' equity		**58,200,510**	**40,652,932**	**98,853,442**	**36,926,317**	**45,717,234**	**82,643,551**

Unconsolidated statement of off-balance sheet items
as of 31 December 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

					Audited			Audited
					Current period			Prior period
	Off-balance sheet items	**Note**			**(31/12/2022)**			**(31/12/2021)**
		(section five)	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
A.	**Off-balance sheet commitments (I+II+III)**		**56,289,775**	**122,824,145**	**179,113,920**	**31,097,601**	**98,737,149**	**129,834,750**
I.	**Guarantees and warranties**	**(III-1)**	**2,194,805**	**11,167,786**	**13,362,591**	**1,372,537**	**10,943,836**	**12,316,373**
1.1	Letters of guarantee		2,194,805	6,065,891	8,260,696	1,372,210	7,175,918	8,548,128
1.1.1	Guarantees subject to state tender law		2,948	-	2,948	3,334	-	3,334
1.1.2	Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3	Other letters of guarantee		2,191,857	6,065,891	8,257,748	1,368,876	7,175,918	8,544,794
1.2	Bank acceptances		-	-	-	-	-	-
1.2.1	Import letter of acceptance		-	-	-	-	-	-
1.2.2	Other bank acceptances		-	-	-	-	-	-
1.3	Letters of credit		-	1,053,321	1,053,321	327	908,729	909,056
1.3.1	Documentary letters of credit		-	1,053,321	1,053,321	327	908,729	909,056
1.3.2	Other letters of credit		-	-	-	-	-	-
1.4	Pre-financing given as guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other endorsements		-	-	-	-	-	-
1.6	Purchase guarantees for securities issued		-	-	-	-	-	-
1.7	Factoring guarantees		-	-	-	-	-	-
1.8	Other guarantees		-	4,045,953	4,045,953	-	2,841,852	2,841,852
1.9	Other warranties		-	2,621	2,621	-	17,337	17,337
II.	**Commitments**	**(III-1)**	**4,006,168**	**1,890,628**	**5,896,796**	**3,754,904**	**1,865,618**	**5,620,522**
2.1	Irrevocable commitments		4,006,168	1,890,628	5,896,796	3,754,904	1,865,618	5,620,522
2.1.1	Forward asset purchase commitments		161,667	1,884,522	2,046,189	372,323	1,860,701	2,233,024
2.1.2	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3	Share capital commitments to associates and subsidiaries		-	-	-	-	-	-
2.1.4	Loan granting commitments		2,420,233	-	2,420,233	2,085,527	-	2,085,527
2.1.5	Securities underwriting commitments		-	-	-	-	-	-
2.1.6	Commitments for reserve requirements		-	-	-	-	-	-
2.1.7	Commitments for cheque payments		187,441	-	187,441	200,991	-	200,991
2.1.8	Tax and fund liabilities from export commitments		23,780	-	23,780	23,780	-	23,780
2.1.9	Commitments for credit card limits		1,198,791	-	1,198,791	1,065,190	-	1,065,190
2.1.10	Commitments for credit cards and banking services promotions		14,256	-	14,256	7,093	-	7,093
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		-	6,106	6,106	-	4,917	4,917
2.2	Revocable commitments		-	-	-	-	-	-
2.2.1	Revocable loan granting commitments		-	-	-	-	-	-
2.2.2	Other revocable commitments		-	-	-	-	-	-
III.	**Derivative financial instruments**	**(III-2)**	**50,088,802**	**109,765,731**	**159,854,533**	**25,970,160**	**85,927,695**	**111,897,855**
3.1	Derivative financial instruments for hedging purposes		540,000	-	540,000	2,540,000	-	2,540,000
3.1.1	Fair value hedges		-	-	-	-	-	-
3.1.2	Cash flow hedges		540,000	-	540,000	2,540,000	-	2,540,000
3.1.3	Net foreign investment hedges		-	-	-	-	-	-
3.2	Derivative financial instruments for trading purposes		49,548,802	109,765,731	159,314,533	23,430,160	85,927,695	109,357,855
3.2.1	Forward foreign currency buy/sell transactions		9,439,007	20,135,301	29,574,308	6,158,329	15,491,670	21,649,999
3.2.1.1	Forward foreign currency transactions-buy		8,589,550	6,400,487	14,990,037	4,732,452	6,010,639	10,743,091
3.2.1.2	Forward foreign currency transactions-sell		849,457	13,734,814	14,584,271	1,425,877	9,481,031	10,906,908
3.2.2	Swap transactions related to foreign currency and interest rates		33,088,251	80,086,656	113,174,907	17,245,275	64,603,671	81,848,946
3.2.2.1	Foreign currency swap-buy		3,750,108	32,723,409	36,473,517	1,611,334	28,055,834	29,667,168
3.2.2.2	Foreign currency swap-sell		12,362,143	24,158,873	36,521,016	7,703,941	18,967,229	26,671,170
3.2.2.3	Interest rate swap-buy		8,488,000	11,602,187	20,090,187	3,965,000	8,790,304	12,755,304
3.2.2.4	Interest rate swap-sell		8,488,000	11,602,187	20,090,187	3,965,000	8,790,304	12,755,304
3.2.3	Foreign currency, interest rate and securities options		7,021,544	9,543,774	16,565,318	26,556	5,832,354	5,858,910
3.2.3.1	Foreign currency options-buy		3,510,772	4,771,887	8,282,659	13,278	2,916,177	2,929,455
3.2.3.2	Foreign currency options-sell		3,510,772	4,771,887	8,282,659	13,278	2,916,177	2,929,455
3.2.3.3	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		-	-	-	-	-	-
3.2.4.1	Foreign currency futures-buy		-	-	-	-	-	-
3.2.4.2	Foreign currency futures-sell		-	-	-	-	-	-
3.2.5	Interest rate futures		-	-	-	-	-	-
3.2.5.1	Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2	Interest rate futures-sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	-	-	-
B.	**Custody and pledged items (IV+V+VI)**		**218,244,936**	**109,995,813**	**328,240,749**	**201,487,848**	**75,617,002**	**277,104,850**
IV.	**Items held in custody**		**4,240,630**	**12,283,767**	**16,524,397**	**3,195,337**	**5,312,548**	**8,507,885**
4.1	Customer fund and portfolio balances		3,973,324	-	3,973,324	2,909,807	-	2,909,807
4.2	Investment securities held in custody		5,973	7,673,344	7,679,317	30,697	1,299,864	1,330,561
4.3	Checks received for collection		114,655	519,764	634,419	118,075	1,084,986	1,203,061
4.4	Commercial notes received for collection		146,677	4,019,716	4,166,393	136,757	2,891,018	3,027,775
4.5	Other assets received for collection		-	-	-	-	-	-
4.6	Assets received for public offering		-	-	-	-	-	-
4.7	Other items under custody		1	70,943	70,944	1	36,680	36,681
4.8	Custodians		-	-	-	-	-	-
V.	**Pledged received**		**20,386,962**	**11,280,685**	**31,667,647**	**20,963,183**	**12,543,991**	**33,507,174**
5.1	Marketable securities		273,462	50,949	324,411	273,462	30,693	304,155
5.2	Guarantee notes		207,182	736,205	943,387	206,560	549,990	756,550
5.3	Commodity		910	-	910	910	-	910
5.4	Warranty		-	-	-	-	-	-
5.5	Properties		14,015,614	7,030,122	21,045,736	17,008,485	9,329,637	26,338,122
5.6	Other pledged items		5,889,794	3,463,409	9,353,203	3,473,766	2,633,671	6,107,437
5.7	Pledged items-depository		-	-	-	-	-	-
VI.	**Accepted independent guarantees and warranties**		**193,617,344**	**86,431,361**	**280,048,705**	**177,329,328**	**57,760,463**	**235,089,791**
	Total off-balance sheet items (A+B)		**274,534,711**	**232,819,958**	**507,354,669**	**232,585,449**	**174,354,151**	**406,939,600**

ING Bank A.Ş.

Unconsolidated statement of profit or loss
for the year ended 31 December 2022
(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

			Audited	Audited
	Income and expense items	**Note**	**Current period**	**Prior period**
		(section five)	**(01/01/2022-31/12/2022)**	**(01/01/2021-31/12/2021)**
I.	**Interest income**	**(IV-1)**	**9,444,080**	**6,380,449**
1.1	Interest on loans		7,797,601	4,339,165
1.2	Interest on reserve requirements		39,684	163,807
1.3	Interest on banks		52,062	8,813
1.4	Interest on money market transactions		415,496	857,474
1.5	Interest on marketable securities portfolio		1,132,538	1,009,920
1.5.1	Financial assets at fair value through profit or loss		58,147	9,842
1.5.2	Financial assets at fair value through other comprehensive income		237,563	162,199
1.5.3	Financial assets measured at amortised cost		836,828	837,879
1.6	Finance lease income		-	-
1.7	Other interest income		6,699	1,270
II.	**Interest expense (-)**	**(IV-2)**	**(5,169,398)**	**(3,688,280)**
2.1	Interest on deposits		(4,452,487)	(3,294,249)
2.2	Interest on funds borrowed		(316,127)	(328,520)
2.3	Interest on money market transactions		(242,261)	(32,213)
2.4	Interest on securities issued		(68,994)	-
2.5	Finance lease expense		(28,505)	(28,712)
2.6	Other interest expenses		(61,024)	(4,586)
III.	**Net interest income/expense (I - II)**		**4,274,682**	**2,692,169**
IV.	**Net fees and commissions income/expense**		**577,829**	**435,233**
4.1	Fees and commissions received		822,315	626,325
4.1.1	Non-cash loans		159,991	157,683
4.1.2	Other	(IV-12)	662,324	468,642
4.2	Fees and commissions paid (-)		(244,486)	(191,092)
4.2.1	Non-cash loans		(447)	(479)
4.2.2	Other	(IV-12)	(244,039)	(190,613)
V	**Dividend income**	**(IV-3)**	**347**	**177**
VI.	**Trading gain/(loss) (net)**	**(IV-4)**	**1,867,158**	**455,655**
7.1	Trading gain/(loss) on securities		48,519	(12,309)
7.2	Gain/(loss) on derivative financial transactions		2,627,785	1,805,799
7.3	Foreign exchange gain/(loss)		(809,146)	(1,337,835)
VII.	**Other operating income**	**(IV-5)**	**984,322**	**609,227**
VIII.	**Gross operating income (III+IV+V+VI+VII)**		**7,704,338**	**4,192,461**
IX.	**Expected credit loss (-)**	**(IV-6)**	**(892,931)**	**(592,907)**
X.	**Other provision expenses (-)**		**(132,841)**	**(74,531)**
XI.	**Personnel expenses (-)**		**(1,407,801)**	**(803,562)**
XII	**Other operating expenses**	**(IV-7)**	**(1,965,144)**	**(1,299,548)**
XIII.	**Net operating profit/(loss) (VIII-IX-X-XI-XII)**		**3,305,621**	**1,421,913**
XIV.	**Income resulted from mergers**		**-**	**-**
XV.	**Income/loss from investments under equity accounting**		**195,343**	**129,955**
XVI.	**Gain/loss on net monetary position**		**-**	**-**
XVII.	**Operating profit/loss before taxes (XIII+...+XVI)**	**(IV-8)**	**3,500,964**	**1,551,868**
XVIII.	**Provision for taxes of continued operations (±)**	**(IV-9)**	**(874,675)**	**(351,755)**
18.1	Current tax provision		(1,672,338)	(68,594)
18.2	Expense effect of deferred tax (+)		-	(408,848)
18.3	Income effect of deferred tax (-)		797,663	125,687
XIX.	**Net profit/(loss) from continuing operations (XVII±XVIII)**	**(IV-10)**	**2,626,289**	**1,200,113**
XX.	**Income from discontinued operations**		**-**	**-**
20.1	Income from non-current assets held for resale		-	-
20.2	Profit from sales of associates, subsidiaries and joint ventures		-	-
20.3	Income from other discontinued operations		-	-
XXI.	**Expenses for discontinued operations (-)**		**-**	**-**
21.1	Expenses for non-current assets held for resale		-	-
21.2	Loss from sales of associates, subsidiaries and joint ventures		-	-
21.3	Loss from other discontinued operations		-	-
XXII.	**Profit/(loss) before tax from discontinued operations (XX-XXI)**		**-**	**-**
XXIII.	**Tax provision for discontinued operations (±)**		**-**	**-**
23.1	Current tax provision		-	-
23.2	Expense effect of deferred tax (+)		-	-
23.3	Income effect of deferred tax (-)		-	-
XXIV.	**Net profit/(loss) from discontinued operations (XXII±XXIII)**		**-**	**-**
XXV.	**Net profit/(loss) (XIX+XXIV)**	**(IV-11)**	**2,626,289**	**1,200,113**
	Earnings per share		0.7533	0.3442

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

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Unconsolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Profit or loss and other comprehensive income	Audited Current period (01/01/2022-31/12/2022)	Audited Prior period (01/01/2021-31/12/2021)
I.	**Current period profit/loss**	**2,626,289**	**1,200,113**
II.	**Other comprehensive income**	**203,651**	**258,658**
2.1	**Other income/expense items not to be recycled to profit or loss**	**(30,884)**	**(2,312)**
2.1.1	Gains/(losses) on revaluation of property, plant and equipment	-	-
2.1.2	Gains/(losses) on revaluation of intangible assets	-	-
2.1.3	Defined benefit plans' actuarial gains/(losses)	(41,960)	(2,684)
2.1.4	Other income/(expense) items not to be recycled to profit or loss	214	-
2.1.5	Deferred taxes on other comprehensive income not to be recycled to profit or loss	10,862	372
2.2	**Other income/expense items to be recycled to profit or loss**	**234,535**	**260,970**
2.2.1	Translation differences	131,513	140,128
2.2.2	Income/(expenses) from valuation and/or reclassification of financial assets measured at FVOCI	204,494	(43,526)
2.2.3	Gains/(losses) from cash flow hedges	(59,388)	195,320
2.2.4	Gains/(losses) on hedges of net investments in foreign operations	-	-
2.2.5	Other income/(expense) items to be recycled to profit or loss	-	-
2.2.6	Deferred taxes on other comprehensive income to be recycled to profit or loss	(42,084)	(30,952)
III.	**Total comprehensive income (I+II)**	**2,829,940**	**1,458,771**

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

ING Bank A.Ş.

Unconsolidated statement of changes in equity
for the year ended 31 December 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Changes in equity

	Statement of changes in shareholders' equity						Other comprehensive income/expense items not to be recycled to profit or loss			Other comprehensive income/expense items to be recycled to profit or loss						
	Audited	**Note**	**Paid-in capital**	**Share premium**	**Share cancellation profits**	**Other capital reserves**	**Revaluation surplus on tangible and intangible assets**	**Defined benefit plans' actuarial gains/losses**	**Other (1)**	**Translation differences**	**Income/expenses from valuation and/or reclassification of financial assets measured at FVOCI**	**Other (2)**	**Profit reserves**	**Prior period profit or (loss)**	**Current period profit or (loss)**	**Total shareholders' equity**
	Prior period (01/01/2021-31/12/2021)															
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**117,811**	**(2,471)**	**3,005**	**46,894**	**22,044**	**(33,732)**	**5,004,293**	**-**	**768,136**	**9,412,248**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**117,811**	**(2,471)**	**3,005**	**46,894**	**22,044**	**(33,732)**	**5,004,293**	**-**	**768,136**	**9,412,248**
IV.	Total comprehensive income		-	-	-	-	-	(2,373)	61	140,128	(35,076)	155,918	-	-	1,200,113	1,458,771
V.	Capital increase by cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	5,583	-	-	-	-	-	700,553	-	(768,136)	(62,000)
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	(62,000)	-	-	(62,000)
11.2	Transfers to reserves	(II-12)	-	-	-	-	5,583	-	-	-	-	-	762,553	-	(768,136)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**123,394**	**(4,844)**	**3,066**	**187,022**	**(13,032)**	**122,186**	**5,704,846**	**-**	**1,200,113**	**10,809,019**
	Current period (01/01/2022-31/12/2022)															
I.	**Balances at beginning of period**		**3,486,268**	**-**	**-**	**-**	**123,394**	**(4,844)**	**3,066**	**187,022**	**(13,032)**	**122,186**	**5,704,846**	**-**	**1,200,113**	**10,809,019**
II.	**Correction made as per TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**New balance (I+II)**		**3,486,268**	**-**	**-**	**-**	**123,394**	**(4,844)**	**3,066**	**187,022**	**(13,032)**	**122,186**	**5,704,846**	**-**	**1,200,113**	**10,809,019**
IV.	Total comprehensive income		-	-	-	-	-	(30,850)	(34)	131,513	154,883	(51,861)	-	-	2,626,289	2,829,940
V.	Capital increase by cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital increase by internal sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible bonds to shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/decrease by other changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit distribution		-	-	-	-	(7,996)	-	-	-	-	-	1,088,109	-	(1,200,113)	(120,000)
11.1	Dividends paid		-	-	-	-	-	-	-	-	-	-	(120,000)	-	-	(120,000)
11.2	Transfers to reserves	(II-12)	-	-	-	-	(7,996)	-	-	-	-	-	1,208,109	-	(1,200,113)	-
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period-end balance (III+IV+…...+X+XI)		**3,486,268**	**-**	**-**	**-**	**115,398**	**(35,694)**	**3,032**	**318,535**	**141,851**	**70,325**	**6,792,955**	**-**	**2,626,289**	**13,518,959**

(1) Other (Shares of investments valued by equity method in other comprehensive income not to be recycled to profit or loss and other accumulated amounts of other comprehensive income items not to be recycled to other profit or loss)

(2) Other (Cash flow hedge gain/loss, shares of investments valued by equity method in other comprehensive income recycled to profit or loss and other accumulated amounts of other comprehensive income items recycled to other profit or loss)

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

ING Bank A.Ş.

Unconsolidated statement of cash flows
for the year ended 31 December 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Statement of cash flows	Note	Audited Current period (01/01/2022-31/12/2022)	Audited Prior period (01/01/2021-31/12/2021)
A.	**Cash flows from banking operations**			
1.1	**Operating profit before changes in operating assets and liabilities**		**6,016,102**	**3,076,869**
1.1.1	Interest received		8,318,692	6,442,703
1.1.2	Interest paid		(4,715,678)	(3,651,800)
1.1.3	Dividend received		347	177
1.1.4	Fees and commissions received		922,061	622,895
1.1.5	Other income	(VI-2)	176,386	140,294
1.1.6	Collections from previously written-off loans and other receivables		394,928	430,060
1.1.7	Payments to personnel and service suppliers		(2,843,861)	(1,654,242)
1.1.8	Taxes paid		(1,423,727)	(102,156)
1.1.9	Other	(VI-2)	5,186,954	848,938
1.2	**Changes in operating assets and liabilities**		**(8,240,868)**	**(2,005,527)**
1.2.1	Net (increase)/decrease in financial assets at fair value through profit or loss		(416,544)	(69,772)
1.2.2	Net (increase)/decrease in due from bank		(391,902)	(139,562)
1.2.3	Net (increase)/decrease in loans		(7,093,108)	(1,772,540)
1.2.4	Net (increase)/decrease in other assets	(VI-2)	235,635	(4,172,285)
1.2.5	Net increase/(decrease) in bank deposits		197,750	(1,610,457)
1.2.6	Net increase/(decrease) in other deposits		3,880,053	1,704,223
1.2.7	Net increase/(decrease) in financial liabilities at fair value through profit or loss		-	-
1.2.8	Net increase/(decrease) in funds borrowed		(3,242,727)	(2,980,821)
1.2.9	Net increase/(decrease) in matured payables		-	-
1.2.10	Net increase/(decrease) in other liabilities	(VI-2)	(1,410,025)	7,035,687
I.	**Net cash provided from banking operations**		**(2,224,766)**	**1,071,342**
B.	**Cash flow from investing activities**			
II.	**Net cash provided from investing activities**		**(4,841,132)**	**(2,224,708)**
2.1	Cash paid for acquisition of subsidiaries, investments in associates and joint ventures		-	-
2.2	Cash obtained from disposal of subsidiaries, investments in associates and joint ventures		-	-
2.3	Purchases of property and equipment		(156,391)	(252,635)
2.4	Disposals of property and equipment		273,784	458,225
2.5	Cash paid for purchase of financial assets at fair value through other comprehensive income		(4,129,472)	(1,111,457)
2.6	Cash obtained from sale of financial assets at fair value through other comprehensive income		1,346,579	303,730
2.7	Cash paid for purchase of financial assets measured at amortised cost		(1,975,027)	(3,378,383)
2.8	Cash obtained from sale of financial assets measured at amortised cost		381,869	2,006,706
2.9	Other	(VI-2)	(582,474)	(250,894)
C.	**Cash flows from financing activities**			
III.	**Net cash provided from financing activities**		**204,285**	**(143,415)**
3.1	Cash obtained from funds borrowed and securities issued	(II-4)	748,030	-
3.2	Cash used for repayment of funds borrowed and securities issued	(II-4)	(320,000)	-
3.3	Issued equity instruments		-	-
3.4	Dividends paid	(II-12)	(120,000)	(62,000)
3.5	Payments for finance leases		(103,745)	(81,415)
3.6	Other		-	-
IV.	**Effect of change in foreign exchange rate on cash and cash equivalents**	**(VI-2)**	**4,048,150**	**4,566,928**
V.	**Net increase in cash and cash equivalents (I+II+III+IV)**		**(2,813,463)**	**3,270,147**
VI.	**Cash and cash equivalents at beginning of the period**	**(VI-1)**	**15,678,935**	**12,408,788**
VII.	**Cash and cash equivalents at the end of the period**	**(VI-1)**	**12,865,472**	**15,678,935**

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

(Convenience translation of the unconsolidated financial statements and related disclosures originally issued in Turkish)

ING Bank A.Ş.

Statement of profit distribution
for the year ended 31 December 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Profit distribution table	Audited Current period (31/12/2022) (*)	Audited Prior period (31/12/2021) (*)
I.	**Distribution of current year profit**		
1.1	Current year profit	3,500,964	1,551,868
1.2	Taxes and duties payable (-)	874,675	351,755
1.2.1	Corporate tax (Income tax)	1,672,338	68,594
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties (****)	(797,663)	283,161
A.	**Net profit for the year (1.1-1.2)**	**2,626,289**	**1,200,113**
1.3	Prior year losses (-)	-	-
1.4	First legal reserves (-)	-	-
1.5	Other statutory reserves (-)	-	60,006
B.	**Net profit available for distribution (A-(1.3+1.4+1.5))**	**2,626,289**	**1,140,107**
1.6	First dividend to shareholders (-)	-	120,000
1.6.1	To owners of ordinary shares	-	120,000
1.6.2	To owners of privileged shares	-	-
1.6.3	To owners of preferred shares	-	-
1.6.4	To profit sharing bonds	-	-
1.6.5	To holders of profit and loss sharing certificates	-	-
1.7	Dividends to personnel (-)	-	-
1.8	Dividend to board of directors (-)	-	-
1.9	Second dividend to shareholders (-)	-	-
1.9.1	To owners of ordinary shares	-	-
1.9.2	To owners of privileged shares	-	-
1.9.3	To owners of preferred shares	-	-
1.9.4	To profit sharing bonds	-	-
1.9.5	To holders of profit and loss sharing certificates	-	-
1.10	Statutory reserves (-)	-	-
1.11	Extraordinary reserves (**)	-	1,008,015
1.12	Other reserves	-	-
1.13	Special funds (***)	-	12,092
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 preferred 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	0.75	0.34
3.2	To owners of ordinary shares (%)	75.33%	34.42%
3.3	To owners of privileged shares	-	-
3.4	To owners of privileged shares (%)	-	-
IV.	**Dividend per share**		
4.1	To owners of ordinary shares	-	-
4.2	To owners of ordinary shares (%)	-	-
4.3	To owners of privileged shares	-	-
4.4	To owners of privileged shares (%)	-	-

(*) Profit distribution is realized in accordance with Bank's General Meeting decision and as of the preparation date of the financial statements, 2022 annual ordinary general meeting has not been held yet. In accordance with the regulations in Turkey, companies do not make profit distribution based on consolidated financials. In this respect, the profit distribution tables stated above belong to the Bank.

(**) According to Ordinary General Meeting dated 24 March 2022, among total distributable profit for the year 2021, TL 174,313 has been classified as first dividend share, TL 120,000 as gross amount before tax has been paid in cash while TL 54,313 of first dividend payment and TL 953,702 are kept as extraordinary reserves.

(***) According to Ordinary General Meeting dated 24 March 2022, amounting to TL 12,092 of distributable profit for the year 2021 is composed of the benefit of Corporate Tax exemption on real estate sales profit and related amount is transferred to separate fund under equity in accordance with Corporate Tax Law 5520 article 5. and 1. paragraph clause (e).

(****) Deferred Tax expense / income.

Section three

Accounting policies

I. Explanations on basis of presentation

a. The preparation of the unconsolidated financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and regulation on the Regulation on Accounting Applications for Banks and Safeguarding of Documents

The unconsolidated financial statements have been prepared in accordance with the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” and other regulations, communiqués, explanations and circulars promulgated by the Banking Regulation and Supervision Agency (“BRSA”) in relation to accounting and financial reporting principles of banks and for the issues not regulated by as per Turkish Financial Reporting Standards (“TFRS”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”) (hereafter, referred as “BRSA Accounting and Financial Reporting Legislation”). The Bank maintains its books in Turkish Lira in accordance with the Banking Law, Turkish Commercial Code and Turkish Tax Legislation. TFRS contains Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards and explanations and interpretations related to the standards.

The unconsolidated financial statements have been prepared at Turkish Lira on a historical cost basis, except for the financial assets and financial liabilities measured on a fair value basis.

The preparation of unconsolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the use of certain critical accounting estimates and assumptions by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates and assumptions include fair value calculation of financial instruments and impairment of financial assets are being reviewed regularly and, when necessary, adjustments are made and the effects of these adjustments are reflected to the statement of profit or loss.

The tension between Russia and Ukraine since January 2022 has turned into a crisis and an armed conflict as of the date of the report. Bank does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Bank operates, the crisis has no direct impact on the Bank’s operations as of 31 December 2022. However, still uncertain of crisis as of the date of this report, the effects of the global developments and their potential impact on the global and regional economy, effects on the Bank operations are closely monitored.

b. Accounting policies and valuation principles applied in the presentation of financial statements

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements are determined and applied in accordance with BRSA Accounting and Financial Reporting Legislation. The accounting policies adopted in the preparation of the unconsolidated financial statements are consistent with the standards used in the previous year.

c. Changes in accounting policies and disclosures

New and revised Turkish Accounting Standards effective for annual periods beginning on or after 1 January 2022 have no material effect on accounting policies, financial position and financial performance of the Bank. New and revised TAS and TFRS issued but not yet effective as of the finalization date of the financial statements will not have material effect on accounting policies, financial position and financial performance of the Bank.

The Indicator Interest Rate Reform - 2nd Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, was published in December 2020. With the modifications made, certain exceptions are provided for the basis used in the determination of contractual cash flows and hedge accounting implementations. The effects of the changes on the Bank’s financials have been evaluated and it has been concluded that there is no material impact. On the other hand, Interest Rate Benchmark Reform process is ongoing for certain indicators and the Bank's studies continue within the scope of compliance with the changes.

I. Explanations on basis of presentation (continued)

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, TAS 29 is not applied and inflation adjustment has not been reflected in the unconsolidated financial statements as of 31 December 2022.

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

The Bank manages its financial instruments strategies according to its liability structure. The liability structure is mainly comprised of deposits. The investment instruments are generally chosen from liquid instruments. Thus, liquidity is sustained to meet liabilities. As reporting date, the Bank's asset and shareholder's equity structure is sufficient to meet its liabilities.

Due to the risks management policy, the Bank does not take significant currency positions. In case of a currency risk due from the customer transactions, the Bank makes contra transactions in order to close the position.

The investment decisions are made taking the balance sheet items' maturity structure and interest rates into consideration. Limits related to the balance sheet are determined. The distribution of assets is determined and income analyses are made according to this distribution.

When carrying out off-balance sheet forward transactions, the Bank aims to perform contra transactions as well, thus paying maximum attention to the currency and interest rate risks. The customer limits for transactions are determined.

Explanations on foreign currency transactions:

Translation gains and losses arising from foreign currency transactions are accounted for within the period in which the transaction occurs. In period-ends, foreign currency denominated monetary assets and liabilities are translated into TL with the exchange buying rates of the Bank prevailing at the reporting date. Gains and losses arising from such transactions are recognized in the statement of profit or loss under the account of foreign exchange gains or losses.

III. Presentation of information related to consolidated subsidiaries

"Communique on amending the Communique on the Turkish Accounting Standard 27 ("TAS 27") Separate Financial Statements" has been published in the Official Gazette dated 9 April 2015 and numbered 29321 to be applied for accounting periods after 1 January 2016.

Entities have the opportunity to recognize their investments in associates, subsidiaries and joint ventures with equity method in their separate financial statements in line with the amendment while it is stated for entities preparing separate financial statements before the amendment in communique to recognize their investments in associates, subsidiaries and joint ventures in accordance with cost value or TFRS 9 Financial Instruments standard.

The Bank decided to account for its financial subsidiaries in the unconsolidated financial statements as of 31 December 2021 according to the equity method within the scope of TAS 27 and implemented the application retrospectively within the framework of TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

IV. Explanations on forward and options contracts and derivative instruments

The Bank's derivative instruments consist of forward buy/sell, swaps, futures, and options contracts.

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

Derivatives are initially recorded at their fair values. The related transaction costs are recognized in profit or loss statement at the date they incur. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the statement of profit or loss under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by taking into account the market value of the derivatives or by using the discounted cash flow model.

As of 2022, the Bank started to use the TL OIS interest rate curve in order to more accurately reflect the fair value measurement for CBRT swap transactions and made the necessary fair value measurement arrangements.

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Explanations on derivative financial instruments held for hedging purpose

As permitted by TFRS 9, the Bank continues to apply hedge accounting in accordance with "TAS 39 Financial Instruments: Recognition and Measurement ("TAS 39").

The Bank applies cash flow hedge accounting using interest rate and cross currency swap transactions, in order to hedge its TL floating rate deposits and revolving loans. Within the scope of cash flow hedge accounting, change in fair value of the hedging instrument, being positive or negative, is accounted in "Derivative financial assets measured at fair value through other comprehensive income" or "Derivative financial liabilities at fair value through other comprehensive income", respectively, in the balance sheet. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "accumulated other comprehensive income or expense to be reclassified to profit or loss" whereas the amount concerning ineffective parts is recognised in profit or loss statement. The changes recognized in shareholders' equity is removed and included in profit or loss statement in the same period when the hedged cash flows effect the income or loss.

Effectiveness tests are performed at the beginning of the hedge accounting period and at each reporting period. The effectiveness tests are carried out using the "Dollar off-set model" and the hedge accounting is applied as long as the test results are between the ranges of 80%-125% of effectiveness.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortised to profit or loss statement under trading account income/loss caption over the maturity of the hedged item from that date of the hedge accounting is discontinued. While expiring, sale, discontinuing cash flow hedge accounting or when no longer effective the cumulative gains/losses recognised in shareholders' equity until the cash flows of the hedged item are realized and presented under "accumulated other comprehensive income or expense to be reclassified to profit or loss" are continued to be kept in this account.

When the cash flows of hedged item incur, the gain/losses accounted for under shareholders' equity are recognised in profit or loss statement considering the original maturity.

V. Explanations on interest income and expenses

Interest income and expenses are recognized on an accrual basis using the effective interest method (the rate which equals the future cash flows of a financial asset or liability to its net book value) by taking into consideration present principal amount.

As of 1 January 2018, the Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods for the financial assets impaired and classified as non-performing loan. Such interest income calculation is based on contractual basis for all financial assets subject to impairment calculation. During calculation of loss given default rate in expected credit loss models effective interest rate is used, thus, calculation of expected credit losses includes calculated interest amount. Therefore, a reclassification is made between the accounts of "Expected Credit Losses" and "Interest Income from Loans" for such calculated interest amount. If the credit risk of the financial instrument improves to the extent that the financial asset is no longer considered as impaired and the improvement can be attributed to an incident that eventually takes place (such as an increase in the loan's credit rating), the system calculates interest income at subsequent reporting periods by applying the effective interest rate to the gross amount.

VI. Explanations on fee and commission income and expenses

Fees and commissions except for which are integral part of the effective interest rates of financial instruments measured at amortized costs, are accounted for in accordance with "TFRS 15 - Revenue from Contracts with Customers". Depending on the nature of the transaction, fee and commission income / expenses are recorded on an accrual basis or using the effective interest method during the service period. Income generated by contract or through the purchase of assets for third parties are recognized in the income accounts according to the periods in which they are realized.

VII. Explanations on financial instruments

Initial recognition of financial instruments

A financial asset or a financial liability is recognized in the statement of financial position only when it is a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

Initial measurement of financial instrument

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of "TFRS 15 Revenue from Contracts with Customers", at initial recognition, the Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Thus, the Bank has classified all financial assets beginning from 1 January 2018 on the basis of the business model used for the management of these assets and the contractual cash flows.

As per TFRS 9, the Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss. The Bank has tested the "Solely Payments of Principal and Interest" test for all financial assets within the scope of TFRS 9 transition and evaluated asset classifications within the business model.

VII. Explanations on financial instruments (continued)

Assessment of business model

As per TFRS 9, the business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Bank's business models are divided into three categories.

A business model whose objective is to hold assets in order to collect contractual cash flows:

A business model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortised cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Central Bank, banks, money market placements, financial assets measured at amortized cost, loans, lease receivables, factoring receivables and other receivables are evaluated within this business model.

A business model whose objective is achieved by both collecting contractual cash flows and selling financial assets:

The business model in which financial assets are held both for the collection of contractual cash flows and for the sale of financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at fair value through other comprehensive income are evaluated within this business model.

Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss derivative financial instruments are evaluated within this business model.

Measurement categories of financial assets and liabilities

According to TFRS 9, the Bank's financial assets are classified in three main categories as listed below:

- Financial assets measured at fair value through profit/loss
- Financial assets measured at fair value through other comprehensive income and
- Financial assets measured at amortized cost (including credits).

Financial assets measured at fair value through profit/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 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 recognized in profit or loss.

VII. Explanations on financial instruments (continued)

Financial assets measured at fair value through other comprehensive income:

As per TFRS 9, the financial investments are measured at fair value through other comprehensive income if financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "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 statement of profit or loss 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 Expenses to be Reclassified to Profit or Loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment. In this context, the Bank has evaluated that the costs of equity securities, which are classified as financial assets measured at fair value through other comprehensive income, has been assessed that they reflect the approximate fair values. The fair value level of the related assets has been determined as Level 3.

During initial recognition an entity can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

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 statement of profit or loss.

Loans:

Loans represents financial assets other than those held for trading in short term or generated through providing money, commodity and services to debtors.

Loans are financial assets with fixed or determinable payments and not quoted in an active market.

Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the effective interest rate method.

The Bank's loans are recorded under the "Loans Measured at Amortized Cost" account.

VIII. Explanations on impairment of financial assets

With the "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside (Provision Regulation)" promulgated by BRSA in the Official Gazette, no. 29750, dated 22 June 2016, the Bank has started calculating provisions as of 1 January 2018, in scope of TFRS 9 for financial instruments, loans and other receivables. Accordingly, loss allowance for expected credit losses is recognized for the financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income.

Per TFRS 9, loss allowance for expected credit losses is recognised on financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss. Expected credit loss estimates should include objective information weighted according to possibilities and that can be supported about past events, existing conditions and predictions about future economic conditions.

Financial assets within the scope of TFRS 9 are allocated to the three stages according to the change in the quality of the loan after initial recognition and are calculated on the basis of the expected credit loss stage:

- **Stage 1:** For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses.
- **Stage 2:** In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses.

A financial asset is transferred from Stage 1 to Stage 2 when there is a significant increase in credit risk after initial recognition. Bank has established a framework which incorporates quantitative and qualitative information to identify significant risk increase on an asset level applying a relative assessment. Each financial asset is assessed at the reporting date to determine significant risk increase.

Bank considers the following criteria.

Quantitative criteria: The change in lifetime probability of default is the main trigger the transfer between Stage 1 and Stage 2. The trigger compares probability of default at the origination date versus probability of default at the reporting date, considering the remaining maturity. Assets can be transferred in both directions between Stage 1 and Stage 2. In order to determine if movements can be considered as significant, Bank implements different probability of default thresholds to evaluate absolute and relative changes occurring in both retail and corporate portfolios. Related thresholds are being analyzed by back-testing and revised accordingly if necessary.

Qualitative criteria: Bank considers several indicators aligned with those used in credit risk management. Specific qualitative criteria for retail and corporate portfolio has been defined, according to its particularities and with the policies currently in use. The use of these qualitative criteria is complemented with the use of expert judgement.

- Having past due more than legal regulations,
- Loans classified to watch list status according to the decision of the Bank's management,
- Restructured loans in compliance with "Regulation on the Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be Set Aside ",
- Restructured loans according to an administrative judgement,
- Other consumer loans of individual clients whose one of the consumer loan transferred to non-performing loan portfolio.

- **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.

The following criteria are taken into consideration in determining the impairment:

- Having past due more than legal regulations,
- Problems in aspect of client's creditworthiness,
- Collaterals and/or debtor's equities are insufficient for the timely payment of receivables,
- Collection of receivables is considered to be delayed for more than legal regulations due to macroeconomic, industry specific or customer specific reasons.

VIII. Explanations on impairment of financial assets (continued)

Use of present, past, future information and macroeconomic predictions:

Expected loss estimations take into consideration multiple macroeconomic scenarios for which the probability is measured according to past events, existing conditions and predictions about future economic conditions for economic variables (such as unemployment rates, GDP growth, real estate prices index and interest rates). Bank has defined three macroeconomic scenarios to use for future predictions, a baseline, an up-scenario and a down-scenario. Macroeconomic models are used to convert the parameters used in expected loss estimations to forward looking versions. Different models exist for large corporate, financial institutions, corporate, retail mortgage and retail portfolios.

Expected credit loss measurement:

Bank applies “Probability of Default x Exposure at Default x Loss Given Default” method which also takes the time value of money into account. For Stage 1 financial assets; a forward-looking approach on a twelve-month period is applied in order to calculate expected credit loss. For Stage 2 financial assets; a lifetime expected loss is calculated. The lifetime expected loss is the discounted sum of the portions of lifetime losses related to default events within each period of twelve months till maturity. For Stage 3 financial assets; the probability of default equals 100%, the loss given default and the exposure at default represent a lifetime expected loss calculated based on properties of the defaulted loan.

Disclosures on write-off policy:

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette no.31533 on 6 July 2021. Pursuant to the regulation, the Bank may write-off the portion of the loans, classified as “Group V Loan” (Loans Classified as Loss)”, for which there is no reasonable expectation of recovery, within the scope of TFRS 9, as of the first reporting period (interim or year-end reporting period) following their classification in this Group, deducted from the records within the period deemed appropriate by the Bank, taking into account the situation of the debtor. The Bank performs objective and subjective assessments whether there is a reasonable expectation.

Partial write-off transactions from the financial statements mean that the financial asset will be reimbursed at a certain rate by the debtor, and the amount remaining after the payment of the amount in question or the part of the bank that is classified under group 5 and which does not have reasonable expectations to be recovered.

IX. Explanations on offsetting financial assets

Financial assets and liabilities are shown on the balance sheet at their net amounts when the Bank has a legally enforceable right to offset the recognized amounts and intents to settle the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. Explanations on sales and repurchase agreements and securities lending transactions

Marketable securities sold under repurchase agreements (“Repo”) are classified as financial assets whose fair value difference is reflected on profit-loss, and which are other comprehensive income or will be measured at amortised cost, in parallel to the classification of financial instruments. Funds provided in return for repo transactions are recognized in the “funds provided by repo transactions” accounts. The income related to repurchase agreements are reflected to the interest income on marketable securities and expenses paid in relation to repurchase agreements are recognized in “interest on money market borrowings” accounts.

Securities (“Reverse repo”) that are purchased with repurchase agreements are classified under “Receivables from reverse repo transactions”. Interest income obtained from reverse repo transactions are recognized under the account “Interest obtained from money market transactions”.

Securities lending transactions are classified under “Money Market Placements” and accruals are calculated for the interest expense occurred.

XI. Explanations on property and equipment held for sale and related to discontinued operations and on payables regarding these assets

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

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

The properties obtained from the Bank's receivables are shown at the fixed assets held for sale line, according to the execution of the forward sales agreement.

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

XII. Explanations on goodwill and other intangible assets

The intangible assets are measured at their cost calculated by adding the acquisition costs and other direct costs necessary for making the asset in working order. Subsequently, intangible assets are carried at cost less accumulated depreciation and provision for value decrease.

Intangible assets are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

The intangible assets	33%

The Bank does not have goodwill.

XIII. Explanations on property and equipment

Property and equipment are initially measured at cost calculated by adding the acquisition fees and any directly attributable costs for making the asset in working order. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for value decrease.

According to precautionary and materiality principles, when the current value of property and equipment is less than their net cost, the net cost which exceeds their current value is recognized in expense account as provision for impairment.

Property and equipment are depreciated according to straight line method and depreciation rates are determined in line with the useful lives of related assets.

Immovables	2%
Movables, assets acquired by financial leasing	2% - 50%
Right-of-use assets	9% - 50%

The depreciation is set aside at the amount calculated through proportion of the yearly depreciation amount foreseen for the assets held for less than one accounting period to the time for which the asset is held in asset.

Gains and losses on the disposal of property and equipment are reflected to the profit and loss of the related period.

Expenditures for the repair and maintenance of property and equipment are recognized as expense.

There is no injunction, pledge or mortgage on property and equipment.

There is no purchase commitment related to property and equipment.

XIV. Explanations on leasing transactions

a. Accounting of leasing operations as lessor

The Bank does not have any leasing operations as "lessor".

b. Accounting of leasing operations as lessee

Assets acquired under financial leases are capitalized at lower of the fair values of leased assets or discounted value of lease installments. While the total amounts of lease amounts are recognized as liability, the related interest amounts are accounted for as deferred interest. Assets subject to financial leases are followed under property and equipment and are depreciated by using straight-line method. The estimated depreciation rates are determined according to their estimated useful lives.

The Bank performs operating lease for branches. With the "TFRS 16 Leases" standard which became effective as of 1 January 2019, the difference between the operating lease and financial lease has been removed and the lease transactions are started to be recognised under "Tangible Fixed Assets" as an asset (right of use asset) and under "Liabilities from Leasing" as a liability. Other operating leases are not considered within the scope of TFRS 16 as they are below the materiality level and the corresponding rent payments are recognized under "Other Operating Expenses".

The Bank – as lessee:

The Bank assesses whether a contract is (or contains) a lease at the inception of the contract. A contract is a lease contract or contains a lease on the basis of whether the right to control the use of an identified asset is being transferred for a period of time, against remuneration. In this case, at the commencement date, the right-of-use assets are recognized under "Tangible Assets" and lease liabilities are recognized under "Lease Payables" by the Bank.

The Bank initially measures the right-of-use asset applying a cost model in the financial statements and it includes the following:

(a) Lease liabilities in the balance sheet, initially measured at the present value,

(b) Remaining lease payment amount before or at the commencement date, after all lease incentives are eliminated,

(c) All initial direct costs beared by the Bank and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Bank measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability.

The Bank applies the depreciation requirements in "TAS 16 Tangible Fixed Assets" standards in depreciating the right-of-use asset.

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

XIV. Explanations on leasing transactions (continued)

At the commencement date, the lease payments included into the measurement of lease liabilities are composed of payments will be made during the underlying asset's lease term and payments that are not made at the commencement date are indicated below:

(a) Remaining amount of fixed payments after elimination of any lease incentives receivable,

(b) Variable future lease payments resulting from a change in an index or a rate used to determine those payments' initial measurement at the commencement date,

(c) Amounts expected to be payable under a residual value guarantee by the Bank,

(d) Purchasing option's cost if the Bank is sure at a reasonable level that purchasing option will be used and

(e) Payment of the fine due to the termination of the lease if the lease period refers to an option for the termination of the lease.

After the commencement date, the Bank measures the lease liability as indicated below:

(a) Measures the lease liability by increasing the carrying amount to reflect interest on the lease liability,

(b) Measures the lease liability by reducing the carrying amount to reflect the lease payments made and

(c) Remeasures the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease.

XV. Explanations on provisions, contingent assets and liabilities

Provisions and contingent liabilities are accounted in accordance with, "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognized when there is a present legal or constructive obligation as a result of past events at the balance sheet date; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

Provisions are set aside for highly probable and reliably estimated amount of liabilities arisen as a result of prior period events, at the time when such liabilities arise.

XVI. Explanations on obligations related to employee rights

Provision for employee severance benefits has been accounted for in accordance with "TAS 19 Employee Benefits" ("TAS 19").

In accordance with the existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Bank.

The Bank has calculated provision for employee severance benefits in the attached financial statements in accordance with "Turkish Accounting Standard for Employee Benefits ("TAS 19")" by using the "Projection Method" and discounted the total provision by using the current market yield on government bonds based on their previous experience in the issues of completion of personnel service period and severance pay eligibility. Actuarial gains and losses are recognized under equity in accordance with the TAS 19 standard.

In accordance with the existing social legislation in Turkey, the Bank is required to make contribution to Social Security Institution ("SSI") on behalf of their employees. Other than the contributions that the Bank is required to pay, there is no additional requirement to make payment to neither their employees nor SSI. These premiums are reflected to personnel expenses when they accrue.

Provision for the employees' unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the employees are members.

XVII. Explanations on taxation

a. Current tax

The Bank is subject to tax legislation and practices effective in Turkey.

As of 31 December 2022, the current corporate tax rate has been applied as 25%. In accordance with the Law no. 7316 published in the Official Gazette dated 22 April 2021, starting from the declarations that must be submitted as of 1 July 2021 and to be valid for the taxation period starting from 1 January 2021, the corporate tax rate is 25% for the taxation period of 2021, this rate was determined as 23% for the taxation period of 2022. However, with the publication of the Law no. 7394 in the Official Gazette no. 31810 and dated 15 April 2022, the corporate tax rate for banks determined as 25%, and this ratio starting from the declarations that must be submitted as of 1 July 2022 and to be valid for the taxation period starting from 1 January 2022. Therefore, as of the first quarter of 2022, the tax rate to be taken into account in the calculation of corporate tax has been determined as 23%, and the tax rate to be applied to the cumulative earnings of 2022 in the second quarter and following periods of 2022 is taken into account as 25%.

While according to the provisions of Corporate Tax Law, no. 5520, exemption shall be applied for 75% of the earnings from the sale of the properties and participation shares that corporations have kept among their assets for at least two full years (provided that they are added in the capital or kept in a special fund account in liabilities for five years as provided in the Law), and from the sales of founders' shares, preference shares and preferred rights they have kept for same duration; Article 89/a of the Law, no. 7061 effective upon promulgation in the Official Gazette, no. 30261, dated 5 December 2017 and Articles 5.1.e and 5.1.f of Corporate Tax Law have been amended, the exemption applied as 75% was decreased to 50% to be effective as of the promulgation of the Law for the above mentioned sale of properties.

The corporate tax rate is applied to the net corporate income after the addition of expenses not subject to deduction according to tax legislation, deduction of exemptions in tax laws (such as participation earnings exemption) and application of tax relief (reduction). No further tax is paid if the profit is not distributed.

According to the Corporate Tax Law, financial losses can be carried forward to offset against corporate tax base of the related period for up to five years. Tax authorities inspect tax returns and the related accounting records within five years and check the tax calculations.

Corporate tax is required to be filed by the last day of the fourth month following the balance sheet date and taxes must be paid in one installment by the end of the fourth month. Pursuant to the tax legislation, an advance tax is calculated and paid based on earnings generated for each quarter. The amounts thus paid are deducted from the tax calculated over annual earning.

As of 31 December 2022, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298 of the Tax Procedure Law. These conditions are both the exceed in the increase of Producer Price Index in the last 3 accounting periods including current period by 100% and the exceed in the increase in the current period by 10%. However, temporary article 33 has been added on the Tax Procedure Law no. 213 with the regulation made with the Tax Procedure Law and the Law on Change in Corporate Tax Law no. 7352 published in the Official Gazette no.31734 dated 29 January 2022 and the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this, the financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, will not be subject to inflation adjustment, and for the 2023 accounting period; will not be subject to inflation adjustment as of the provisional tax periods, and the financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in the financial statements will be shown in previous years' profit/loss accounts and will not affect the corporate tax base. Current year tax amounts to be paid are netted off as they are related with prepaid tax amounts.

The procedures and principles of the articles of law that allow the revaluation of immovable and depreciable economic assets have been rearranged on the Communiqué Amending the General Communiqué on Tax Procedure Law no. 547 (no. 537) published in the Official Gazette dated 14 January 2023 and numbered 32073. Accordingly, the Bank will be able to revalue its immovable and depreciable economic assets in the balance sheet, provided that the conditions in the Provisional Article 32 and Repeated Article 298/ç of the Tax Procedure Law are met. Thus, corporate tax will be calculated and paid according to the values of immovable and depreciable economic assets after revaluation. In 2023, our Bank will benefit from the revaluation application.

XVII. Explanations on taxation (continued)

b. Deferred tax

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12"). In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date. In accordance with the Law no. 5520 published in the Official Gazette no. 31810 and dated 15 April 2022, the corporate tax rate has been applied as 25%. As of 31 December 2022, the Bank has calculated deferred tax at the rates of 25% for assets and liabilities.

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

The deferred tax assets and liabilities are reported as net in the financial statements.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. An entity shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of deferred tax asset to be utilized.

c. Transfer pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "Disguised Profit Distribution" by way of transfer pricing. "The General Communique on Disguised Profit Distribution by way of Transfer Pricing" published on 18 November 2007 explains the application related issues in detail. According to this Communique, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

As discussed under subject Communique's "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization Form" section, taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization Form" for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XVIII. Explanations on borrowings

The Bank, whenever required, generates funds from domestic and foreign sources in the form of borrowings, syndications, securitizations, and bill and bond issuances in the local and international markets. The funds borrowed are recorded at their purchase costs and valued at amortised costs using the effective interest method.

XIX. Explanation on issuance of equity securities

There are no issuance of equity securities in 2022.

XX. Explanations on guarantees and acceptances

The Bank's letters of acceptances with its customers are simultaneously realized with customers' payments and are followed in off-balance sheet items.

XXI. Explanations on government incentives

As of the balance sheet date, there is no government grant for the Bank.

XXII. Explanations on segment reporting

An operating segment is a component of an entity:

a. That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

b. Whose operating results are regularly reviewed by the entity's authorised decision maker for the purpose of taking decisions about resources to be allocated to the segment and assessing its performance and

c. For which discrete financial information is available.

Reporting according to the operational segment is presented in Note VIII of Section Four.

XXIII. Profit reserves and distribution of profit

Under the Turkish Commercial Code ("TCC"), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

XXIV. Explanations on other disclosures

None.

Section four

Information on financial position and risk management

I. Explanations on unconsolidated capital

Unconsolidated total capital and capital adequacy ratio has been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”.

Within the scope of the measures announced by the Banking Regulation and Supervision Agency on 28 April 2022 and 21 December 2021, the amount subject to credit risk shall be calculated by using the 31 December 2021 dated Central Bank's foreign exchange buying rates and negative revaluation differences of the securities classified under financial assets measured at fair value through other comprehensive income are not included in capital calculation.

As of 31 December 2022, the amount subject to credit risk in calculating the regulatory capital adequacy ratio was calculated by taking into account the 31 December 2021 dated Central Bank's foreign exchange buying rates. In addition, in accordance with the Banking Regulation and Supervision Board's Decision dated 16 April 2020 and numbered 8999, 0% risk weight is used in the calculation of the amount subject to credit risk for FX receivables of Banks which are from Republic of Turkey Central Management within the scope of Regulation on Measurement and Assessment of Capital Adequacy of Banks published on the Official Gazette dated 23 October 2015 and numbered 29511. If the specified measure is not taken into account, the unconsolidated capital adequacy ratio decreases to 17.43% as of 31 December 2022.

As of 31 December 2022, taking into consideration the above-mentioned regulations, the Bank’s total capital is TL 13,907,995 and the capital adequacy ratio is 19.59%. As of 31 December 2021, the Bank’s total capital amounted to TL 11,163,309 and capital adequacy ratio was 20.21%.

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

I. Explanations on unconsolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	6,792,955	
Other comprehensive income according to TAS	577,019	
Profit	2,626,289	
Net profit for the period	2,626,289	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	1,797	
Common equity Tier I capital before deductions	**13,484,328**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	35,694	
Leasehold improvements on operational leases	44,416	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	249,790	249,790
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the common equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the common equity	-	
Amounts exceeding 15% of the common equity as per the 2nd clause of the provisional article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity in case adequate additional Tier I capital or Tier II capital is not available	-	
Total deductions from common equity Tier I capital	**329,900**	
Total common equity Tier I capital	**13,154,428**	
ADDITIONAL TIER I CAPITAL		
Preferred stock not included in common equity tier I capital and the related share premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Additional Tier I capital before deductions	**-**	
Deductions from additional Tier I capital	**-**	
Bank's direct and indirect investments in its own Additional Tier I capital	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	**-**	
Total additional Tier I capital	-	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**13,154,428**	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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

I. Explanations on unconsolidated capital (continued)

	Current period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	-	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	759,085	
Tier II Capital Before Deductions	**759,085**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	**-**	
Total Tier II Capital	**759,085**	
Total capital (the sum of tier i capital and tier ii capital)	**13,913,513**	
Total of core capital and additional capital (total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	
Other items to be defined by the BRSA (-)	5,518	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period	**-**	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	13,907,995	
Total risk weighted amounts	70,986,888	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	18.53	
Tier I Capital Adequacy Ratio (%)	18.53	
Capital Adequacy Ratio (%)	19.59	
BUFFERS		
Total buffer requirement	2.57	
Capital protection buffer requirement (%)	2.50	
Bank specific cyclical buffer requirement (%)	0.07	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	11.60	
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	427,938	
Limits related to provisions considered in Tier II calculation	-	
General provisions for standard based receivables (before ten thousand twenty five limitation)	759,085	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	759,085	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	-	
Upper limit for Additional Tier I Capital subject to Temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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

I. Explanations on unconsolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
COMMON EQUITY Tier I Capital		
Paid-in capital to be entitled for compensation after all creditors	3,486,268	
Share premium	-	
Legal reserves	5,704,846	
Other comprehensive income according to TAS	319,549	
Profit	1,200,113	
Net profit for the period	1,200,113	
Prior period profit	-	
Bonus shares from investments in associates, subsidiaries and joint ventures that are not recognized in profit	1,596	
Common equity Tier I capital before deductions	**10,712,372**	
Deductions from common equity		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on the Capital of Banks	-	
Portion of the current and prior periods' losses not covered by reserves and losses accounted under equity as per TAS	25,539	
Leasehold improvements on operational leases	43,340	
Goodwill netted off deferred tax liability	-	
Other intangibles netted off deferred tax liability except for mortgage servicing rights	34,673	34,673
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	
Differences not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	
Portion of the total expected loss amount calculated as per Communiqué on Calculation of Credit Risk with the Internal Rating Based Approach, which exceeds total provisions	-	
Gains arising from securitization transactions	-	
Unrealized gains and losses due to changes in own credit risk on fair value of Bank's liabilities	-	
Net amount of defined-benefit plan assets	-	
Direct and indirect investments of the Bank in its own Common Equity Tier I Capital	-	
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital, which exceeds 10% of common equity of the Bank	-	
Portion of mortgage servicing rights exceeding 10% of the common equity	-	
Portion of deferred tax assets based on temporary differences exceeding 10% of the common equity	-	
Amounts exceeding 15% of the common equity as per the 2nd clause of the provisional article 2 of the Regulation on the Equity of Banks	-	
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	
Excess amount arising from mortgage servicing rights	-	
Excess amount arising from deferred tax assets based on temporary differences	-	
Other items to be defined by the BRSA	-	
Deductions to be made from common equity in case adequate additional Tier I capital or Tier II capital is not available	-	
Total deductions from common equity Tier I capital	**103,552**	
Total common equity Tier I capital	**10,608,820**	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I capital and the Related Share Premiums	-	
Debt instruments and premiums approved by BRSA	-	
Debt instruments and premiums approved by BRSA (in scope of Temporary Article 4)	-	
Additional Tier I capital before deductions	**-**	
Deductions from additional Tier I capital	**-**	
Bank's direct and indirect investments in its own Additional Tier I capital (-)	-	
Investments in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 7 of the regulation	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA	-	
Items continuing to be deducted from Tier I Capital during the Transition Period	-	
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the net deferred tax asset/liability not deducted from Common Equity Tier I capital as per the first sub-paragraph of the Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
Deductions to be made from common equity in case adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	
Total deductions from additional Tier I capital	**-**	
Total additional Tier I capital	**-**	
Total Tier I capital (Tier I Capital = Common Equity + Additional Tier I Capital)	**10,608,820**	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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

I. Explanations on unconsolidated capital (continued)

	Prior period	Amount related to implementation before 01.01.2014 (*)
TIER II CAPITAL		
Bank's borrowing instruments and issue premiums	-	
Bank's borrowing instruments and issue premiums (in scope of Temporary Article 4)	-	
Provisions (amounts stated in Article 8 of the Regulation on the Equity of Banks)	563,228	
Tier II Capital Before Deductions	**563,228**	
Deductions From Tier II Capital		
Bank's direct and indirect investments in its own Tier II Capital (-)	-	
Bank's investments in in equity instruments issued by banks and financial institutions that have invested in Bank's additional Tier I Capital, which are compatible with Article 8 of the regulation.	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, which Exceeds 10% of Bank's Tier I Capital (-)	-	
The Total of Net Long Positions of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	
Other items to be defined by the BRSA (-)	-	
Total Deductions from Tier II Capital	**-**	
Total Tier II Capital	**563,228**	
Total capital (the sum of tier i capital and tier ii capital)	**11,172,048**	
Total of core capital and additional capital (total equities)		
Loans granted against Article 50 and 51 of Banking Law	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in Article 57, Clause 1 of the Banking Law and of Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Three Years	-	
Other items to be defined by the BRSA	8,739	
Items to be deducted from the sum of Tier I and Tier II Capital (Capital) during transition period	**-**	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from Tier I, Tier II and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks	-	
Portion of total Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital, exceeding 10% of Bank's Tier I Capital, which is not deducted from the tier II capital and additional capital as per Temporary Article 2 of the Regulation on the Equity of Banks (-)	-	
Portion of the total of net long positions of investments made in the common equity items of banks and financial institutions outside the scope of consolidation where the bank owns 10% or more of the issued common share capital, deferred tax assets based on temporary differences and mortgage servicing rights not deducted from Common Equity as per paragraph 1 and 2 of Provisional Article 2 of the Regulation on the Equity of Banks (-)	-	
TOTAL CAPITAL		
Total Capital	11,163,309	
Total risk weighted amounts	55,246,551	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	19.20	
Tier I Capital Adequacy Ratio (%)	19.20	
Capital Adequacy Ratio (%)	20.21	
BUFFERS		
Total buffer requirement	2.66	
Capital protection buffer requirement (%)	2.50	
Bank specific cyclical buffer requirement (%)	0.16	
Systemically important banks buffer ratio (%)	-	
The ratio of Additional Common Equity Tier I capital to be calculated as per the first paragraph of Article 4 of Regulation on Capital Protection and Countercyclical Capital buffers to Risk Weighted Assets (%)	12.22	
Amounts below the Excess Limits as per the Deduction Principles		
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital	-	
Amounts arising from the net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	
Mortgage Servicing Rights	-	
Amount arising from deferred tax assets based on temporary differences	185,672	
Limits related to provisions considered in Tier II calculation	-	
General provisions for standard based receivables (before ten thousand twenty five limitation)	563,228	
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	563,228	
Amount of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Amount up to 0.6% of the portion of total provision exceeding the total expected loss amount calculated according to the Communiqué on the Calculation of the Credit Risk Based Amount as per the Internal Ratings Based Approach	-	
Debt instruments subject to Temporary Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subject to Temporary Article 4		
Amounts exceeding the upper limits of Additional Tier I Capital subject to Temporary Article 4	-	
Upper limit for Additional Tier II Capital subject to temporary Article 4	-	
Amounts exceeding the upper limits of Additional Tier II Capital subject to temporary Article 4	-	

(*) Amounts represent the amounts of items to be taken into consideration and subject to transition provisions in accordance with Temporary Articles of "Regulation on the Equity of Banks".

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

I. Explanations on unconsolidated capital (continued)

Information about debt instruments that will be included in total capital calculation

There is no debt instruments that will be included in total capital calculation as of 31 December 2022.

Explanations on reconciliation of capital items to balance sheet

Risk classifications	Carrying amount	Amounts in equity calculation
Shareholders' equity	13,518,959	13,518,959
Gains from cash flow hedge transactions	70,325	(70,325)
Leasehold improvements on operational leases	44,416	(44,416)
Goodwill and intangible assets	256,283	(249,790)
General provision	759,085	759,085
Other deductions from shareholders' equity	5,518	(5,518)
Capital		**13,907,995**

II. Explanations on unconsolidated credit risk

1. The Bank's credit risk management strategy consists of limit settings within legal limitations, conservative credit allocation structure, proper documentation structure in line with the standards and strong monitoring and follow-up systems. Risk management strategy also includes sector-specific, currency and customer diversification. With the credit evaluations and monthly reporting to the top level management, loans having high exposures and factors that may cause deterioration in the loan quality are closely monitored, preventing the credit quality to decrease. Additionally, various analysis about concentration risks is made for monitoring portfolio risk as well as within the scope of Internal Capital Adequacy Assessment Process ("ICAAP") and these activities are supported by stress tests. The sectoral distributions of loans are reported monthly and can be limited according to the conjunctions. However, geographical limitation is not implemented. Documentation for risk management strategy is revised at least once a year under the supervision of the Risk Committee.

As prescribed in the related legislation, the credit worthiness of the debtors is monitored regularly. The credit limits are determined by the Board of Directors, the Bank's Credit Committee and other related credit departments. The account statements related to given loans are obtained and reviewed as prescribed in the legislation. The Bank receives sufficient collateral for the loans given and other receivables. The received collaterals comprise of personal and legal entity guarantees, pledge of vehicle, mortgages, cash blockage, customer checks and Credit Guarantee Fund suretyship having Treasury guarantee.

Loans that have overdue principal, interest or both for less than 90 days after the maturity or due date are considered past due loans by the Bank. Loans that have overdue principal, interest or both for more than 90 days after the maturity or due date or the debtors of which are deemed unworthy by the Bank are considered impaired loans.

The Bank has started to apply TFRS 9 Financial Instruments ("TFRS 9") published by POA in the accompanying financial statements starting from 1 January 2018, in accordance with the "Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions for These". The Bank calculates the expected loss provision according to TFRS 9.

The sum of risk exposures that are offset and for which credit risk mitigation is not applied are presented monthly to the Audit Committee per different risk categories and types and monthly, periodically and annual changes are monitored by the senior management.

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

II. Explanations on unconsolidated credit risk (continued)

Risk classifications	Current period risk amount (*)	Current period average (**)	Prior period risk amount (*)	Prior period average (**)
Conditional and unconditional receivables from central governments and Central Banks	24,479,568	20,958,319	21,537,812	16,189,217
Conditional and unconditional receivables from regional or local governments	668,649	721,833	482,601	675,699
Conditional and unconditional receivables from administrative bodies 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	8,238,841	8,767,960	7,782,004	10,226,672
Conditional and unconditional receivables from corporates	40,648,367	37,348,179	28,010,254	25,317,259
Conditional and unconditional receivables from retail portfolios	8,784,367	10,136,925	13,665,773	13,111,787
Conditional and unconditional receivables secured by mortgages	1,758,464	2,479,379	2,672,531	3,268,156
Past due receivables	337,554	414,555	453,359	416,133
Receivables defined under high risk category by BRSA	9,323,934	5,009,787	9,254	138,860
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Stock transactions	916,818	752,310	737,270	174,915
Other receivables	4,645,177	5,108,916	3,398,208	3,190,417
Total	**99,801,739**	**91,698,163**	**78,749,066**	**72,709,115**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

(**) The average risk amount was calculated by taking the arithmetic average of the values in the monthly reports prepared in balance sheet period in regards to "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

2. Control limits exist on forward and option agreements and other similar agreements. The undertaken credit risk of these types of instruments is managed together with market risk.

3. Related to forward transactions, options and similar agreements, the bank operates the daily collateral management policies in accordance with ISDA agreements (CSA) and where needed the credit exposure is reduced by the usage of rights and performing of the acts.

4. Non-cash loans turned into cash loans are included in the same risk group as overdue cash loans which are not collected upon maturity.

When there is an issue or it is evaluated that the company might have an issue on repayments of the loan that are given in Corporate, Commercial, SME Banking segments, such companies have been transferred to Credits Restructuring and Recovery Group. The rating of all companies that were transferred to Credits Restructuring and Recovery Group have been reassessed. As a rule, the rating of the company has been reduced at the time of transfer, company's restructuring decision has been reconsidered and after decision is made the monitoring methods in the legislation have been applied. Existing ratings of the companies that are in legal follow up and are not restructured have been reduced again. On the other hand, companies that have issues on their financial positions or business operations but not restructured, have been monitored closely in terms of company operations and cash flows.

The Bank considers that long-term commitments are more exposed to credit risk than short-term commitments, and risk decomposition has been made according to that.

II. Explanations on unconsolidated credit risk (continued)

5. Transactions in foreign countries have been made with many correspondent banks in many countries. The counterparty limits have been set for the risks that may arise in transactions with banks. Credit risks have been managed according to credit worthiness and limits of the counterparties.

The Bank does not have any material credit risk concentration as an active participant of international banking market when considered with financial operations of other financial institutions.

6. The proportion of the Bank's top 100 and 200 cash loan balances in total cash loans is 48% and 58% respectively (31 December 2021: 43% and 53%).

The proportion of the Bank's top 100 and 200 customers' non-cash loan balances in total non-cash loans is 88% and 94% (31 December 2021: 91% and 95%).

The proportion of the Bank's top 100 and 200 customers' cash and non-cash loan balances in total cash and non-cash loans 54% and 63% (31 December 2021: 51% and 60%).

7. Stage 1 and Stage 2 expected losses for unconsolidated credit risk amount to TL 759,085 (31 December 2021: TL 563,228).

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

II. Explanations on unconsolidated credit risk (continued)

8. Amount of profile on significant risks in significant regions

Profile on significant risks in significant regions (*)

	Risk categories (**)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Current period																		
Domestic	24,479,568	668,649	-	-	-	3,310,290	40,625,992	8,781,098	1,758,180	337,525	9,322,911	-	-	-	-	454,312	4,645,170	94,383,695
European Union Countries	-	-	-	-	-	4,363,992	22,375	2,706	284	9	-	-	-	-	-	462,506	7	4,851,879
OECD Countries (***)	-	-	-	-	-	237,542	-	-	-	4	19	-	-	-	-	-	-	237,565
Off- Shore banking regions	-	-	-	-	-	2,979	-	-	-	-	-	-	-	-	-	-	-	2,979
USA, Canada	-	-	-	-	-	312,487	-	2	-	-	-	-	-	-	-	-	-	312,489
Other Countries	-	-	-	-	-	11,551	-	561	-	16	1,004	-	-	-	-	-	-	13,132
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed assets / liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**24,479,568**	**668,649**	**-**	**-**	**-**	**8,238,841**	**40,648,367**	**8,784,367**	**1,758,464**	**337,554**	**9,323,934**	**-**	**-**	**-**	**-**	**916,818**	**4,645,177**	**99,801,739**

	Risk categories (**)																	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Prior period																		
Domestic	21,537,812	482,601	-	-	-	2,904,696	27,176,564	13,661,489	2,670,970	453,340	9,254	-	-	-	-	489,694	3,397,538	72,783,958
European Union Countries	-	-	-	-	-	4,156,400	284,865	2,314	911	-	-	-	-	-	-	247,576	239	4,692,305
OECD Countries (***)	-	-	-	-	-	165,177	-	16	-	4	-	-	-	-	-	-	-	165,197
Off- Shore banking regions	-	-	-	-	-	624	-	-	-	-	-	-	-	-	-	-	-	624
USA, Canada	-	-	-	-	-	543,062	-	6	-	-	-	-	-	-	-	-	431	543,499
Other Countries	-	-	-	-	-	12,045	548,825	1,948	650	15	-	-	-	-	-	-	-	563,483
Investment in associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed assets / liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**21,537,812**	**482,601**	**-**	**-**	**-**	**7,782,004**	**28,010,254**	**13,665,773**	**2,672,531**	**453,359**	**9,254**	**-**	**-**	**-**	**-**	**737,270**	**3,398,208**	**78,749,066**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor
(**) Risk categories that are defined in "Communiqué on Measurement and Assessment of Capital Adequacy of Banks"
(***) EU countries, OECD countries other than USA and Canada
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies 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
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

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

II. Explanations on unconsolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

	Risk categories (**)																			
Current period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TL**	**FC**	**Total**
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**659,091**	**46,826**	**-**	**3,912**	**-**	**-**	**-**	**-**	**-**	**-**	**8**	**177,176**	**532,661**	**709,837**
Farming and raising livestock	-	-	-	-	-	-	245,490	45,949	-	3,457	-	-	-	-	-	-	7	175,802	119,101	294,903
Forestry	-	-	-	-	-	-	15	738	-	50	-	-	-	-	-	-	1	804	-	804
Fishing	-	-	-	-	-	-	413,586	139	-	405	-	-	-	-	-	-	-	570	413,560	414,130
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**21,052,710**	**1,393,872**	**487,081**	**111,058**	**38,408**	**-**	**-**	**-**	**-**	**-**	**656**	**8,862,794**	**14,220,991**	**23,083,785**
Mining	-	-	-	-	-	-	1,740,137	7,691	5,019	2,189	-	-	-	-	-	-	11	332,239	1,422,808	1,755,047
Production	-	-	-	-	-	-	18,470,951	1,378,385	482,062	108,444	38,408	-	-	-	-	-	633	8,423,122	12,055,761	20,478,883
Electricity, gas, water	-	-	-	-	-	-	841,622	7,796	-	425	-	-	-	-	-	-	12	107,433	742,422	849,855
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**2,871,851**	**106,084**	**9,247**	**20,232**	**-**	**-**	**-**	**-**	**-**	**-**	**149**	**865,466**	**2,142,097**	**3,007,563**
Services	**12,738,570**	**-**	**-**	**-**	**-**	**8,238,841**	**16,046,619**	**1,557,942**	**234,676**	**143,928**	**117,682**	**-**	**-**	**-**	**-**	**915,958**	**193,243**	**23,118,815**	**17,068,644**	**40,187,459**
Wholesale and retail trade	-	-	-	-	-	-	6,489,163	1,356,637	115,226	106,884	114,037	-	-	-	-	-	730	6,544,204	1,638,473	8,182,677
Hotel food, beverage services	-	-	-	-	-	-	297,333	31,030	49,283	15,847	-	-	-	-	-	-	96	55,377	338,212	393,589
Transportation and telecommunication	-	-	-	-	-	-	2,021,920	96,442	64,901	12,317	3,644	-	-	-	-	-	89	330,041	1,869,272	2,199,313
Financial institutions	12,738,570	-	-	-	-	8,238,841	4,858,377	12,461	34	211	-	-	-	-	-	915,958	192,113	15,767,146	11,189,419	26,956,565
Real estate and renting service	-	-	-	-	-	-	722,412	24,234	-	2,729	1	-	-	-	-	-	103	203,889	545,590	749,479
Self-employment service	-	-	-	-	-	-	1,172,530	33,946	222	4,615	-	-	-	-	-	-	67	108,417	1,102,963	1,211,380
Education services	-	-	-	-	-	-	167	400	4,530	190	-	-	-	-	-	-	21	778	4,530	5,308
Health and social services	-	-	-	-	-	-	484,717	2,792	480	1,135	-	-	-	-	-	-	24	108,963	380,185	489,148
Other	**11,740,998**	**668,649**	**-**	**-**	**-**	**-**	**18,096**	**5,679,643**	**1,027,460**	**58,424**	**9,167,844**	**-**	**-**	**-**	**-**	**860**	**4,451,121**	**30,574,348**	**2,238,747**	**32,813,095**
Total	**24,479,568**	**668,649**	**-**	**-**	**-**	**8,238,841**	**40,648,367**	**8,784,367**	**1,758,464**	**337,554**	**9,323,934**	**-**	**-**	**-**	**-**	**916,818**	**4,645,177**	**63,598,599**	**36,203,140**	**99,801,739**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies 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
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

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

II. Explanations on unconsolidated credit risk (continued)

9. Risk profile according to sectors and counterparties (*)

	Risk categories (**)																			
Prior period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TL**	**FC**	**Total**
Agriculture	**-**	**-**	**-**	**-**	**-**	**-**	**451,177**	**51,443**	**2,928**	**5,077**	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**160,493**	**350,137**	**510,630**
Farming and raising livestock	-	-	-	-	-	-	202,859	45,524	2,928	4,441	-	-	-	-	-	-	4	153,818	101,938	255,756
Forestry	-	-	-	-	-	-	32	5,906	-	97	-	-	-	-	-	-	1	6,036	-	6,036
Fishing	-	-	-	-	-	-	248,286	13	-	539	-	-	-	-	-	-	-	639	248,199	248,838
Manufacturing	**-**	**-**	**-**	**-**	**-**	**-**	**14,537,066**	**1,592,975**	**478,590**	**146,258**	**2,553**	**-**	**-**	**-**	**-**	**-**	**568**	**5,593,905**	**11,164,105**	**16,758,010**
Mining	-	-	-	-	-	-	1,852,172	15,459	1,845	4,612	-	-	-	-	-	-	14	64,136	1,809,966	1,874,102
Production	-	-	-	-	-	-	11,884,612	1,574,730	476,745	141,160	2,553	-	-	-	-	-	546	5,359,546	8,720,800	14,080,346
Electricity, gas, water	-	-	-	-	-	-	800,282	2,786	-	486	-	-	-	-	-	-	8	170,223	633,339	803,562
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**1,806,942**	**192,432**	**37,639**	**24,546**	**188**	**-**	**-**	**-**	**-**	**-**	**121**	**681,587**	**1,380,281**	**2,061,868**
Services	**14,334,582**	**-**	**-**	**-**	**-**	**7,775,295**	**11,164,327**	**1,344,744**	**580,924**	**186,350**	**6,193**	**-**	**-**	**-**	**-**	**734,773**	**12,609**	**18,621,849**	**17,517,948**	**36,139,797**
Wholesale and retail trade	-	-	-	-	-	-	4,072,060	1,144,659	164,056	133,815	3,734	-	-	-	-	-	653	4,198,033	1,320,944	5,518,977
Hotel food, beverage services	-	-	-	-	-	-	560,121	31,583	339,671	25,270	71	-	-	-	-	-	426	171,133	786,009	957,142
Transportation and telecommunication	-	-	-	-	-	-	1,863,098	92,506	51,299	15,710	2,348	-	-	-	-	-	90	367,847	1,657,204	2,025,051
Financial institutions	14,334,582	-	-	-	-	7,775,295	2,551,887	13,768	414	292	-	-	-	-	-	734,773	11,267	13,306,596	12,115,682	25,422,278
Real estate and renting service	-	-	-	-	-	-	464,542	20,885	6,996	3,861	8	-	-	-	-	-	97	269,161	227,228	496,389
Self-employment service	-	-	-	-	-	-	1,050,445	33,433	1,380	5,507	32	-	-	-	-	-	48	87,900	1,002,945	1,090,845
Education services	-	-	-	-	-	-	1,187	6,362	10,324	1,310	-	-	-	-	-	-	7	9,961	9,229	19,190
Health and social services	-	-	-	-	-	-	600,987	1,548	6,784	585	-	-	-	-	-	-	21	211,218	398,707	609,925
Other	**7,203,230**	**482,601**	**-**	**-**	**-**	**6,709**	**50,742**	**10,484,179**	**1,572,450**	**91,128**	**320**	**-**	**-**	**-**	**-**	**2,497**	**3,384,905**	**21,152,225**	**2,126,536**	**23,278,761**
Total	**21,537,812**	**482,601**	**-**	**-**	**-**	**7,782,004**	**28,010,254**	**13,665,773**	**2,672,531**	**453,359**	**9,254**	**-**	**-**	**-**	**-**	**737,270**	**3,398,208**	**46,210,059**	**32,539,007**	**78,749,066**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.
(**) Stands for the risk categories listed in "Regulation on Measurement and Assessment of Capital Adequacy of Banks.
1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies 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
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment funds
16- Stock transactions
17- Other receivables

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

II. Explanations on unconsolidated credit risk (continued)

10. Term distribution of risks with term structure (*)

Current period	Time to maturity						
Risk categories	**1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Over 1 year**	**Demand**	**Total**
Credit risk weighted assets							
Conditional and unconditional receivables from central governments and Central Banks	13,477,381	568,663	1,607,201	644,156	7,906,739	275,428	24,479,568
Conditional and unconditional receivables from regional or local governments	-	-	-	154,610	514,039	-	668,649
Conditional and unconditional receivables from administrative bodies 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	3,267,137	996,167	493,796	671,102	1,865,060	945,579	8,238,841
Conditional and unconditional receivables from corporates	2,410,953	4,036,542	2,773,675	4,260,355	12,479,422	14,687,420	40,648,367
Conditional and unconditional receivables from retail portfolios	513,092	569,750	798,002	1,240,524	4,922,628	740,371	8,784,367
Conditional and unconditional receivables secured by mortgages	14,659	37,973	66,703	75,994	1,399,794	163,341	1,758,464
Past due receivables	-	-	-	-	-	337,554	337,554
Receivables defined under high risk category by BRSA	-	295,745	313,713	2,610,310	5,963,700	140,466	9,323,934
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	916,818	916,818
Other receivables	-	-	-	-	-	4,645,177	4,645,177
Total	**19,683,222**	**6,504,840**	**6,053,090**	**9,657,051**	**35,051,382**	**22,852,154**	**99,801,739**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

Prior Period	Time to maturity						
Risk categories	**1 month**	**1-3 months**	**3-6 months**	**6-12 months**	**Over 1 year**	**Demand**	**Total**
Credit risk weighted assets							
Conditional and unconditional receivables from central governments and Central Banks	14,164,622	190,904	95,655	38,561	6,783,983	264,087	21,537,812
Conditional and unconditional receivables from regional or local governments	-	-	-	249,913	232,688	-	482,601
Conditional and unconditional receivables from administrative bodies 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	3,030,293	1,168,904	576,952	1,011,646	1,319,692	674,517	7,782,004
Conditional and unconditional receivables from corporates	1,620,576	1,939,895	2,162,214	4,567,241	10,316,811	7,403,517	28,010,254
Conditional and unconditional receivables from retail portfolios	462,576	643,831	760,815	1,554,787	9,053,609	1,190,155	13,665,773
Conditional and unconditional receivables secured by mortgages	13,956	28,468	44,811	97,208	2,084,535	403,553	2,672,531
Past due receivables	-	-	-	-	-	453,359	453,359
Receivables defined under high risk category by BRSA	-	-	-	-	-	9,254	9,254
Securities collateralized by mortgages	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-	-	-
Stock transactions	-	-	-	-	-	737,270	737,270
Other receivables	-	-	-	-	-	3,398,208	3,398,208
Total	**19,292,023**	**3,972,002**	**3,640,447**	**7,519,356**	**29,791,318**	**14,533,920**	**78,749,066**

(*) The figures represent total risk amounts before credit risk mitigation and after credit conversion factor.

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

II. Explanations on unconsolidated credit risk (continued)

11. Explanations on risk categories as per the Article 6 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks

In determining the risk weights of the risk categories mentioned in Article 6th of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, the Bank uses the ratings provided by international rating firm, Fitch Ratings and national rating firm, JCR Avrasya Derecelendirme A.Ş. in the Credit Risk Based Amount calculations as of 31 December 2022. Fitch ratings are used for the risk exposures to banks where the counterparties are resident in abroad. Furthermore, Fitch ratings are used for foreign currency securities issued by Treasury and other foreign currency risks that are associated with Central governments. JCR Avrasya Rating A.Ş ratings are used for TL receivables, the counterparty of which is in the corporate asset class.

Matching of the risk ratings used in calculations with the credit quality grades stated in the Regulation on Measurement and Assessment of Capital Adequacy of Banks is presented below.

Credit quality level	1	2	3	4	5	6
Fitch derece note	AAA ile AA-	A+ ile A-	BBB+ ile BBB-	BB+ ile BB-	B+ ile B-	CCC+ and below
JCR derece note	AAA ile AA-	A+ ile A-	BBB+ ile BB-		BB- and below	

Risk amounts based on risk weights

Current period	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Deducted from equity
Amount before credit risk mitigation	27,299,877	-	12,103,728	-	7,532,642	10,001,143	34,314,257	6,215,670	-	2,334,422	335,418
Amount after credit risk mitigation	24,334,326	-	10,801,587	1,017,581	8,022,421	8,578,136	33,051,954	6,153,155	-	2,334,422	335,418

Prior period	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Deducted from equity
Amount before credit risk mitigation	21,169,485	-	4,623,688	-	5,347,565	12,371,420	32,648,212	2,588,696	-	-	112,291
Amount after credit risk mitigation	18,864,117	-	1,928,768	1,569,426	6,256,257	10,326,573	31,553,573	2,499,601	-	-	112,291

12. Miscellaneous information regarding important sectors or counterparty type

The Bank evaluates its financial assets in 3 stages based on TFRS 9 as explained in Section Three note VIII. In this respect, the lifetime expected credit losses are recognized for impaired loans (defaulted) and the probability of default is considered as 100%.

When the loan is not defaulted yet, but there is a significant increase in the credit risk since origination date, the lifetime expected credit losses are calculated for these loans (Stage 2).

For loans in stage 1, 12 months default probability is calculated. The expected credit loss within 12 months from the date of reporting is recognized in the financial statements.

Current period	Loans (*)		
	Impaired (TFRS 9)		Expected credit losses (TFRS 9)
Important sectors / Counterparties	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	
Agriculture	**16,943**	**15,998**	**23,565**
Farming and raising livestock	16,943	13,652	10,770
Forestry	-	114	66
Fishing	-	2,232	12,729
Manufacturing	**1,498,071**	**346,386**	**476,488**
Mining	1,399	30,954	46,883
Production	1,496,190	312,874	412,242
Electricity, gas, water	482	2,558	17,363
Construction	**2,527,824**	**113,796**	**164,249**
Services	**3,626,546**	**541,663**	**572,089**
Wholesale and retail trade	482,893	392,145	320,186
Hotel food, beverage services	275,430	62,889	51,993
Transportation and telecommunication	630,220	46,383	59,876
Financial institutions	1,251,487	411	11,005
Real estate and lending service	233,994	11,025	9,880
Self-employment service	734,615	23,790	110,183
Education service	521	1,692	1,513
Health and social services	17,386	3,328	7,453
Other	**1,165,331**	**352,496**	**447,500**
Total	**8,834,715**	**1,370,339**	**1,683,891**

(*) Represents the distribution of cash loans.

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

II. Explanations on unconsolidated credit risk (continued)

Prior Period	Loans (*)		
	Impaired (TFRS 9)		Expected credit losses (TFRS 9)
Important sectors / Counterparties	Significant increase in credit risk (Stage 2)	Defaulted (Stage 3)	
Agriculture	**2,561**	**18,968**	**18,052**
Farming and raising livestock	2,561	16,509	12,531
Forestry	-	188	100
Fishing	-	2,271	5,421
Manufacturing	**859,257**	**418,847**	**426,664**
Mining	1,618	34,254	44,095
Production	848,748	378,492	368,576
Electricity, gas, water	8,891	6,101	13,993
Construction	**1,633,023**	**134,562**	**134,705**
Services	**3,045,467**	**691,256**	**696,427**
Wholesale and retail trade	348,766	500,082	403,729
Hotel food, beverage services	872,474	82,505	130,841
Transportation and telecommunication	1,079,169	58,606	76,162
Financial institutions	555	627	8,791
Real estate and lending service	137,432	12,615	18,580
Self-employment service	390,417	29,371	42,668
Education service	8,520	3,695	2,836
Health and social services	208,134	3,755	12,820
Other	**1,320,694**	**462,637**	**491,901**
Total	**6,861,002**	**1,726,270**	**1,767,749**

(*) Represents the distribution of cash loans.

13. Information related to value adjustments and credit provisions

Current period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,300,374	310,691	(465,802)	-	**1,145,263**
Stage 1 and stage 2 provisions (**)	572,359	586,629	(399,293)	-	**759,695**

Prior period	Opening balance	Provisions made within the term	Provision cancellations	Other adjustments (*)	Closing balance
Stage 3 provision	1,595,498	343,140	(638,264)	-	**1,300,374**
Stage 1 and stage 2 provisions (**)	559,809	367,195	(354,645)	-	**572,359**

(*) Determined according to currency differences, merges, acquisitions and selling of subsidiaries.

(**) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

14. Exposures subject to countercyclical capital buffer

Country name	RWA calculations for private sector loans in banking book	RWA calculations for trading book	Total
Turkey	56,796,067	703,315	57,499,382
United Kingdom	150,146	333,807	483,953
Azerbaijan	145	-	145
France	49,352	195,435	244,787
USA	47,656	82,928	130,584
Ireland	461,752	-	461,752
Holland	269,776	80,710	350,486
Greece	43,146	-	43,146
Germany	48,870	153	49,023
Romania	65,584	-	65,584
Other	101,365	-	101,365
Total	**58,033,859**	**1,396,348**	**59,430,207**

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

III. Explanations on unconsolidated currency risk

Management of foreign currency risk is differentiated on the basis of ("banking book") and ("trading book"), where trading book is managed in accordance with foreign currency trading position limits as well as value at risk ("VaR") and banking book is also managed in terms of foreign currency position limits scope. The results of limit utilizations are shared periodically with related senior management, Asset Liability Committee, Risk Committee and the Board of Directors. Besides, currency risk is also taken into account in the capital adequacy ratio calculation as part of the market risk under the standard method.

The simple arithmetic average of USD and EUR buying rates of the Bank for the thirty days before the balance sheet date are 18.6623 (Full TL) and 19.7658 (Full TL) respectively.

The Bank's USD and EUR buying rates as of balance sheet date and five business days prior to this date are as follows:

	1 USD	**1 EUR**
The Bank's "foreign exchange buying rates" (31 December 2022)	18.7183	19.9649
Previous days;		
30 December 2022	18.7183	19.9649
29 December 2022	18.7191	19.9340
28 December 2022	18.7165	19.9144
27 December 2022	18.7123	19.8799
26 December 2022	18.6810	19.8430

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

III. Explanations on unconsolidated currency risk (continued)

Information related to currency risk:

	EURO	USD	Other FC	Total
Current period				
Assets				
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	5,833,865	5,999,526	529,429	12,362,820
Banks	628,473	1,091,004	620,582	2,340,059
Financial assets at fair value through profit or loss	492,486	146,418	-	638,904
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1,139	-	-	1,139
Loans	14,380,169	10,087,383	8,740	24,476,292
Investments in associates, subsidiaries and joint ventures (business partnerships)	610,601	334	-	610,935
Financial assets measured at amortised cost	-	-	-	-
Hedging derivative financial assets	-	-	-	-
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets (*)	(132,380)	(220,317)	(18)	(352,715)
Total assets	**21,814,353**	**17,104,348**	**1,158,733**	**40,077,434**
Liabilities				
Bank deposit	10	12	-	22
Foreign currency deposits	8,849,264	15,225,186	5,629,019	29,703,469
Funds from interbank money market	301,570	-	-	301,570
Borrowings	4,908,087	3,948,988	-	8,857,075
Marketable securities issued	-	-	-	-
Miscellaneous payables	732,280	67,119	21	799,420
Hedging derivative financial liabilities	-	-	-	-
Other liabilities	347,476	354,490	641	702,607
Total liabilities	**15,138,687**	**19,595,795**	**5,629,681**	**40,364,163**
Net on balance sheet position	**6,675,666**	**(2,491,447)**	**(4,470,948)**	**(286,729)**
Net off-balance sheet position	**(5,923,483)**	**2,674,678**	**4,479,392**	**1,230,587**
Financial derivative assets	10,276,205	27,408,137	7,153,891	44,838,233
Financial derivative liabilities	16,199,688	24,733,459	2,674,499	43,607,646
Non-cash loans	**6,608,471**	**4,223,934**	**335,381**	**11,167,786**
Prior period				
Total assets	**26,066,316**	**12,847,541**	**1,002,579**	**39,916,436**
Total liabilities	**19,053,031**	**21,277,919**	**4,590,347**	**44,921,297**
Net on-balance sheet position	**7,013,285**	**(8,430,378)**	**(3,587,768)**	**(5,004,861)**
Net off-balance sheet position	**(6,665,508)**	**8,494,716**	**3,596,096**	**5,425,304**
Financial derivative assets	9,005,031	23,546,814	5,263,834	37,815,679
Financial derivative liabilities	15,670,539	15,052,098	1,667,738	32,390,375
Non-cash loans	**4,710,752**	**5,779,752**	**453,332**	**10,943,836**

(*) Includes TFRS 9 provisions classified as Foreign Currency Expected Credit Losses as of the current period (31 December 2021: None).

In the foreign currency risk table:

The principal and accrual amount of the foreign currency indexed loans amounting to TL 6,456 (31 December 2021: TL 19,971) is presented in the loans line.

The foreign currency amounts which are not included in currency risk table according to the regulation about foreign currency net general position/capital adequacy standard ratio are explained below with the order in the table above.

Held-for-trading derivative financial assets: TL 526,097 (31 December 2021: TL 714,905).
Held-for trading derivative financial liabilities: TL 288,769 (31 December 2021: TL 795,937).
Interest rate swap-buy transactions and options-buy: TL 11,602,187 (31 December 2021: TL 8,790,304).
Interest rate swap-sell transactions and options-sell: TL 11,602,187 (31 December 2021: TL 8,790,304).

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

III. Explanations on unconsolidated currency risk (continued)

Financial derivative assets/liabilities include the foreign currency buy/sell transactions indicated below.

Forward foreign currency-buy transactions: TL 942,450 (31 December 2021: TL 833,029).
Forward foreign currency-sell transactions: TL 942,072 (31 December 2021: TL 1,025,938).

Sensitivity to currency risk

Table below shows the sensitivity of the Bank to a 10% change in USD and EUR rates.

	Percentage change in exchange rates	Effect on profit / loss before tax			Effect on equity (*)
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
USD	10% increase	18,323	6,434	-	-
USD	10% decrease	(18,323)	(6,434)	-	-
EUR	10% increase	75,218	34,778	-	-
EUR	10% decrease	(75,218)	(34,778)	-	-

(*) Represents effect on equity excluding profit/loss before tax.

IV. Explanations on unconsolidated interest rate risk

Interest risk, which refers to the loss due to interest sensitive assets and liabilities in balance sheet and off balance sheet items that might be subject to the changes in the interest rate as a result of maturity/repricing mismatch, is differentiated and managed on the basis of banking book and trading book as part of compliance with both Basel regulations and other international standards. Within this context, in addition to the value at ("VaR") risk limit for trading book, sensitivity limits against interest rate shocks are defined for trading books and banking books. Capital requirement that relates to market risk is calculated through the "Standard Method" according to Basel II.

In order to hedge interest rate risk, hedging strategies are applied through off-balance sheet transactions within the limits approved by the Board of Directors, and interest rate risk is managed by ensuring optimum balance between fixed and floating rate assets and liabilities within the balance sheet.

The limit utilizations and sensitivity analysis related to the interest rate risk on the balance sheet are performed regularly and the results are shared with the related senior management, Asset Liability Committee, Risk Committee and the Board of Directors periodically. Internal analysis for the interest rate risk in the banking books are made on a daily and monthly basis, whereas interest rate risk in the banking books standard ratio is reported to BRSA on a monthly basis.

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

IV. Explanations on unconsolidated interest rate risk (continued)

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

Current period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks-purchased) and balances with the Central Bank of Turkey	-	-	-	-	-	15,092,920	15,092,920
Banks	1,783,079	-	-	-	-	557,471	2,340,550
Financial assets at fair value through profit and loss	541,291	1,207,045	585,425	128,962	32,657	210	2,495,590
Money market placements	2,456,991	40,000	-	-	-	-	2,496,991
Financial assets measured at fair value through other comprehensive income	518,386	827,440	1,119,979	1,900,474	-	65,905	4,432,184
Loans	14,091,921	11,766,959	23,168,458	11,427,045	693,631	1,397,157	62,545,171
Financial assets measured at amortised cost	286,333	2,035,831	1,441,660	3,415,134	-	-	7,178,958
Other assets (*)	-	-	-	-	-	2,271,078	2,271,078
Total assets	**19,678,001**	**15,877,275**	**26,315,522**	**16,871,615**	**726,288**	**19,384,741**	**98,853,442**
Liabilities							
Bank deposits	746,689	-	-	-	-	5,162	751,851
Other deposits	39,287,172	9,277,308	2,798,666	23,206	-	15,154,985	66,541,337
Money market borrowings	3,066,062	-	301,570	-	-	-	3,367,632
Miscellaneous payables	283,987	-	-	-	-	1,161,872	1,445,859
Securities issued	-	-	394,172	-	-	-	394,172
Funds obtained from other financial institutions	2,537,809	5,453,263	933,315	17,211	-	-	8,941,598
Other liabilities (**)	837,641	836,281	73,995	470	-	15,662,606	17,410,993
Total liabilities	**46,759,360**	**15,566,852**	**4,501,718**	**40,887**	**-**	**31,984,625**	**98,853,442**
Balance sheet long position	-	310,423	21,813,804	16,830,728	726,288	-	39,681,243
Balance sheet short position	(27,081,359)	-	-	-	-	(12,599,884)	(39,681,243)
Off-balance sheet long position	-	-	-	4,148,759	-	-	4,148,759
Off-balance sheet short position	(88,228)	(2,769,896)	(794,497)	-	(130,000)	-	(3,782,621)
Total position	**(27,169,587)**	**(2,459,473)**	**21,019,307**	**20,979,487**	**596,288**	**(12,599,884)**	**366,138**

(*) Non-interest bearing column in other assets line consists of tangible assets, intangible assets, assets held for sale, associates and subsidiaries, expected credit losses and other assets.

(**) Non-interest bearing column in other liabilities line consists of other liabilities except than miscellaneous payables, provisions, current tax liability, deferred tax liability and equity.

Prior year's information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on re-pricing dates)

Prior period	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Non-interest bearing	Total
Assets							
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	15,742,303	46,062	-	-	-	3,014,104	18,802,469
Due from other banks and financial institutions	361,311	-	-	-	-	653,007	1,014,318
Financial assets at fair value through profit and loss	1,262,301	3,304,427	375,439	45,538	32,463	50	5,020,218
Money market placements	2,601,024	-	-	-	-	-	2,601,024
Available-for-sale financial assets	33,182	99,343	-	1,324,500	-	11,317	1,468,342
Loans and receivables	10,801,402	8,129,806	13,977,131	11,785,344	1,001,793	1,769,653	47,465,129
Held-to-maturity investments	13,979	53,991	2,766,602	2,775,222	-	-	5,609,794
Other assets (*)	-	-	-	-	-	662,257	662,257
Total assets	**30,815,502**	**11,633,629**	**17,119,172**	**15,930,604**	**1,034,256**	**6,110,388**	**82,643,551**
Liabilities							
Bank deposits	43,098	-	-	-	-	8,118	51,216
Other deposits	35,673,970	3,533,819	328,237	3,126	-	13,491,657	53,030,809
Money market borrowings	2,501,827	-	93,896	-	-	-	2,595,723
Miscellaneous payables	243,361	-	-	-	-	2,931,288	3,174,649
Securities issued	-	-	-	-	-	-	-
Funds obtained from other financial institutions	2,753,496	5,141,158	1,340,993	189,561	-	-	9,425,208
Other liabilities (**)	909,843	1,018,285	227,361	3,908	-	12,206,549	14,365,946
Total liabilities	**42,125,595**	**9,693,262**	**1,990,487**	**196,595**	**-**	**28,637,612**	**82,643,551**
Balance sheet long position	-	1,940,367	15,128,685	15,734,009	1,034,256	-	33,837,317
Balance sheet short position	(11,310,093)	-	-	-	-	(22,527,224)	(33,837,317)
Off-balance sheet long position	-	-	549,118	3,123,575	-	-	3,672,693
Off-balance sheet short position	(318,833)	(381,392)	-	-	(150,000)	-	(850,225)
Total position	**(11,628,926)**	**1,558,975**	**15,677,803**	**18,857,584**	**884,256**	**(22,527,224)**	**2,822,468**

(*) Non-interest bearing column in other assets line consists of tangible assets, intangible assets, assets held for sale, associates and subsidiaries expected credit losses, current tax asset and other assets.

(**) Non-interest bearing column in other liabilities line consists of other liabilities except than miscellaneous payables, provisions, current tax liability and equity.

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

IV. Explanations on unconsolidated interest rate risk (continued)

2. Current period average interest rates applied to monetary financial instruments

Current period	EUR (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	-
Banks	1.78	4.09	-	-
Financial assets at fair value through profit and loss	1.88	6.33	-	8.35
Money market placements	-	-	-	13.31
Financial assets measured at fair value through other comprehensive income	-	-	-	10.33
Loans	5.28	8.10	-	20.93
Financial assets measured at amortised cost	-	-	-	11.88
Liabilities				
Bank deposits	-	-	-	11.79
Other deposits	0.24	0.62	-	14.62
Money market borrowings	-	-	-	8.99
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	25.71
Funds obtained from other financial institutions	3.75	5.38	-	15.44

Prior period average interest rates applied to monetary financial instruments

Prior period	EUR (%)	USD (%)	Yen (%)	TL (%)
Assets				
Cash (Cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	-	-	-	8.50
Banks	(0.34)	0.04	-	-
Financial assets at fair value through profit and loss	2.48	5.93	-	12.87
Money market placements	-	-	-	14.38
Financial assets measured at fair value through other comprehensive income	-	-	-	15.95
Loans	3.38	4.13	-	18.77
Financial assets measured at amortised cost	-	-	-	15.55
Liabilities				
Bank deposits	-	0.25	-	-
Other deposits	0.27	0.39	-	13.61
Money market borrowings	-	-	-	13.98
Miscellaneous payables	-	-	-	-
Securities issued	-	-	-	-
Funds obtained from other financial institutions	1.54	1.74	-	13.58

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

V. Explanations on equity securities position risk derived from unconsolidated banking books

1. Explanations on accounting policies for equity investments in subsidiaries and associates

Accounting policies for equity investments in subsidiaries and associates are disclosed in section III disclosure III.

2. Comparison of carrying value, fair value and market value of equity investments

Current period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Equity investments	-	-	-
Not quoted	**65,905**	**34,144**	**34,144**
Equity investments	65,905	34,144	34,144
Financials subsidiaries	**1,171,862**	**-**	**-**
Financials subsidiaries	1,171,862	-	-

Prior period	Carrying value	Fair value (*)	Market value
Quoted	**-**	**-**	**-**
Equity investments	-	-	-
Not quoted	**11,317**	**887**	**887**
Equity investments	11,317	887	887
Financials subsidiaries	**839,286**	**-**	**-**
Financials subsidiaries	839,286	-	-

(*) Only equity investments having market value are presented under "Fair value" column.

3. Information on realized gains or losses on revaluation of securities, revaluation surplus and unrealized gains or losses and their included amounts in core and additional capital

Current period	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses		
		Total	Including into the additional capital	Total	Including into the core capital	Including into the additional capital
Private equity investments	-	-	-	-	-	-
Shares traded on a stock exchange	-	-	-	-	-	-
Other stocks	-	24,452	-	23,443	23,443	-
Total	**-**	**24,452**	**-**	**23,443**	**23,443**	**-**

Prior period	Realized gains/losses during the period	Revaluation increases		Unrealized gains/ losses		
		Total	Including into the supplementary capital	Total	Including into the core capital	Including into the supplementary capital
Private equity investments	-	-	-	-	-	-
Shares traded on a stock exchange	-	-	-	-	-	-
Other stocks	-	127	-	(254)	(254)	-
Total	**-**	**127**	**-**	**(254)**	**(254)**	**-**

4. Capital requirement as per equity shares

Current period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	1,237,767	1,237,767	36,463

Prior period	Carrying value	Total RWA	Minimum capital requirement (*)
Private equity investments	-	-	-
Shares traded on a stock exchange	-	-	-
Other equity shares	850,603	850,603	68,048

(*) The amount is calculated by using standard method within the scope of the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks".

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio

1. Information on matters related to liquidity risk

a. Information on liquidity risk management, such as risk capacity, responsibilities and the 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

A policy ("Market Risk Management Policy") was established which includes actions to be taken and practices that might be applied in business as usual and stressed conditions for liquidity risk management and responsibilities of the senior management. This policy has been approved by the Asset Liability Committee and by the Board of Directors. Within the scope of this policy, the liquidity risk is managed by Asset Liability Committee where senior representatives of businesses are members of the Committee.

In accordance with the policy, a liquidity buffer that can supply adequate liquidity level under any economic circumstances and which is unpledged, has been defined. In addition, the Contingency Capital and Funding Plan ("CCFP") to be implemented in times of stress is currently in force. Besides, liquidity risk appetite (that is approved by Asset Liability Committee and Board of Directors) has been established in order to enable monitoring and managing the risk quantitatively. The relevant parameters are analyzed regularly and reported to the members of Asset Liability Committee and Board of Directors.

Furthermore, the Bank's liquidity buffer is evaluated under different stress scenarios with the comprehensive liquidity stress test approach established in accordance with ING Group's common policies on market risk and global regulations (Internal Liquidity Adequacy Assessment Process / ILAAP-Internal Liquidity Adequacy Assessment Process). In addition, there is also the Risk Control Self- Assessment process still within scope of ILAAP, comprehensive assessments are performed related to liquidity risk, and after the relevant risks are identified, and their potential financial impact on the Bank's operations and the impact on risk metrics is assessed periodically.

To ensure proactive management of funding liquidity risk, risk thresholds specified on the deposit flows are monitored. The CCFP monitoring metrics are not limited to this scope but also include other liquidity risk indicators. The CCFP monitoring metrics can trigger decision-making conditions on whether the Bank will implement the CCFP in order to anticipate the potential development in liquidity stressed conditions.

b. Information on the centralization degree of liquidity management and funding strategy and the functioning between the Bank and the Bank's subsidiaries

The liquidity risk of the Bank is managed by the Asset Liability Management. Furthermore, subsidiaries manage their own liquidity risk by themselves. In order to make a central funding strategy, a funding plan including subsidiaries is established every year. In addition, information about the implementation and realization of the funding plan is shared with the Asset Liability Committee. According to the limits that are approved by the Board of Directors, liquidity gap and surplus are monitored and actions are taken in accordance with the price, interest rate and maturity structure.

c. Information on the Bank's funding strategy including the policies on funding types and variety of maturities

As for the funding diversification; short, medium and long term targets are determined in parallel to business line planning as part of the budgeting process in the Bank. Besides, the Bank's funding capacity is monitored regularly, and shared with Asset Liability Committee and Board of Directors. In this way, the factors which may affect the ability to create additional funding and the validity of the estimated funding capacity can be monitored closely by senior management.

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

ç. Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Bank's total liabilities

Almost all of the Bank's liabilities are in TL, USD or EUR, and TL funds consist of mainly equity and deposits. The Bank's liquidity in TL is managed via repo / reverse repo transactions with / in CBRT/BIST using high quality securities owned by the Bank. While the main purpose is using liabilities in TL to fund TL assets, the necessary FX swap transactions and FC funds are used in creating assets in TL within the limits that is approved by the Board of Directors. Foreign currency funds are obtained through FC deposit and foreign based FC borrowings including syndications. Liquidity shortage/surplus are calculated on a daily basis by Asset Liability Management and these figures are reported to the related Asset Liability Committee members. Besides, the Total and FC liquidity coverage ratio is calculated on a daily basis, and shared with all related units and senior management, and reported separately to Asset Liability Committee and Board of Directors. The Bank has TL/FC borrowing limits ready to use in CBRT and other banks.

d. Information on liquidity risk mitigation techniques

The first measure towards the mitigation of the liquidity risk as part of the budget process is planning the reduction of maturity mismatch and funding diversity. Within this context, syndication, other foreign funding, parent funding and other domestic funding facilities are used. In addition to this, active swap markets are used to provide liquidity in a particular currency. In addition to all these, Contingency Capital and Funding Plan monitoring indicators are continuously monitored and reported regularly to Asset Liability Committee and Board of Directors. With these indicators, intervals indicating the actions to be taken according to the triggering levels and measurement methods such as actual deposit inflows and outflows, stress test, liquidity buffer level, regulatory and structural liquidity ratios and so on are defined and these intervals support the decision making process. Moreover, a set of mitigating actions was set in the Contingency Capital and Funding Plan to bring the Bank's liquidity buffer back to reasonable levels during the crisis period. The important factors that will support the decision making mechanism, including the feasibility of these actions depending on the financial impact and stress scenarios, execution time of the actions are also explained.

e. Information on the use of stress tests

The Bank has a written liquidity stress testing procedure which includes the implementation of stress testing and responsibilities that is approved by Asset Liability Committee. To ensure that the existing positions remain within risk tolerance, the Market Risk Management and Product Control Directorate plans, designs, manages the stress tests, reports the results to Asset Liability Committee and Board of Directors on a regularly basis and reviews the stress tests annually. Stress test scenarios of the Bank consider Bank specific, market-wide and combined scenario, and reflect short term or long term consequences, are used in stress testing where the scenario and parameters are reviewed annually with the participation of the Asset and Liability Management and related business lines. On the other hand, results of stress testing are used as the leading indicator within the process of activating the Contingency Capital and Funding Plan.

f. Overview on contingency funding plan

The Bank has established the Contingency Capital and Funding Plan that was approved by Asset Liability Committee and Board of Directors, which includes the policies, methods and responsibilities of senior management and business lines that can be applied in stressed situations or in liquidity shortages. In addition, as an early warning of liquidity shortage or an unexpected situation, contingency capital and funding plan monitoring indicators are monitored and presented to the ALCO members monthly and to the Board of Directors (per meeting) by the Market Risk Management and Product Control Directorate. The effective internal and external communication channels and a Liquidity Contingency Team are defined in order to ensure the liquidity contingency management and implement various elements of the plan/realistic actions of the plan. Monitoring metrics of the Contingency Capital and Funding Plan are reviewed annually in terms of changes in market and stress conditions.

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

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

2. Liquidity coverage ratio

In accordance with BRSA's "Regulation on Banks' Liquidity Coverage Ratio Calculation", promulgated in the Official Gazette, no. 28948, dated 21 March 2014, the Bank calculates and shares the Liquidity Coverage Ratio to BRSA on a weekly basis. Liquidity Coverage Ratio is above the values stated in the regulation.

Weeks and values of the lowest and highest FC and total liquidity coverage ratio calculated over the last three months are presented in the below table.

	Minimum	Date	Maximum	Date
TL+FC	168.97%	11 November 2022	242.19%	30 September 2022
FC	332.51%	30 December 2022	406.92%	21 October 2022

Liquidity coverage ratio

	Total unweighted value (*)		Total weighted value (*)	
Current period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets				
High quality liquid assets			21,893,962	14,793,914
Cash Outflows				
Real person and retail deposits	54,269,980	25,670,400	4,840,871	2,565,245
Stable deposits	11,722,532	35,895	586,127	1,795
Less stable deposits	42,547,448	25,634,505	4,254,744	2,563,450
Unsecured funding other than real person and retail deposits	17,905,248	8,643,538	10,281,320	4,555,487
Operational deposits	83,437	328	19,380	81
Non-operational deposits	15,371,723	7,557,955	7,884,534	3,474,106
Other unsecured debt	2,450,088	1,085,255	2,377,406	1,081,300
Secured funding				
Other cash outflows	31,053,787	14,125,806	20,491,789	8,775,946
Derivative exposures and collateral completion liabilities	18,604,156	7,363,003	18,604,156	7,363,003
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	12,449,631	6,762,803	1,887,633	1,412,943
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**35,613,980**	**15,896,678**
Cash inflows				
Secured lending	438,533	-	-	-
Unsecured lending	9,131,702	3,112,915	6,309,591	2,226,600
Other cash inflows	18,577,777	11,392,563	18,077,998	11,371,133
Total cash inflows	**28,148,012**	**14,505,478**	**24,387,589**	**13,597,733**
				Total adjusted value
Total high quality liquid assets stock			21,893,962	14,793,914
Total net cash outflows			11,227,720	4,024,831
Liquidity coverage ratio (%)			**197.32**	**368.24**

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

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

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

	Total unweighted value (*)		Total weighted value (*)	
Prior period	**TL+FC**	**FC**	**TL+FC**	**FC**
High quality liquid assets				
High quality liquid assets			24,007,821	13,811,594
Cash Outflows				
Real person and retail deposits	41,074,175	19,832,786	3,603,422	1,983,279
Stable deposits	10,079,910	-	503,996	-
Less stable deposits	30,994,265	19,832,786	3,099,426	1,983,279
Unsecured funding other than real person and retail deposits	12,738,394	8,595,037	7,991,010	5,105,910
Operational deposits	75,498	12,254	18,875	3,064
Non-operational deposits	10,252,591	8,066,723	5,617,206	4,587,753
Other unsecured debt	2,410,305	516,060	2,354,929	515,093
Secured funding			-	-
Other cash outflows	17,776,838	9,740,406	8,652,089	4,845,429
Derivative exposures and collateral completion liabilities	7,006,814	3,574,492	7,006,814	3,574,492
Payables due to structured financial instruments	-	-	-	-
Payment commitments and other off-balance sheet commitments granted for debts to financial markets	10,770,024	6,165,914	1,645,275	1,270,937
Other contractual funding obligations	-	-	-	-
Other irrevocable or conditionally revocable off balance sheet liabilities	-	-	-	-
Total cash outflows			**20,246,521**	**11,934,618**
Cash inflows				
Secured lending	2,689,870	-	-	-
Unsecured lending	5,438,287	1,745,139	3,250,845	1,349,808
Other cash inflows	6,949,776	3,751,602	6,701,315	3,745,938
Total cash inflows	**15,077,933**	**5,496,741**	**9,952,160**	**5,095,746**
				Total adjusted value
Total high quality liquid assets stock			24,007,821	13,811,594
Total net cash outflows			10,294,361	6,838,872
Liquidity coverage ratio (%)			**236.07**	**203.26**

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

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

3. Other explanations on unconsolidated liquidity coverage ratio

Short term liquidity is managed within the regulatory limits in the Bank, the liquid assets are managed by using "Liquidity Coverage Ratio" calculations to monitor the minimum liquidity limits and keep sufficient stock of high quality liquid assets to meet the net cash outflows. Liquidity coverage ratio is calculated as per the Regulation on Banks' Liquidity Coverage Ratio Calculation. The ratio is affected from Bank's unpledged high quality liquid asset value that can be converted to cash any time and the possible cash inflows and outflows arising from assets, liability and off balance sheet items of the Bank.

The Bank evaluates cash equivalents, time and demand deposit accounts held in Central Bank of Turkey ("CBRT"), reserve requirements and the unencumbered securities issued by the Treasury as high quality liquid assets.

The primary sources to meet the liquidity needs of the Bank are funds from interbank money market or repurchasing agreements or direct sales of the HTC&S portfolio. Besides the borrowing from the parent company in the medium and long term, in order to manage concentration risk with respect to funding resources, the Bank aims to reduce maturity mismatch and mitigate the liquidity risk by taking actions aiming to increase diversification in funding resources. A strategy in targeting small ticket size on the deposits is implemented as another element of the strategy to mitigate the concentration risk.

Although the Bank's wide range and small ticket size deposit structure including Orange Account represents a short term funding source parallel to the sector it renews itself at the maturity date and remains in the Bank for a longer period compared to its original maturity.

Details of the Bank's foreign currency balance sheet as of 31 December 2022 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 22% of the Bank's foreign currency liabilities consist of funds obtained from other financial institutions and 73% is composed of deposits. Cash and cash equivalents comprise 36% and loans comprise 59% of the foreign currency assets. The bank placements have the shortest maturity within the assets denominated in foreign currency.

Details of the Bank's Turkish Lira balance sheet as of 31 December 2022 are summarized as follows:

The majority of Turkish Lira balance sheet's liability consists of deposits. 65% of the Bank's total Turkish Lira liabilities consists of deposits. However, in case of necessity, the Bank has borrowing facilities both in domestic & foreign banks and Takasbank & BIST repo market. 63% of the assets in Turkish Lira balance sheet are net loans and 20% are marketable securities.

The cash flows from derivative financial instruments are included in LCR calculations according to the terms of regulation. The Bank also considers changes in fair value of the liabilities that result in margin calls when calculating cash outflows.

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

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

4. Breakdown of assets and liabilities according to their outstanding maturities

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Unallocated	Total
Assets								
Cash (cash in vault, foreign currency cash, money in transit, checks purchased) and balances with the Central Bank of Turkey	8,785,888	6,307,032	-	-	-	-	-	15,092,920
Banks	1,315,248	1,025,302	-	-	-	-	-	2,340,550
Financial assets at fair value through profit or loss	-	259,919	600,527	1,228,212	367,876	38,846	210	2,495,590
Money market placements	-	2,456,991	40,000	-	-	-	-	2,496,991
Financial assets measured at fair value through other comprehensive income	-	502,157	776,645	706,315	2,377,920	3,242	65,905	4,432,184
Loans	26,818	11,885,273	10,656,846	23,137,213	14,717,566	751,116	1,370,339	62,545,171
Financial assets measured at amortised cost	-	286,333	42,629	1,548,493	5,301,503	-	-	7,178,958
Other assets (*)	-	-	-	-	-	-	2,271,078	2,271,078
Total assets	**10,127,954**	**22,723,007**	**12,116,647**	**26,620,233**	**22,764,865**	**793,204**	**3,707,532**	**98,853,442**
Liabilities								
Bank deposits	5,162	746,689	-	-	-	-	-	751,851
Other deposits	15,182,497	39,259,658	9,277,308	2,798,666	23,208	-	-	66,541,337
Borrowings	-	230,387	105,725	8,579,200	26,286	-	-	8,941,598
Funds from interbank money market	-	3,066,062	-	301,570	-	-	-	3,367,632
Securities issued	-	-	-	394,172	-	-	-	394,172
Miscellaneous payables	1,161,872	-	-	-	-	-	283,987	1,445,859
Other liabilities (**)	-	738,243	104,420	159,340	746,384	-	15,662,606	17,410,993
Total liabilities	**16,349,531**	**44,041,039**	**9,487,453**	**12,232,948**	**795,878**	**-**	**15,946,593**	**98,853,442**
Liquidity (deficit)/surplus	**(6,221,577)**	**(21,318,032)**	**2,629,194**	**14,387,285**	**21,968,987**	**793,204**	**(12,239,061)**	**-**
Net Off Balance Sheet Position	**-**	**(381,775)**	**411,411**	**714,637**	**(386,006)**	**-**	**-**	**358,267**
Derivative financial assets	-	29,079,703	22,569,171	18,458,777	9,868,749	130,000	-	80,106,400
Derivative financial liabilities	-	29,461,478	22,157,760	17,744,140	10,254,755	130,000	-	79,748,133
Non-cash loans	**132,927**	**556,279**	**1,967,138**	**4,154,765**	**5,458,237**	**1,093,245**	**-**	**13,362,591**
Prior period								
Total assets	9,263,287	24,791,312	6,812,341	16,284,163	21,970,371	1,122,183	2,399,894	82,643,551
Total liabilities	16,528,097	39,207,583	4,987,696	7,271,029	2,199,236	-	12,449,910	82,643,551
Liquidity (deficit)/surplus	**(7,264,810)**	**(14,416,271)**	**1,824,645**	**9,013,134**	**19,771,135**	**1,122,183**	**(10,050,016)**	**-**
Net Off Balance Sheet Position	**-**	**470,479**	**1,083,015**	**1,238,479**	**40,208**	**-**	**-**	**2,832,181**
Derivative financial assets	-	21,943,029	12,179,118	12,797,159	10,295,712	150,000	-	57,365,018
Derivative financial liabilities	-	21,472,550	11,096,103	11,558,680	10,255,504	150,000	-	54,532,837
Non-cash loans	**5,762**	**236,246**	**3,387,776**	**3,791,658**	**3,683,831**	**1,211,100**	**-**	**12,316,373**

(*) Unallocated column in other assets mainly consists of other assets that are necessary for banking activities and that cannot be liquidated in the short term as tangible assets, intangible assets, assets held for sale, associates and subsidiaries, expected credit losses and other assets.

(**) Unallocated column in other liabilities mainly consists of provisions, current tax liability, deferred tax liability, other liabilities except than miscellaneous payables and shareholders' equity.

5. Breakdown of liabilities according to their remaining contractual maturities

The Bank's remaining maturities of the contractual liabilities excluding derivative transactions are presented below. Interests on liabilities are included in the distribution. The "Adjustments" column presents probable cash flow on later periods. These amounts are included into the maturity analysis, but not included into the carrying value of liabilities in the balance sheet.

Current period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total	Adjustments	Balance sheet value
Liabilities									
Deposits	15,187,661	40,296,768	9,652,397	3,120,117	23,744	-	68,280,687	(987,499)	67,293,188
Funds borrowed from other financial institutions	-	254,079	112,421	8,593,574	26,292	-	8,986,366	(44,768)	8,941,598
Funds from interbank money market	-	3,071,384	-	301,570	-	-	3,372,954	(5,322)	3,367,632
Securities issued	-	-	-	428,030	-	-	428,030	(33,858)	394,172

Prior period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Total	Adjustments	Balance sheet value
Liabilities									
Deposits	13,596,809	35,637,645	3,583,307	354,580	3,480	-	53,175,821	(93,796)	53,082,025
Funds borrowed from other financial institutions	-	448,747	1,141,194	6,289,813	1,558,174	-	9,437,928	(12,720)	9,425,208
Funds from interbank money market	-	2,505,463	-	93,896	-	-	2,599,359	(3,636)	2,595,723
Securities issued	-	-	-	-	-	-	-	-	-

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

VI. Explanations on unconsolidated liquidity risk management and liquidity coverage ratio (continued)

6. Breakdown of derivative instruments according to their remaining contractual maturities

Current period	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	**4,592**	**23,129**	**336,744**	**378,380**	**70,108**	**812,953**
Buying transactions	3,630	18,795	185,630	214,285	35,026	457,366
Selling transactions	962	4,334	151,114	164,095	35,082	355,587
Transactions for foreign net investment hedge (III)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	**4,592**	**23,129**	**336,744**	**378,380**	**70,108**	**812,953**
Derivative transactions held for trading						
Trading transactions (I)	**57,674,668**	**39,889,730**	**20,034,738**	**1,695,317**	**-**	**119,294,453**
Forward foreign currency transactions – buy	6,326,176	4,283,379	4,147,130	233,352	-	14,990,037
Forward foreign currency transactions – sell	6,215,782	4,172,615	3,968,698	227,176	-	14,584,271
Swap transactions- buy	20,836,616	9,785,071	5,514,538	421,151	-	36,557,376
Swap transactions – sell	21,308,517	9,486,413	4,988,882	813,638	-	36,597,450
Foreign currency options – buy	1,476,564	6,138,660	726,435	-	-	8,341,659
Foreign currency options – sell	1,511,013	6,023,592	689,055	-	-	8,223,660
Foreign currency futures – buy	-	-	-	-	-	-
Foreign currency futures – sell	-	-	-	-	-	-
Interest rate derivatives (II)	**1,176,021**	**5,527,194**	**18,825,336**	**19,633,191**	**237,261**	**45,399,003**
Interest rate swap - buy	585,867	2,794,623	9,400,013	9,829,549	116,533	22,726,585
Interest rate swap - sell	590,154	2,732,571	9,425,323	9,803,642	120,728	22,672,418
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	-	-	-	-	-	**-**
B. Total trading derivative transactions (I+II+III)	**58,850,689**	**45,416,924**	**38,860,074**	**21,328,508**	**237,261**	**164,693,456**
Derivative transaction total (A+B)	**58,855,281**	**45,440,053**	**39,196,818**	**21,706,888**	**307,369**	**165,506,409**

Prior period	Up to 1 month	1 – 3 months	3 – 12 months	1 – 5 Years	5 years and over	Total
Derivative financial instruments held for hedging						
Transactions for fair value hedge (I)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
Transactions for cash flow hedge (II)	**19,248**	**68,451**	**470,204**	**3,155,500**	**394,709**	**4,108,112**
Buying transactions	9,723	49,437	264,076	1,607,960	190,801	2,121,997
Selling transactions	9,525	19,014	206,128	1,547,540	203,908	1,986,115
Transactions for foreign net investment hedge (III)	**-**	**-**	**-**	**-**	**-**	**-**
Buying transactions	-	-	-	-	-	-
Selling transactions	-	-	-	-	-	-
A. Total derivative financial instruments held for hedging (I+II+III)	**19,248**	**68,451**	**470,204**	**3,155,500**	**394,709**	**4,108,112**
Derivative transactions held for trading						
Trading transactions (I)	**43,386,984**	**23,301,479**	**14,948,710**	**2,443,188**	**-**	**84,080,361**
Forward foreign currency transactions – buy	3,135,008	4,205,604	3,304,926	97,553	-	10,743,091
Forward foreign currency transactions – sell	3,232,843	4,261,068	3,311,450	101,547	-	10,906,908
Swap transactions- buy	16,321,644	7,535,010	4,793,290	1,165,273	-	29,815,217
Swap transactions – sell	15,732,365	6,406,011	3,539,044	1,078,815	-	26,756,235
Foreign currency options – buy	2,467,226	445,523	-	-	-	2,912,749
Foreign currency options – sell	2,497,898	448,263	-	-	-	2,946,161
Foreign currency futures – buy	-	-	-	-	-	-
Foreign currency futures – sell	-	-	-	-	-	-
Interest rate derivatives (II)	**189,812**	**311,776**	**11,107,132**	**16,919,337**	**-**	**28,528,057**
Interest rate swap - buy	90,209	161,219	5,581,477	8,473,651	-	14,306,556
Interest rate swap - sell	99,603	150,557	5,525,655	8,445,686	-	14,221,501
Interest rate options - buy	-	-	-	-	-	-
Interest rate options - sell	-	-	-	-	-	-
Securities options - buy	-	-	-	-	-	-
Securities options - sell	-	-	-	-	-	-
Interest futures - buy	-	-	-	-	-	-
Interest futures - sell	-	-	-	-	-	-
Other trading derivative transactions (III)	-	-	-	-	-	**-**
B. Total derivative transactions held for trading (I+II+III)	**43,576,796**	**23,613,255**	**26,055,842**	**19,362,525**	**-**	**112,608,418**
Derivative transaction total (A+B)	**43,596,044**	**23,681,706**	**26,526,046**	**22,518,025**	**394,709**	**116,716,530**

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

VII. Explanations on unconsolidated leverage ratio

Leverage ratio table prepared in accordance with the communique "Regulation on Measurement and Assessment of Leverage Ratios of Banks" published in the Official Gazette no.28812 dated 5 November 2013 is presented below. As of 31 December 2022, the Bank's leverage ratio is calculated by taking average of end of month leverage ratios for the last three months is 10.29% (31 December 2021: 9.93%). This ratio is above the minimum ratio of 3%. While the capital increased by 32% mainly as a result of increase in net profits, total risk amount increased by 27% compared to the prior period. Therefore, the current period leverage ratio increased by 36 basis points compared to prior period.

Information on unconsolidated leverage ratio

	Current period (*)	Prior period (*)
On-balance sheet items		
On-balance sheet exposures (excluding derivatives and credit derivatives including collateral)	*101,219,749*	*78,150,321*
Asset deducted from core capital	*(140,813)*	*(74,015)*
The total amount of risk on-balance sheet exposures	101,078,936	78,076,306
Derivative financial instruments and credit derivative exposures		
Replacement cost associated with derivative financial instruments and credit derivatives	*2,092,038*	*3,951,916*
The potential credit risk amount of derivative financial instruments and credit derivatives	*2,520,858*	*226,931*
The total risk amount of derivative financial instruments and credit derivatives	4,612,896	4,178,847
Securities or commodity guaranteed financing transactions		
Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)	*71,339*	*221,089*
Risk amount of exchange brokerage operations	-	-
The total risk amount of securities or commodity collateral financing transactions	71,339	221,089
Off-balance sheet items		
Gross notional amount for off-balance sheet items	*22,275,103*	*18,336,772*
Adjustments for conversion to credit equivalent amounts	-	-
The total amount of risk for off-balance sheet items	22,275,103	18,336,772
Capital and total exposures		
Core capital	13,168,808	9,944,894
Total exposures	128,038,274	100,813,014
Leverage ratio		
Leverage ratio	10.29	9.93

(*) The amounts in the table represents the average of last three months.

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

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

1. In the current and the prior period, the fair values of financial assets and liabilities are calculated as stated below.

The fair value of financial assets at fair value through other comprehensive income and financial assets measured at amortised cost (financial assets available for sale in the prior period) are determined based on market prices.

The fair value of the loans with fixed interest rates is determined by the discounted cash flows using the current market interest rates. For the loans with floating interest rates, the fair value is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the loan.

The fair value of demand deposit represents the carrying value. The fair values of time deposits and funds are calculated by the discounted cash flows using the current market interest rates.

The fair value of funds borrowed from other financial institutions with fixed interest rates are determined by discounted cash flows using the current market interest rates. For funds with floating interest rates, it is determined by discounted cash flows using the market interest rate, taking into account the repricing date of the borrowing.

Carrying value of miscellaneous payables represents their fair value.

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

	Carrying value	Fair value	Carrying value	Fair value
	Current period	**Current period**	**Prior period**	**Prior period**
Financial assets	**77,237,139**	**76,553,499**	**56,262,839**	**54,679,170**
Money market placements	2,496,991	2,501,592	2,601,024	2,599,917
Due from banks	2,340,550	2,336,442	1,014,318	1,014,253
Financial assets at fair value through other comprehensive income	4,360,308	4,360,308	1,341,058	1,341,058
Financial assets measured at amortised cost	7,178,011	7,545,219	5,609,059	5,607,549
Loans	60,861,279	59,809,938	45,697,380	44,116,393
Financial liabilities	**81,442,449**	**78,730,235**	**68,277,605**	**66,384,625**
Bank deposits	751,851	751,701	51,216	51,156
Other deposits	66,541,337	63,661,511	53,030,809	51,056,116
Funds borrowed	8,941,598	9,090,851	9,425,208	9,509,967
Money market borrowings	3,367,632	3,366,779	2,595,723	2,592,737
Securities issued	394,172	413,534	-	-
Miscellaneous payables	1,445,859	1,445,859	3,174,649	3,174,649

3. Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities:

Level 1: Quoted market prices (non-adjusted) for identical assets or liabilities

Level 2: Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the Level 1

Level 3: Data not based on observable data regarding assets or liabilities

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

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

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value in financial statements as of 31 December 2022 and 31 December 2021 is presented in the table below:

Current period	Level 1	Level 2	Level 3	Total
Total assets	**4,889,619**	**1,972,250**	**65,905**	**6,927,774**
Financial assets at fair value through profit or loss	595,216	1,900,374	-	2,495,590
Government debt securities	595,006	-	-	595,006
Trading derivative financial assets	-	1,900,374	-	1,900,374
Equity instruments	210	-	-	210
Other marketable securities	-	-	-	-
Financial assets at fair value through other comprehensive income	4,294,403	-	65,905	4,360,308
Equity instruments	-	-	65,905	65,905
Government debt securities	4,294,403	-	-	4,294,403
Hedging derivative financial assets	-	71,876	-	71,876
Cash flow hedges	-	71,876	-	71,876
Total liabilities	**-**	**1,564,278**	**-**	**1,564,278**
Trading derivative financial liabilities	-	1,564,278	-	1,564,278
Hedging derivative financial liabilities	-	-	-	-
Cash flow hedges	-	-	-	-

Prior period	Level 1	Level 2	Level 3	Total
Total assets	**1,504,619**	**4,972,624**	**11,317**	**6,488,560**
Financial assets at fair value through profit or loss	174,878	4,845,340	-	5,020,218
Government debt securities	174,828	-	-	174,828
Trading derivative financial assets	-	4,845,340	-	4,845,340
Equity instruments	50	-	-	50
Other marketable securities	-	-	-	-
Financial assets at fair value through other comprehensive income	1,329,741	-	11,317	1,341,058
Equity instruments	-	-	11,317	11,317
Government debt securities	1,329,741	-	-	1,329,741
Hedging derivative financial assets	-	127,284	-	127,284
Cash flow hedges	-	127,284	-	127,284
Total liabilities	**-**	**1,997,872**	**-**	**1,997,872**
Trading derivative financial liabilities	-	1,986,804	-	1,986,804
Hedging derivative financial liabilities	-	11,068	-	11,068
Cash flow hedges	-	11,068	-	11,068

There are no transfers between the 1st and the 2nd levels as of 31 December 2022 and 31 December 2021.

The movement table of financial assets at Level 3 is presented below.

	Current period	Prior period
Balance at the end of the prior period	11,317	10,761
Purchases	30,622	-
Redemption / sale	-	-
Valuation difference	23,966	556
Transfers	-	-
Balance at the end of the current period	**65,905**	**11,317**

IX. Explanations on the transactions carried out on behalf and account of other persons and fiduciary transactions

The Bank performs purchase, sale, custody, and fund management services on behalf of its customers, and information about these transactions are shown in the off-balance sheet statement.

The Bank has no trust transactions.

X. Explanations on unconsolidated risk management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be announced to Public by Banks, promulgated in the Official Gazette, no. 29511, dated 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for credit risk in the calculation of capital adequacy by the Bank, tables required by Internal Rating Based approach ("IRB") are not presented.

1. General explanations on Bank's risk management and risk weighted assets

a. Bank's risk management approach

Bank's risk management strategy and activities have been formed under the responsibility of the Board of Directors. The risk management strategy applied in the Bank is based on three lines of defence model.

First Line of Defence

Business units are the first line of defence and primarily responsible for performance, operation, compliance and control of the risks affecting the business line.

Second Line of Defence

Risk Management, Financial Control and Asset Liability Management and Legal functions, which are the second line of defence, support the first line of defence in terms of implementation, training, advising, monitoring and reporting.

Risk Management is responsible for identifying, measuring, monitoring, controlling and reporting risks at corporate level. Bank's Risk Management consists of Financial Risk Management, Operational and Information Risk Management, Compliance departments and reports to the Risk Committee. Financial Risk Management includes Market Risk Management and Product Control, Credit Risk Control, Validation, Risk&Capital Integration and Reporting departments.

Third Line of Defence

Internal Audit Department is the third line of defence. Internal Audit Department carries out both risks based and general audits. In addition, Internal Audit Department is responsible for reviewing and ensuring the integrity of the whole governance structure including risk governance, and presence, effectiveness and implementation of policies and procedures.

According to this strategy, these lines of defence carry out their activities through certain decision making committees such as the Executive Committee, Asset Liability Committee, Credit Committee and Non-Financial Risk Committee. External auditors and relevant Regulators and Regulating Entities are considered as third line of defence.

Senior Management and Board of Directors are notified on the market risks monthly or on a more frequent basis; and this notification consists of balance sheet developments, market developments, assessment of the risks incurred despite the determined risk appetite and other risk developments. Furthermore, credit risk reports focusing on development of performing and non-performing loan portfolios, rating distribution of portfolios, transitions and trends of ratings, concentration risks, business units and product based risk parameters and risk appetite indicators are closely followed.

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

X. Explanations on unconsolidated risk management (continued)

In addition to measurement and assessment of the risks under normal market conditions, stress tests under the scope of ICAAP and also for internal purposes are performed to evaluate the possible risks under adverse market conditions. In this stress test, all kinds of financial risks that can be faced by the Bank are taken into account and evaluated under adverse and extremely adverse scenarios. Also reverse stress test is performed which defines the conditions that the Bank's regulatory limits is breached. The Bank prepares stress test reports within the context of ICAAP on a consolidated basis as per the guideline, numbered 6656, dated 14 January 2016 on the Stress Test to be Used in Banks' Capital and Liquidity Planning. The Stress Test provides a prospective perspective in possible adverse incidents or adverse situations.

It is aimed that all important risks are defined and relations between them are established in order to perform sensitivity analyses in the most effective manner throughout the Bank. Accordingly, the Bank performs the stress test together with all relevant units in a consolidated manner.

Detailed explanations on the Bank's risk appetite and credit risk can be found in section "Credit Risk", and detailed explanations on market risk can be found in section "Market Risk" while detailed explanations on operational risk can be found in section "Operational Risk".

1. Overview of risk weighted amounts

	Risk weighted amount		Minimum capital requirement
	Current period	Prior period	Current period
Credit risk (excluding counterparty credit risk) (CCR)	**58,473,029**	**44,130,735**	**4,677,842**
Standardized approach (SA)	58,473,029	44,130,735	4,677,842
Internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	**3,804,175**	**3,346,691**	**304,334**
Standardized approach for counterparty credit risk (SA-CCR)	3,804,175	3,346,691	304,334
Internal model method	-	-	-
Basic risk weight approach to internal models equity position in the banking account	-	-	-
Investments made in collective investment companies – look-through approach	-	-	-
Investments made in collective investment companies – mandate-based approach	-	-	-
Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
Settlement Risk	-	-	-
Securitization positions in banking accounts	-	-	-
IRB ratings-based approach (RBA)	-	-	-
IRB Supervisory Formula Approach (SFA)	-	-	-
SA/simplified supervisory formula approach	-	-	-
Market risk	**1,501,363**	**389,500**	**120,109**
Standardized approach (SA)	1,501,363	389,500	120,109
Internal model approaches (IMM)	-	-	-
Operational risk	**7,208,321**	**7,379,625**	**576,666**
Basic indicator approach	7,208,321	7,379,625	576,666
Standard approach	-	-	-
Advanced measurement approach	-	-	-
The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	**70,986,888**	**55,246,551**	**5,678,951**

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

X. Explanations on unconsolidated risk management (continued)

2. Linkages between financial statements and risk amounts

a. Differences and linkage between scope of accounting consolidation and regulatory consolidation

		Revalued amount in accordance with TAS				
Assets	**Revalued amount in accordance with TAS as reported in published financial statements**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Securitization positions**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Cash and balances with Central Bank	15,092,920	15,092,920	-	-	-	-
Financial assets at fair value through profit and loss	2,495,590	-	1,900,374	-	2,495,590	-
Banks	2,340,550	2,340,550	-	-	-	-
Money market placements	2,496,991	1,496,420	1,000,571	-	-	-
Financial assets measured at fair value through other comprehensive income	4,360,308	4,360,308	-	-	-	-
Financial assets measured at amortised cost	7,178,958	7,178,958	-	-	-	-
Expected credit losses (-)	3,152	-	-	-	-	3,152
Loans (Net)	**60,860,332**	**61,517,002**	**-**	**-**	**-**	**(651,152)**
Loans	61,174,832	61,174,832	-	-	-	5,518
Lease receivables	-	-	-	-	-	-
Factoring receivables	-	-	-	-	-	-
Non performing receivables	1,370,339	1,370,339	-	-	-	-
Expected credit losses (-)	1,684,839	1,028,169	-	-	-	656,670
Associates (net)	-	-	-	-	-	-
Subsidiaries (net)	1,171,862	1,171,862	-	-	-	-
Joint ventures (business partnership) (net)	-	-	-	-	-	-
Derivative financial assets held for hedging	71,876	-	71,876	-	-	-
Tangible assets (net)	637,312	592,896	-	-	-	44,416
Intangible assets (net)	256,283	-	-	-	-	249,790
Investment property (net)	-	-	-	-	-	-
Tax asset	267,637	267,637	-	-	-	-
Property and equipment held for sale and related to discontinued operations (net)	660	660	-	-	-	-
Other assets	1,625,315	1,635,881	-	-	-	(10,566)
Total assets	**98,853,442**	**95,655,094**	**2,972,821**	**-**	**2,495,590**	**(370,664)**
Liabilities						
Deposit	67,293,188	-	-	-	-	67,293,188
Derivative financial liabilities at fair value through profit or loss	1,564,278	-	-	-	-	1,564,279
Loans received	8,941,598	-	-	-	-	8,941,598
Money market funds	3,367,632	-	3,367,632	-	-	-
Securities issued	394,172	-	-	-	-	394,172
Funds	-	-	-	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables	184,109	-	-	-	-	184,109
Derivative financial liabilities at fair value through other comprehensive income	-	-	-	-	-	-
Provisions	603,140	117,094	-	-	-	397,349
Tax liability	443,134	-	-	-	-	443,134
Liabilities for assets held for sale and assets of discontinued operations (net)	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Other liabilities	2,543,232	-	-	-	-	2,543,232
Shareholders' equity	13,518,959	-	-	-	-	13,518,349
Total liabilities	**98,853,442**	**117,094**	**3,367,632**	**-**	**-**	**95,279,410**

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

X. Explanations on unconsolidated risk management (continued)

b. Main differences between risk amounts and the amounts revalued in accordance with TAS financial statement

	Total	Subject to credit risk	Securitization positions	Subject to counterparty credit risk	Subject to market risk (*)
Assets carrying value in accordance with TAS	**99,224,106**	**95,655,094**	-	**2,972,821**	**2,495,590**
Liabilities carrying value in accordance with TAS under scope of regulatory consolidation	6,117,262	117,094	-	3,367,632	-
Total net amount under scope of regulatory consolidation	**93,106,844**	**95,538,000**	-	**(394,811)**	**2,495,590**
Off-balance sheet amount	15,742,992	7,237,929	-	7,980,542	-
Differences due to risk mitigation	-	(1,199,299)	-	(4,360,825)	-
Differences due to different netting rules	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to the applications of the Bank	-	-	-	-	(994,227)
Effect of fix exchange rate (**)	-	(10,507,954)	-	-	-
Exposure amounts	-	**91,068,676**	-	**3,224,906**	**1,501,363**

(*) The amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", is represented in "Subject to market risk framework" column are presented.

(**) It shows the fix exchange rate effect used in the calculation of credit risk within the scope of the BRSA's letter dated 28 April 2022.

c. Explanations on differences between carrying values in financial statements and risk amounts in capital adequacy calculation of assets and liabilities:

There are no material differences between the carrying values in financial statements and the risk amounts in capital adequacy calculation of assets and liabilities.

3. Explanations about credit risk

3.1. General information on credit risk

a. General qualitative information on credit risk

Bank's Credit Risk Management reports to the Risk Committee. In order to carry out its functions and responsibilities more effectively, Credit Risk Management is structured as Credit Risk Control and Risk&Capital Integration and Reporting Department. Credit Risk Control team is responsible for developing, monitoring and sustaining the models to be used in Internal Ratings Based (IRB) method and TFRS 9 calculations and the integration of rating models in the bank systems. Risk&Capital Integration is responsible to form ICAAP process to carry out stress testing, IRB calculations.

Risk appetite expresses the total risk level assumed by the Bank in order to realise its strategies. To ensure that the Bank's risk appetite is equal to or below risk capacity, in general there is a buffer between the risk capacity and risk appetite. Bank's risk appetite is compatible with the main shareholder's risk appetite, and the Bank pays sufficient attention to protect the interests of all stakeholders such as deposit holders and legal regulators.

Risk appetite is determined according to the risk identification and assessment results, the risk capacity formed by the Bank considering the legal qualitative and quantitative limits and similarly the Bank's risk management and control abilities. If it is possible to implement, risk appetite indicators are approved by the management units (committees) formed for the relevant risk type. Both the risk appetite structure and risk appetite indicators are revised by the Risk Committee and presented by the Risk Committee to the Board of Directors. The approval authority for risk appetite structure and indicators is the Board of Directors.

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

X. Explanations on unconsolidated risk management (continued)

Bank's risk profile is regularly measured, monitored in comparison with the risk appetite and reported to the Board of Directors and certain senior committees. Under credit risk, general condition of the credit portfolio, non-performing loans, risk appetite indicators, firm and group concentrations, legal credit ratios, development of capital adequacy ratio, development and distribution of ratings based on business units, rating and risk transitions, Probability of Default ("PD"), loss given default ("LGD") and Exposure at Default ("EAD") parameters are followed. Reports prepared in scope of ICAAP study are presented to the senior management and Board of Directors before they are sent to the BRSA.

Many rating models and scorecards are used in different processes such as allocation, monitoring, collection, pricing, etc. for the purpose of managing credit risk. With these models, internal data sources and external data sources (such as CB credit risk and limit report, Credit Bureau) are used and creditworthiness of new clients is measured; and development of the existing credit portfolio is closely monitored. Performance of models is regularly monitored by Model Risk Management team under Financial Risk Management in addition to the teams developing the models.

b. Credit quality of assets

Current period	Gross carrying values of (according to TAS)			
	Defaulted	**Non-defaulted**	**Provisions / amortization and impairment**	**Net values**
Loans	1,370,339	61,174,832	1,683,891	60,861,280
Debt securities (*)	-	11,473,361	1,557	11,471,804
Off-balance sheet exposures	361,228	18,898,159	205,791	19,053,596
Total	**1,731,567**	**91,546,352**	**1,891,239**	**91,386,680**

(*) Includes provisions accounted under equity for financial assets at fair value through other comprehensive income.

c. Changes in stock of defaulted loans and debt securities

	Current period	Prior period
Defaulted loans and debt securities at the end of the previous reporting period	1,726,270	2,208,214
Loans and debt securities defaulted since the last reporting period	170,312	320,123
Transferred to non-defaulted status	-	-
Amounts written off (*)	(131,315)	(357,487)
Other changes (**)	(394,928)	(444,580)
Defaulted loans and debt securities at the end of the reporting period	**1,370,339**	**1,726,270**

(*) Specific provisions for undrawn non-cash loans are not included in the table. Amounts written off also includes the NPL sale of the Bank amounting to TL 108,058 (31 December 2021: TL 203,788).

(**) Collections within the period have included "Other changes" account.

ç. Additional explanations on the creditworthiness of assets

Definitions of overdue and provision set aside are presented in Section Four II – Explanations on Credit Risk footnote.

Definitions of the methods used in determining the provision amounts:

The methods used are presented in the footnote of Section Three VIII – Explanations on impairment in financial assets.

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

X. Explanations on unconsolidated risk management (continued)

Definitions of the restructured receivables:

The Bank can restructure the first and second group loans and other receivables, as well as non-performing loans and receivables. All loan products are considered together and a single restructuring protocol is formed; according to the legislation and general economic situation, variable or fixed terms are provided to enhance customers' ability to repay the loan.

Breakdown of receivables according to geographical regions, sector and remaining maturity:

Breakdown of receivables according to geographical regions, sector and remaining maturity is presented in footnote in Section Four II – Explanations on credit risk.

Receivable amounts for which provisions are set aside on geographical regions and sectors and amounts written off with the provisions:

Breakdown of receivables according to geographical regions

	Non-performing loans (**)	Specific provision
Domestic	1,370,204	1,028,062
EU Countries	27	18
OECD Countries (*)	35	32
Off-Shore Banking Regions	-	-
USA, Canada	-	-
Other countries	73	57
Total	**1,370,339**	**1,028,169**

(*) OECD countries other than EU countries, USA and Canada.
(**) Non-cash loans are not included.

Sectoral receivables and related provisions are presented in Section Four - II. Explanations on credit risk disclosure.

Aging of overdue exposures

	Current period	Prior period
Overdue 31 – 60 days	72,552	394,427
Overdue 61 – 90 days	114,162	62,693
Total	**186,714**	**457,120**

Breakdown of restructured receivables by whether or not provisions are allocated

	Current period	Prior period
Loans structured from standard loans and other receivables	-	-
Loans structured from closely monitored loans and other receivables	331,506	931,038
Loans restructured from non-performing loans	86,397	79,540

The Bank classifies all of its loans and receivables as stage 2 if they meet the restructured loan conditions while being in the performing loan portfolio according to the "Provision Regulation". Restructured loans classified as stage 2 are subject to stage 2 expected credit losses while restructured loans classified as non-performing loans are subject to specific provision.

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

X. Explanations on unconsolidated risk management (continued)

Information on expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Opening balance (*)	**206,386**	**365,973**	**1,300,374**	**1,872,733**
Additional provision during the period	340,216	246,413	310,691	897,320
Disposals (-)	(78,742)	(244,886)	(368,194)	(691,822)
Amounts written off (-)	-	-	(97,801)	(97,801)
Transferred to Stage 1	-	(25,478)	-	(25,478)
Transferred to Stage 2	(14,573)	-	193	(14,380)
Transferred to Stage 3	(15,523)	(20,091)	-	(35,614)
Ending balance	**437,764**	**321,931**	**1,145,263**	**1,904,958**

(*) Includes provisions for non-cash loans and provisions accounted under equity for financial assets at fair value through other comprehensive income.

3.2. Credit risk mitigation techniques

a. Qualitative disclosure requirements related to credit risk mitigation techniques

The Bank pays specific attention to the fact that the risk is completely covered by the collaterals and the easiness of collateral conversion into cash in case of default. In addition, the primary repayment source of loan is the cash flows from operations. Therefore, the financial status and retrospective and prospective cash flows of the firms to which credit proposal is made (the debtor) are analysed with due care during loan disbursement.

Collaterals in the Bank are divided into two groups as financial collaterals and guarantees. Collaterals are considered as allowed by the related regulations.

If credit assignment is conditioned to a collateral extension, the data of the collaterals must be entered to the banking information system. Collaterals are entered in the main banking application Finsoft through branches. Collaterals are activated after the Credit Operation Centre ("CROM") teams' check and approval of the collateral entries.

The Bank monitors up to date value of the collaterals by type. As a general principle, the Bank revises all collaterals at least once a year. For the firms which still have a credit risk, the existing collaterals are not released unless the guarantees in the credit notification are fully ensured or risk amount is decreased.

The Bank makes the assessment according to the latest expert value in the real estate guarantees taken as a real property.

The Bank's credit risk exposure and mitigation techniques used in order to reduce the exposure level are taken into account according to the principles stated in the related regulation. The Bank applies credit risk mitigation according to the comprehensive method that includes risk mitigation calculations considering the volatility-adjusted values of financial collaterals. The standardized risk weights are applied to the rest of the loans and receivables that remained unprotected after credit risk mitigation techniques. Financial collaterals that are composed of cash or similar assets and instruments of a high credit quality as well as real estate mortgages have been used in credit risk mitigation.

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

X. Explanations on unconsolidated risk management (continued)

b. Credit risk mitigation techniques

Current period	Exposures unsecured carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collaterals	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
Loans (*)	56,347,374	4,513,906	3,225,319	118,761	102,009	-	-
Debt securities (*)	11,471,804	-	-	-	-	-	-
Total	**67,819,178**	**4,513,906**	**3,225,319**	**118,761**	**102,009**	**-**	**-**
Of which defaulted	1,370,339	-	-	-	-	-	-

(*) Stage 1 and Stage 2 expected credit losses are deducted from the related balance sheet amounts according to regulation.

c. Qualitative disclosures on Banks' use of external credit ratings under the standardised approach for credit risk

Explanations are disclosed in Section Four II - Explanations on credit risk disclosures.

ç. Credit risk exposure and credit risk mitigation effects

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
Risk classes	**On-balance sheet amount**	**Off-balance sheet amount**	**On-balance sheet amount**	**Off-balance sheet amount**	**RWA**	**RWA density**
Claims on sovereigns and Central Banks	24,451,904	27,664	21,486,355	27,664	-	-
Claims on regional governments or local authorities	668,649	-	668,649	-	458,705	68.60%
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-
Claims on banks and intermediary institutions	6,786,624	3,924,967	5,484,484	1,452,216	1,129,767	16.29%
Claims on corporates	34,884,646	9,019,464	34,331,731	5,742,420	34,078,199	85.04%
Claims on retails	8,374,741	3,302,542	8,172,185	406,009	6,380,885	74.38%
Claims secured by residential property	1,017,581	-	1,017,581	-	356,153	35.00%
Claims secured by commercial property	728,209	45,639	728,209	12,674	434,064	58.59%
Past due loans	337,555	-	337,555	-	283,541	84.00%
Higher risk categories decided by the Board	9,323,934	-	8,863,857	-	12,041,973	135.85%
Secured by mortgages	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-
Other receivables	4,640,239	24,690	4,640,237	4,938	2,392,924	51.51%
Equity securities	916,818	-	916,818	-	916,818	100.00%
Total	**92,130,900**	**16,344,966**	**86,647,661**	**7,645,921**	**58,473,029**	**62.01%**

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

X. Explanations on unconsolidated risk management (continued)

d. Standardised approach – exposures by asset classes and risk weights

Risk classes/Risk weights	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit exposures amount (post CCF and post-CRM)
Claims on sovereigns and Central Banks	21,514,019	-	-	-	-	-	-	-	-	-	21,514,019
Claims on regional governments or local authorities	-	-	-	-	512,713	-	109,524	-	-	46,412	668,649
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	5,242,756	-	1,564,195	-	129,749	-	-	-	6,936,700
Claims on corporates	568,058	-	5,558,831	-	5,156,784	-	26,551,488	103,047	-	2,135,943	40,074,151
Claims on retails	-	-	-	-	-	8,578,136	51	7	-	-	8,578,194
Claims secured by residential property	-	-	-	1,017,a581	-	-	-	-	-	-	1,017,581
Claims secured by commercial property	-	-	-	-	613,638	-	127,245	-	-	-	740,883
Past due loans	-	-	-	-	171,364	-	102,856	63,335	-	-	337,555
Higher risk categories decided by the Board	-	-	-	-	3,727	-	2,721,297	5,986,766	-	152,067	8,863,857
Secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-	-	-
Other receivables	2,252,250	-	-	-	-	-	2,392,925	-	-	-	4,645,175
Stock investments	-	-	-	-	-	-	916,818	-	-	-	916,818
Total	**24,334,327**	**-**	**10,801,587**	**1,017,581**	**8,022,421**	**8,578,136**	**33,051,953**	**6,153,155**	**-**	**2,334,422**	**94,293,582**

4. Evaluation of counterparty credit risk according to measurement methods

a. Qualitative disclosure on counterparty credit risk

According to Appendix 2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks, promulgated in the Official Gazette, no. 29511, dated 23 October 2015, the counterparty credit risk arising from the transactions that binding both parties such as derivatives and repo, is calculated. The sum of renewal cost for derivative transactions and potential credit risk amount is considered as the risk amount. Renewal cost is calculated with valuation of contracts at fair value and potential credit risk amount is calculated by multiplying the contract amounts with the credit conversion ratios stated in the appendix of the regulation.

For the forward, option and other derivative contracts, collateral management is conducted daily according to the International Swap and Derivative Association (ISDA) and Credit Support Annex (CSA) agreements concluded with international counterparties, and when needed, short term total credit risk is reduced by usage of rights and performance of duties.

For the forward, option and other derivative transactions which are done by local agreements and not according to ISDA agreement, the credit risk is controlled via "Pre-Settlement" limit monitoring. Pre-settlement limit is allocated for the firms and organizations according to analysis and allocation processes. The basic rule for the Bank is that client risks do not exceed such limits. Risks are monitored simultaneously with the market and developed models are used in calculation.

The maximum risk that the counterparty may incur due to futures, options and other derivative transactions are limited, monitored with daily and instant reports. Possible limit breaches are reported to the high level committees and senior management of the bank and related actions taken to mitigate the risk.

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

X. Explanations on unconsolidated risk management (continued)

b. Counterparty credit risk (CCR) approach analysis

Current period	Replacement cost	Potential future exposure	EEPE (*)	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
Standardised Approach - CCR (for derivatives)	2,508,814	590,169	-	1.40	3,098,983	1,461,921
Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	-	-
Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)	-	-	-	-	125,923	11,391
Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions	-	-	-	-	-	-
Total						**1,473,312**

(*) Effective expected positive exposure

c. Credit valuation adjustment (CVA) capital charge

	Exposure at default post-CRM	RWA
Total portfolios subject to the advanced CVA capital charge	-	-
(i) VaR component (including the 3*multiplier)	-	-
(ii) Stressed VaR component (including the 3*multiplier)	-	-
All portfolios subject to the standardised CVA capital charge	3,098,983	2,330,863
Total subject to the CVA capital charge	3,098,983	2,330,863

ç. CCR exposures by risk class and risk weights

Asset classes/Risk weight	0%	10%	20%	50%	75%	100%	150%	Others	Total credit exposure (*)
Claims on sovereigns and Central Banks	152,590	-	-	-	-	-	-	-	152,590
Claims on regional governments or local authorities	-	-	-	-	-	-	-	-	-
Claims on administrative bodies and other non-commercial undertakings	-	-	-	-	-	-	-	-	-
Claims on multilateral development banks	-	-	-	-	-	-	-	-	-
Claims on international organizations	-	-	-	-	-	-	-	-	-
Claims on banks and intermediary institutions	-	-	1,247,802	1,162,140	-	-	-	-	2,409,942
Claims on corporates	-	-	116	4,014	-	587,873	-	-	592,003
Claims included in the regulatory retail portfolios	-	-	-	-	70,371	-	-	-	70,371
Claims secured by residential property	-	-	-	-	-	-	-	-	-
Past due loans	-	-	-	-	-	-	-	-	-
Higher risk categories decided by the Board	-	-	-	-	-	-	-	-	-
Secured by mortgages	-	-	-	-	-	-	-	-	-
Securitization positions	-	-	-	-	-	-	-	-	-
Short-term claims and short-term corporate claims on banks and intermediary institutions	-	-	-	-	-	-	-	-	-
Undertakings for collective investments in mutual funds	-	-	-	-	-	-	-	-	-
Stock investment	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Other assets (**)	-	-	-	-	-	-	-	-	-
Total	**152,590**	**-**	**1,247,918**	**1,166,154**	**70,371**	**587,873**	**-**	**-**	**3,224,906**

(*) Total credit exposure: After applying counterparty credit risk measurement techniques that are related to the amount of capital adequacy calculation.

(**) Other assets: Includes counterparty credit risk that does not reported in "central counterparty" table.

d. Collaterals for counterparty credit risk (CCR)

Related table is not presented due to not having derivative collaterals which is considered in the calculation of capital adequacy ratio.

X. Explanations on unconsolidated risk management (continued)

e. Credit derivatives

There is no credit derivative transaction.

5. Explanations on securitisation

There is no securitisation transaction.

6. Explanations on market risk

The Bank has reviewed activities of market risk management and has taken necessary precautions in order to mitigate the market risk within the framework of financial risk management, according to the "Regulation on the Internal Systems of Banks and Internal Capital Adequacy Valuation Process" and the "Regulation on Measurement and Assessment of Capital Adequacy of Banks", which was published in the Official Gazette No. 29057 and dated 11 July 2014.

Market risk is managed based on different product mandates based on banking books and trading books and within the risk limits including sensitivity that is approved by Board of Directions in where related limits are monitored on a regular basis and the results are shared with senior management and the Board of Directors. In addition, the impacts of change in balance sheet due to banking activities on risk appetite are simulated.

Risk Committee monitors and evaluates market risk closely. Recommendations are presented to the Asset Liability Committee and Board of Directors in terms of the risk management.
Risk management strategies and policies are updated regarding to regulations stated above and is approved by Board of Director's. In relation to the regulatory capital requirements, on a consolidated and the bank only basis, standard method is used in measuring the market risk. In addition to the standard method, for internal reporting purposes, value-at-risk ("VaR") is used in daily calculation of amount subject to market risk and are reported to the senior management. Stress tests and scenario analyses are also applied within the scope of ICAAP to complement the risk analysis. In addition, compliance on ING Bank's policies related to market risk, especially for the international regulations, is reviewed regularly. All these analysis are reflected in the relevant written procedures and policies. Due to the increase in the regulations and the need for pursuing more sophisticated risk management in recent years, the project of a software has been launched to manage risks related to asset liability management in a more integrated structure and currently enhancements are in progress.

	RWA
Outright products	**1,501,363**
Interest rate risk (general and specific)	476,138
Equity risk (general and specific)	-
Foreign exchange risk	1,025,225
Commodity risk	-
Options	**-**
Simplified approach	-
Delta-plus method	-
Scenario approach	-
Securitisation	-
Total	**1,501,363**

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

X. Explanations on unconsolidated risk management (continued)

7. Explanations on operational risk

The “Basic Indicator Method” that is stated in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué published in the Official Gazette no. 28337 on 28 June 2012, is used in the annual operational risk calculation of the Bank. The amount subject to the operational risk as of 31 December 2022 is calculated by using the gross income of the Bank in 2019, 2020 and 2021.

Annual gross revenue is calculated by deduction of profit/loss derived from the sale of available-for-sale assets and held-to-maturity securities, extraordinary income and indemnity insurance gains from the total of net interest income and non-interest income.

Current period	2019 amount	2020 amount	2021 amount	Total / Number of years of positive gross income	Ratio (%)	Total
Gross income	4,491,330	3,404,666	3,637,317	3,844,438	15	576,666
Amount subject to operational risk (Total*12.5)						**7,208,321**

8. Interest rate risk arising from banking book

Interest rate risk in the banking book is managed within the framework of sensitivity based risk limits which is internally determined by the Board of Directors, and results are shared periodically with senior management, Asset Liability Committee, Risk Committee and Board of Directors. In addition, interest rate risk in the banking book is calculated according to the interest structure profile of all interest sensitive assets and liabilities and the period remaining for their maturity or re-pricing dates under the “Regulation on Measurement and Evaluation of the Interest Rate Risk in the Banking Book through Standard Shock Method” published by the BRSA in the Official Gazette no: 28034 and dated 23 August 2011.

Under the regulation, core deposit is calculated only for demand deposits and also separately for each currency. Maturity profile of demand deposit assumptions have been determined by taking into account the analyses conducted by the Bank through using historical data for demand deposit portfolio and the maximum hypothetical maturity limit stated in the Regulation.

In addition, analysis being performed about asset and liability accounts comprising different customer behavior characteristics such as internal interest sensitivity and optionality, and effects on balance sheet risk are evaluated within the framework of analysis results and business lines’ expectations.

Interest rate risk in the banking book standard ratio is calculated at the end of months by measuring and evaluating the interest rate risk resulting from balance sheet and off-balance sheet positions in the banking books through standard shock method. Profits/losses refer to the profit/loss risk that might occur in the market value of financial assets and liabilities in the balance sheet as a result of applying upward/downward scenarios to the market interest rate.

Currency	Applied shock (+ / -x basis points)	Gains / (Losses)	Gains / Equity (Losses) / Equity
TL	(-) 400	748,242	5.38%
TL	(+) 500	(834,529)	(6.00)%
EUR	(-) 200	1,828	0.01%
EUR	(+) 200	(353)	-
USD	(-) 200	54,448	0.39%
USD	(+) 200	(51,427)	(0.37)%
Total (for negative shocks)		**804,518**	**5.78%**
Total (for positive shocks)		**(886,309)**	**(6.37)%**

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

XI. Explanations on hedge transactions

Breakdown of the derivative transactions used in cash flow hedges

	Current period			Prior period		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Interest rate swaps	540,000	71,876	-	2,540,000	127,284	11,068
Cross currency swaps	-	-	-	-	-	-
Total	**540,000**	**71,876**	**-**	**2,540,000**	**127,284**	**11,068**

Explanations on derivative transactions used in cash flow hedges

Current period

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV Assets	Hedging instrument FV Liabilities	Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	-	-	-	-	-
Interest rate swaps	TL revolving loans	Cash flow risk due to the changes in the interest rates of TL revolving loans	71,876	-	(46,387)	(65,093)	806
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(13,001)	-	-
Total			**71,876**	**-**	**(59,388)**	**(65,093)**	**806**

Prior period

Hedging instrument	Hedged item	Nature of risk hedged	Hedging instrument FV Assets	Hedging instrument FV Liabilities	Net gain / (loss) recognized in OCI during the period	Net gain / (loss) reclassified to income statement during the year	Ineffective portion recognized in income statement (Net)
Interest rate swaps	TL/FC customer deposits	Cash flow risk due to the changes in the interest rates of TL and FC customer deposits	127,284	11,068	219,327	(17,805)	(6,711)
Interest rate swaps	TL revolving loans	Cash flow risk due to the changes in the interest rates of TL revolving loans	-	-	-	13,549	-
Cross currency swaps	TL customer deposits and FC borrowings	Cash flow risk due to the changes in the interest rates of deposits and currency risk of FC borrowings	-	-	(24,007)	-	-
Total			**127,284**	**11,068**	**195,320**	**(4,256)**	**(6,711)**

Contractual maturity analysis of the derivative transactions subject to cash flow hedges:

Maturity analysis of the derivative transactions subject to cash flow hedges is provided in the Section Four - Note VI.

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

XII. Explanations on segment reporting

The Bank operates mainly in corporate, business and retail banking services. In scope of corporate, business banking operations, customers are provided with special banking services including cash management service. In retail banking operations, customers are provided with debit and credit card, retail loan, online banking and private banking services. Spot TL, foreign exchange buy/sell transactions, derivative transactions, and treasury bill/government bond buy/sell transactions are performed at treasury operations.

Information on operating segments is prepared in accordance with the data provided by the Bank's Management Reporting System.

Current period – 31 December 2022	Corporate, Business Banking	Retail Banking	Other	Total
Net interest income	2,388,851	1,722,154	163,677	4,274,682
Net fees and commissions income and other operating income	909,305	656,568	(3,722)	1,562,151
Trading gain/loss	367,841	141,730	1,357,587	1,867,158
Dividend income	-	-	347	347
Expected credit loss	(668,617)	(224,309)	(5)	(892,931)
Segment results	2,997,380	2,296,143	1,517,884	6,811,407
Other operating expenses (*) (**)	-	-	-	(3,505,786)
Income/loss from investments under equity accounting	-	-	-	195,343
Income from continuing operations before tax	-	-	-	3,500,964
Tax provision (*)	-	-	-	(874,675)
Net profit	**-**	**-**	**-**	**2,626,289**

Prior period – 31 December 2021	Corporate, Business Banking	Retail Banking	Other	Total
Net interest income	988,715	1,105,490	597,964	2,692,169
Net fees and commissions income and other operating income	599,089	393,603	51,768	1,044,460
Trading gain/loss	288,225	128,213	39,217	455,655
Dividend income	-	-	177	177
Expected credit loss	(346,273)	(246,618)	(16)	(592,907)
Segment results	1,529,756	1,380,688	689,110	3,599,554
Other operating expenses (*) (**)	-	-	-	(2,177,641)
Income/loss from investments under equity accounting	-	-	-	129,955
Income from continuing operations before tax	-	-	-	1,551,868
Tax provision (*)	-	-	-	(351,755)
Net profit				**1,200,113**

(*) Other operational expenses and tax provision are presented at total column due to inability to allocate among the sections.
(**) Includes "Personnel Expenses" and "Other Provision Expenses" that presented in the statement of profit or loss as a different items.

Current period – 31 December 2022	Corporate, Business Banking	Retail Banking	Other	Total
Asset	46,397,576	16,049,479	36,406,387	98,853,442
Liability	19,146,506	48,212,630	17,975,347	85,334,483
Equity	-	-	13,518,959	13,518,959

Prior period – 31 December 2021	Corporate, Business Banking	Retail Banking	Other	Total
Asset	34,978,182	12,358,728	35,306,641	82,643,551
Liability	14,721,651	38,472,522	18,640,359	71,834,532
Equity	-	-	10,809,019	10,809,019

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

Section five

Information and disclosures related to unconsolidated financial statements

I. Explanations and notes related to assets of the unconsolidated balance sheet

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Turkey

1.1. Information on cash equivalents

	Current period		Prior period	
	TL	FC	TL	FC
Cash in TL/foreign currency	160,443	2,842,566	134,580	2,879,131
Central Bank of Turkey	2,569,657	9,520,254	1,876,631	13,912,127
Other	-	-	-	-
Total	**2,730,100**	**12,362,820**	**2,011,211**	**16,791,258**

1.2. Information related to the account of the Central Bank of Turkey

	Current period		Prior period	
	TL	FC	TL	FC
Unrestricted demand deposit	2,569,657	3,213,222	1,876,631	3,315,244
Restricted time deposit	-	-	-	4,265,380
Reserve requirement	-	6,307,032	-	6,331,503
Total	**2,569,657**	**9,520,254**	**1,876,631**	**13,912,127**

As per the “Communiqué on Reserve Requirements” promulgated by the Central Bank, Banks must keep required reserves as of the balance sheet date at a rate ranging between 3% and 8% for Turkish lira deposits and liabilities depending on their maturity. The reserve rates vary between 5% and 25% for foreign currency deposits and other foreign currency liabilities and vary between 22% and 26% for gold liabilities depending on their maturity.

In accordance with the “Communiqué Regarding the Reserve Requirements”, the reserve requirements can be maintained as TL, USD, EUR and standard gold. According to the Communiqué on Required Reserves published in the Official Gazette dated 1 July 2021 and numbered 31528, the facility for maintain Turkish lira reserve requirements in foreign currency was terminated as of 1 October 2021. According to the “Communiqué on Required Reserves” published in the Official Gazette dated 31 December 2022 and numbered 32060, the facility for maintain Turkish Lira reserve requirements in standard gold and scrap gold will be terminated as of 23 June 2023.

Within the scope of the Communiqué no. 2021/14 on Supporting the Conversion of TL Deposit and Participation Accounts who practices regarding the establishment of additional required reserves and payment of commissions according to the conversion rate to foreign currency deposit accounts in USD, EUR and GBP and time deposit accounts was terminated as of 23 December 2022.

In accordance with the CBRT instruction dated 2 September 2022, the commission practice according to the share of Turkish Lira deposits in total deposits has been changed to be applied as of 23 December 2022. As per this amendment, banks with a share of Turkish Lira deposits below 50% will pay 8% commission and banks with a share between 50% and 60% will pay 3% commission, separately for both individual and corporate customers. The commissions to be paid will be calculated over the amount of reserve requirements for foreign currency deposit liabilities.

TL 2,561,866 (31 December 2021: TL 1,876,237) of the TL reserve deposits provided over the average balance and TL 3,213,222 (31 December 2021: TL 3,315,244) of the FC reserve deposits provided over the average balance are presented under unrestricted demand deposit account.

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

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

2.1. Information on financial assets at fair value through profit/loss subject to repo transactions and those given as collateral/blocked

Financial assets at fair value through profit/loss subject to repo transactions and those given as collateral/blocked are stated below in net amount.

	Current period	Prior period
Unrestricted portfolio	434,391	134,575
Collateral / blocked	160,825	40,303
Total	**595,216**	**174,878**

2.2. Positive differences related to derivative financial assets held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	349,648	-	477,496
Swap transactions	1,155,200	380,544	4,102,247	258,886
Futures transactions	-	-	-	-
Options	12,871	2,111	85	6,626
Other	-	-	-	-
Total	**1,168,071**	**732,303**	**4,102,332**	**743,008**

3. Information on banks and foreign banks accounts

3.1. Information on banks

	Current period		Prior period	
	TL	FC	TL	FC
Banks	491	2,340,059	205	1,014,113
Domestic	491	10,017	205	690
Foreign	-	2,330,042	-	1,013,423
Headquarters and branches abroad	-	-	-	-
Total	**491**	**2,340,059**	**205**	**1,014,113**

3.2. Information on foreign banks

	Unrestricted amount		Restricted amount	
	Current period	Prior period	Current period	Prior period
EU countries	1,447,141	528,177	722,316	361,311
USA, Canada	61,612	76,479	35,462	-
OECD Countries (*)	61,611	45,894	-	-
Off-shore banking regions	-	-	-	-
Other	1,900	1,562	-	-
Total	**1,572,264**	**652,112**	**757,778**	**361,311**

(*) OECD countries except EU countries, USA and Canada

As of 31 December 2022, restricted bank balance amounting to TL 757,778 (31 December 2021: TL 361,311) all of which is comprised of (31 December 2021: all amount) collaterals that is held by counter banks under CSA (credit support annex) contracts and is calculated based on related derivatives market price.

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

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

4.1. Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral/blocked

Financial assets at fair value through other comprehensive income subject to repo transactions and those given as collateral/blocked with net amounts are shown in below table.

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Unrestricted portfolio	1,564,289	209,662
Repo transactions	486,503	1,131,396
Collateral / blocked	2,309,516	-
Total	**4,360,308**	**1,341,058**

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

Financial assets measured at fair value through other comprehensive income:

	Current period	Prior period
Debt securities	4,307,854	1,335,706
Quoted to stock exchange	4,307,854	1,335,706
Not quoted	-	-
Equity certificates	65,905	11,317
Quoted to stock exchange	-	-
Not quoted	65,905	11,317
Provision for impairment (-)	(13,451)	(5,965)
Total	**4,360,308**	**1,341,058**

5. Information on loans

5.1. Information on the balance of all types of loans and advances given to shareholders and employees of the Bank

	Current period		Prior period	
	Cash	Non-cash	Cash	Non-cash
Direct loans granted to shareholders of the Bank	56	1,210,575	187	1,082,968
Corporate shareholders	-	1,210,494	-	1,082,968
Real person shareholders	56	81	187	-
Indirect loans granted to shareholders of the Bank	1,486	530,274	395	428,782
Loans granted to employees of the Bank	90,570	-	42,595	-
Total	**92,112**	**1,740,849**	**43,177**	**1,511,750**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.2. Information on the first and second group loans and other receivables including restructured or rescheduled loans

Current period

Cash loans	Standard loans	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	
			Revised contract terms	Refinance
Non-specialized loans	52,340,117	8,503,209	151,787	179,719
Business loans	13,387,052	4,919,459	44,020	179,719
Export loans	18,073,039	1,235,582	-	-
Import loans	-	-	-	-
Loans given to financial sector	3,902,631	1,242,989	-	-
Consumer loans	14,095,685	999,675	102,127	-
Credit cards	577,716	51,031	5,640	-
Other	2,303,994	54,473	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**52,340,117**	**8,503,209**	**151,787**	**179,719**

Prior period

Cash loans	Standard loans	Loans and other receivables under close monitoring		
		Loans and receivables not subject to restructuring	Restructured loans and receivables	
			Revised contract terms	Refinance
Non-specialized loans	38,877,857	5,929,964	693,702	237,336
Business loans	13,725,134	4,386,369	485,766	218,653
Export loans	9,404,279	382,821	39,383	18,683
Import loans	-	-	-	-
Loans given to financial sector	2,461,399	-	-	-
Consumer loans	10,222,203	1,086,163	155,022	-
Credit cards	507,276	58,542	13,531	-
Other	2,557,566	16,069	-	-
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	**38,877,857**	**5,929,964**	**693,702**	**237,336**

	Current period		Prior period	
	Standard loans	Loans under close monitoring	Standard loans	Loans close monitoring
12 months expected credit losses	360,108	-	162,873	-
Lifetime expected credit losses significant increase in credit risk	-	295,614	-	341,219

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.3. Loans according to their maturity structure

Cash loans	Standard loans	Loans and other receivables under close monitoring	
		Loans and receivables not subject to restructuring	Restructured loans and receivables
Short-term loans and other receivables	26,117,268	5,289,680	88,000
Medium and long-term loans and other receivables	26,222,849	3,213,529	243,506
Total	**52,340,117**	**8,503,209**	**331,506**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.4. Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel

	Short term	Medium and long term	Total
Consumer loans – TL	**1,788,209**	**13,140,041**	**14,928,250**
Mortgage loans	1,231	2,935,475	2,936,706
Automotive loans	102,324	1,217,931	1,320,255
General purpose loans	1,684,654	8,986,635	10,671,289
Other	-	-	-
Consumer loans – Indexed to FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Consumer credit cards – TL	**571,786**	**4,137**	**575,923**
With installments	171,892	4,137	176,029
Without installments	399,894	-	399,894
Consumer credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Personnel loans – TL	**37,879**	**33,190**	**71,069**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	37,879	33,190	71,069
Other	-	-	-
Personnel loans – Indexed to FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel loans – FC	**-**	**-**	**-**
Mortgage loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Personnel credit cards – TL	**19,557**	**-**	**19,557**
With installments	7,912	-	7,912
Without installments	11,645	-	11,645
Personnel credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft accounts – TL (real person)	**198,168**	**-**	**198,168**
Overdraft accounts – FC (real person)	**-**	**-**	**-**
Total	**2,615,599**	**13,177,368**	**15,792,967**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.5. Information on commercial loans with installments and corporate credit cards

	Short term	Medium and long term	Total
Commercial installment loans - TL	**1,308,223**	**821,018**	**2,129,241**
Real estate loans	-	1,715	1,715
Automotive loans	62,577	64,605	127,182
General purpose loans	-	-	-
Other	1,245,646	754,698	2,000,344
Commercial installment loans – Indexed to FC	**-**	**6,456**	**6,456**
Real estate loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	6,456	6,456
Commercial installment loans - FC	**-**	**-**	**-**
Real estate residential loans	-	-	-
Automotive loans	-	-	-
General purpose loans	-	-	-
Other	-	-	-
Corporate credit cards – TL	**38,907**	**-**	**38,907**
With installments	16,472	-	16,472
Without installments	22,435	-	22,435
Corporate credit cards – FC	**-**	**-**	**-**
With installments	-	-	-
Without installments	-	-	-
Overdraft loans – TL (legal entity)	**40,539**	**-**	**40,539**
Overdraft loans – FC (legal entity)	**-**	**-**	**-**
Total	**1,387,669**	**827,474**	**2,215,143**

5.6. Loans according to borrowers

	Current period	Prior period
Public	1,077,944	1,354,545
Private	60,096,888	44,384,314
Total	**61,174,832**	**45,738,859**

5.7. Domestic and foreign loans

	Current period	Prior period
Domestic loans	61,171,638	45,730,773
Foreign loans	3,194	8,086
Total	**61,174,832**	**45,738,859**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.8. Loans granted to subsidiaries and associates

	Current period	Prior period
Direct loans granted to subsidiaries and associates	705,641	757,539
Indirect loans granted to subsidiaries and associates	-	-
Total	**705,641**	**757,539**

5.9. Specific provisions set aside against loans

	Current period	Prior period
Loans and receivables with limited collectability	18,215	60,838
Loans and receivables with doubtful collectability	27,624	33,277
Uncollectible loans and receivables	982,330	1,169,542
Total	**1,028,169**	**1,263,657**

5.10. Information on non-performing loans (net)

5.10.1 Information on non-performing loans and other receivables restructured or rescheduled

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Gross amounts before specific provision	98	877	85,422
Restructured loans	98	877	85,422
Prior period			
Gross amounts before specific provision	-	1,332	78,208
Restructured loans	-	1,332	78,208

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.10.2. Information on total non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior period end balance	**91,569**	**54,822**	**1,579,879**
Additions (+)	145,279	4,412	20,621
Transfers to other categories of non-performing loans (+)	-	163,606	153,604
Transfers from other categories of non-performing loans (-)	(163,606)	(153,604)	-
Collections (-)	(45,808)	(28,356)	(320,764)
Write-offs (-) (*)	(28)	(20)	(23,209)
Sold Portfolio (-) (**)	-	-	(108,058)
Corporate and commercial loans	-	-	(16,370)
Retail loans	-	-	(72,647)
Credit cards	-	-	(19,041)
Other	-	-	-
Current period end balance	**27,406**	**40,860**	**1,302,073**
Provisions (-)	(18,215)	(27,624)	(982,330)
Net balance on balance sheet	**9,191**	**13,236**	**319,743**

(*) In current period, the amount of write-off made 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 6 July 2021 and numbered 31533, there is no write-off process and the values in the table are the amounts written off from the assets (31 December 2021: TL 139,458 and its effect on the NPL ratio is 0.28%).

(**) The Bank sold non-performing loan portfolio amounting to TL 108,058 (31 December 2021: TL 203,788) for an amount of TL 21,751 to domestic asset management companies at 24 May 2022.

5.10.3. Information on foreign currency non-performing loans and other receivables

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period			
Balance at the end of the period	2,311	-	147,251
Provision (-)	(1,475)	-	(104,027)
Net balance on balance sheet	**836**	**-**	**43,224**
Prior period			
Balance at the end of the period	1,545	-	165,780
Provision (-)	(742)	-	(106,817)
Net balance on balance sheet	**803**	**-**	**58,963**

Non-performing loans granted as foreign currency are followed under TL accounts at the balance sheet.

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

5.10.4. Gross and net amounts of non-performing loans per customer categories

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (net)	**9,191**	**13,236**	**319,743**
Loans granted to corporate entities and real person (gross)	27,406	40,860	1,302,073
Provision amount(-)	(18,215)	(27,624)	(982,330)
Loans granted to corporate entities and real person (net)	9,191	13,236	319,743
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision amount (-)	-	-	-
Other loans (net)	-	-	-
Prior period (net)	**30,731**	**21,545**	**410,337**
Loans granted to corporate entities and real person (gross)	91,569	54,822	1,579,879
Provision amount (-)	(60,838)	(33,277)	(1,169,542)
Loans granted to corporate entities and real person (net)	30,731	21,545	410,337
Banks (gross)	-	-	-
Provision amount (-)	-	-	-
Banks (net)	-	-	-
Other loans (gross)	-	-	-
Provision amount (-)	-	-	-
Other loans (net)	-	-	-

5.10.5. According to TFRS 9, accruals, valuation differences and related provisions calculated for non-performing loans

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectable loans and receivables
Current period (Net)	**651**	**1,003**	**18,746**
Interest accruals and valuation differences	2,213	3,447	70,420
Provision (-)	(1,562)	(2,444)	(51,674)
Prior period (Net)	**2,742**	**1,858**	**22,891**
Interest accruals and valuation differences	9,436	5,200	77,914
Provision (-)	(6,694)	(3,342)	(55,023)

5.11. Liquidation policy for uncollectible loans and receivables

As with the loans classified in the other liquidation accounts, "Loans and receivables with limited collectability" and "Loans and receivables with doubtful collectability" accounts, according to the Provisions Regulation, the most appropriate action is determined by evaluating the quality of the loan, the collateral status, bona fide of the debtor and assessment of the emergency, in order to ensure the collection and liquidation of the loans classified in the accounts of "Uncollectable loans and receivables".

5.12. Information on the write-off policy

Accounting policies regarding the write-off policy are explained in the section three, footnote VIII.

In current period, the amount of write-off made 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 6 July 2021 and numbered 31533 is none (31 December 2021: TL 139,458 and its effect on the NPL ratio is 0.28%).

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

6. Financial assets measured at amortised cost

6.1. Financial assets subject to repurchase agreements and provided as collateral/blocked:

	Current period	Prior period
Investments subject to repurchase agreements	2,621,819	1,397,601
Collateralised / blocked investments (*)	2,198,288	1,026,088
Total	**4,820,107**	**2,423,689**

(*) Consists of bonds given as collaterals by the Bank to be a member of Interbank, BIST, Derivatives Exchange, Takasbank, Money Markets and to operate in those markets.

6.2. Government securities measured at amortised cost:

	Current period	Prior period
Government bonds	7,178,958	5,609,794
Treasury bills	-	-
Other government securities	-	-
Total	**7,178,958**	**5,609,794**

6.3. Financial assets measured at amortised cost:

	Current period	Prior period
Debt securities	7,178,958	5,609,794
Quoted to stock exchange	7,178,958	5,609,794
Not quoted	-	-
Impairment provision (-)	-	-
Total	**7,178,958**	**5,609,794**

6.4. Movement of financial assets measured at amortised cost:

	Current period	Prior period
Balances at the beginning of the period	5,609,794	4,253,314
Foreign currency differences on monetary assets	-	-
Purchases during the period	1,975,027	3,378,383
Disposals through sales and redemptions	(381,869)	(2,006,706)
Provision for impairment (-)	-	-
Valuation effect	(23,994)	(15,197)
Period end balance	**7,178,958**	**5,609,794**

7. Information on associates (net)

7.1. Explanations related to the associates

The Bank does not have any associates.

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

8. Information on subsidiaries (net)

8.1. Information on equity of subsidiaries (*)

As of 31 December 2022, information on the equities of subsidiaries is as follows:

	ING European Financial Services Plc.	ING Leasing	ING Securities
Paid in capital and adjustment to paid-in capital	3,855	50,000	21,245
Profit reserves, capital reserves and prior year profit/loss	173,009	188,310	67,847
Profit	119,384	47,048	44,583
Development cost of operating lease (-)	-	-	-
Intangible assets (-)	-	(224)	-
Total core capital	**296,248**	**285,134**	**133,675**
Supplementary capital	**-**	**-**	**-**
Capital	**296,248**	**285,134**	**133,675**
Net usable shareholder's equity	**296,248**	**285,134**	**133,675**

(*) In accordance with the Bank's Board of Directors decision dated 28 December 2020; it has been decided for initiating the liquidation process of its subsidiary, ING Factoring A.Ş., applying for the approval of the BRSA on this matter by taking a decision in the ING Faktoring A.Ş.'s Board of Directors for the liquidation of the company and giving authorization to General Management to carry out the liquidation procedures and processes. The Bank applied to the BRSA on 27 December 2021 for the liquidation of ING Factoring. With the decision of the BRSA Board numbered 10043 and dated 13 January 2022, the cancellation of the operating license of ING Factoring was approved. The Ordinary General Assembly Meeting of ING Factoring was held on 14 March 2022 and in the Trade Registry Gazette dated 22 March 2022 and numbered 10542, the title of the company was changed to "ING Factoring A.Ş in Liquidation".

The Bank does not have any additional capital requirements due to the subsidiaries included in the calculation of capital requirement.

8.2. Information on consolidated subsidiaries

Title	Address (city / country)	The Bank's share percentage-If different voting (%)	The Bank's risk group share (%)
(1) ING European Financial Services Plc.	Dublin/Ireland	100%	100%
(2) ING Leasing	Istanbul/Turkey	100%	100%
(3) ING Securities	Istanbul/Turkey	100%	100%

As of 31 December 2022, financial information on consolidated subsidiaries as follows (*):

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit/ loss	Prior period profit/loss	Fair value
(1)	8,653,737	296,248	54	289,083	-	119,384	56,840	-
(2)	1,936,716	285,358	1,233	114,460	-	47,048	38,044	-
(3)	617,917	133,671	779	22,793	-	44,735	29,719	-

(*) The financial information of ING European Financial Services Plc. and ING Leasing are obtained from 31 December 2022 audited financial statements.

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

8.3. Information on consolidated subsidiaries

	Current period	Prior period
Balance at the beginning of the period	**839,286**	**569,189**
Movements during the period	332,576	270,097
Purchases	-	-
Bonus shares obtained	-	-
Dividends from current year income	195,343	129,955
Sales	-	-
Revaluation increase	137,233	140,142
Provisions for impairment	-	-
Balance at the end of the period	**1,171,862**	**839,286**
Capital commitments	-	-
Share percentage at the end of the period (%)	100	100

8.4. Sectoral information on consolidated financial subsidiaries and the related carrying amounts

	Current period	Prior period
Banks	-	-
Insurance companies	-	-
Factoring companies (*)	171,382	169,507
Leasing companies	257,518	216,381
Finance companies	-	-
Other financial subsidiaries	742,962	453,398

(*) In the Trade Registry Gazette dated 22 March 2022 and numbered 10542, the title of the company was changed to "ING Factoring A.Ş in Liquidation". It is shown in the "Unconsolidated non-financial subsidiaries" line in the current period unconsolidated financial statements.

8.5. Subsidiaries quoted in a stock exchange

There are no subsidiaries quoted on a stock exchange.

9. Information on entities under common control (net)

9.1. Information on entities under common control (net)

There are no entities under common control.

10. Information on finance lease receivables (net)

The Bank has no receivables from finance lease.

11. Information on derivative financial assets held for hedging

11.1 Information on positive differences of derivative financial assets held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	71,876	-	127,284	-
Net investment hedge	-	-	-	-
Total	**71,876**	**-**	**127,284**	**-**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

12. Information on tangible assets (net)

Current period	Real estates	Right-of-use assets	Other fixed assets	Total
Cost				
Opening balance	288,284	235,537	835,395	1,359,216
Additions	6,202	127,007	150,189	283,398
Disposals	(21,619)	(98,188)	(174,452)	(294,259)
Transfers	-	-	-	-
Currency differences	-	-	170	170
Provisions for impairment / cancellation	13,418	-	-	13,418
Closing balance	286,285	264,356	811,302	1,361,943
Accumulated depreciation				
Opening balance	(137,764)	(86,600)	(465,682)	(690,046)
Current year depreciation expense	(6,591)	(35,405)	(76,610)	(118,606)
Disposals	11,476	39,983	33,780	85,239
Transfers	-	-	(1,050)	(1,050)
Currency differences	-	-	(168)	(168)
Closing balance	(132,879)	(82,022)	(509,730)	(724,631)
Net book value	**153,406**	**182,334**	**301,572**	**637,312**

Prior period	Real estates	Right-of-use assets	Other fixed assets	Total
Cost				
Opening balance	286,399	303,614	922,415	1,512,428
Additions	5,086	134,859	112,690	252,635
Disposals	(3,201)	(202,936)	(199,904)	(406,041)
Transfers	-	-	-	-
Currency differences	-	-	194	194
Provisions for impairment / cancellation	-	-	-	-
Closing balance	288,284	235,537	835,395	1,359,216
Accumulated depreciation				
Opening balance	(131,261)	(86,173)	(477,507)	(694,941)
Current year depreciation expense	(6,919)	(46,197)	(66,746)	(119,862)
Disposals	416	45,770	79,010	125,196
Transfers	-	-	(245)	(245)
Currency differences	-	-	(194)	(194)
Closing balance	(137,764)	(86,600)	(465,682)	(690,046)
Net book value	**150,520**	**148,937**	**369,713**	**669,170**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

13. Information on intangible assets (net)

	Current period	Prior period
Cost		
Opening balance	285,839	266,649
Additions	249,898	19,310
Disposals	(13)	(120)
Closing balance	535,724	285,839
Accumulated amortization		
Opening balance	(251,818)	(221,069)
Current year's amortization	(27,636)	(30,762)
Disposals	13	13
Closing balance	(279,441)	(251,818)
Net book value	**256,283**	**34,021**

14. Information on investment properties (net)

The Bank does not have investment properties.

15. Explanations on deferred tax asset

15.1. Explanations on current tax asset

As of 31 December 2022 current tax asset and corporation tax payable are netted of and accounted as current tax liability in the unconsolidated balance sheet. The explanations about current tax asset/liability for the current and previous period are disclosed in Footnote II.9 of Section Five.

15.2. Explanations on deferred tax asset

As of 31 December 2022, the net deferred tax assets of the Bank amounts to TL 267,637 (31 December 2021: TL 498,804 deferred tax liabilities) which is calculated based on the deductible temporary differences.

	Current period		Prior period	
Timing differences constituting the basis for deferred tax	**Accumulated temporary differences**	**Deferred tax asset/(liability)**	**Accumulated temporary differences**	**Deferred tax asset/(liability)**
Provisions (*)	373,673	93,418	204,483	46,211
Fair value differences for financial assets and liabilities	268,032	67,276	(74,364)	(14,953)
Derivative valuation differences	(426,342)	(106,585)	(2,994,386)	(660,587)
Expected credit losses of Stage I and II	759,085	189,770	563,228	118,294
Other	94,778	23,758	62,613	12,231
Total deferred tax assets / (liabilities) net		**267,637**		**(498,804)**

(*) Consists of reserve for employee benefits, provision for promotion expenses of credit cards and other provisions.

Deferred tax assets / (liabilities) movements of the current and previous years are as follows:

Deferred tax assets / (liabilities) net	**Current period (1 January – 31 December 2022)**	**Prior period (1 January – 31 December 2021)**
Opening balance	**(498,804)**	**(185,063)**
Deferred tax income / (expense) (net)	797,663	(283,161)
Deferred tax recognized under equity	(31,222)	(30,580)
Balance at the end of the period	**267,637**	**(498,804)**

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

I. Explanations and notes related to assets of the unconsolidated balance sheet (continued)

16. Explanations on assets held for sale and discontinued operations (net)

16.1. Explanations on assets held for sale

	Current period	Prior period
Opening balance (net)	660	660
Additions	-	-
Disposals (-)	-	-
Depreciation (-)	-	-
Balance at the end of the period (net)	**660**	**660**

16.2. Explanations on discontinued operations

The Bank does not have assets with respect to the discontinued operations.

17. Other assets exceed 10% of the balance sheet total (excluding off balance sheet commitments), breakdown of the names and amounts of accounts constructing at least 20% of grand totals

Other assets in the balance sheet excluding off balance sheet commitments do not exceed 10% of the balance sheet total.

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet

1. Information on deposits

1.1 Maturity structure of deposits

Current period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	2,005,498	-	10,969,787	4,645,195	9,398,863	781,749	1,139,927	-	28,941,019
Foreign currency deposits	8,565,214	-	10,919,383	4,478,556	1,052,679	168,754	154,844	-	25,339,430
Residents in Turkey	8,456,552	-	10,820,813	4,288,948	1,036,858	151,062	148,386	-	24,902,619
Residents abroad	108,662	-	98,570	189,608	15,821	17,692	6,458	-	436,811
Public sector deposits	342,794	-	-	2	-	-	-	-	342,796
Commercial deposits	1,571,354	-	3,523,690	57,335	1,630,322	55,336	694,771	-	7,532,808
Other institutions deposits	13,120	-	5,822	2,285	2	9	7	-	21,245
Precious metals deposits	2,684,517	-	1,679,522	-	-	-	-	-	4,364,039
Interbank deposits	5,162	-	746,689	-	-	-	-	-	751,851
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	80	-	300,129	-	-	-	-	-	300,209
Foreign banks	5,082	-	446,560	-	-	-	-	-	451,642
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**15,187,659**	**-**	**27,844,893**	**9,183,373**	**12,081,866**	**1,005,848**	**1,989,549**	**-**	**67,293,188**

Foreign exchange-protected deposit instrument, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against changes in foreign exchange rates, started to be offered to the Bank's customers. In this context, the total amount of deposits opened as of 31 December 2022 is TL 12,581,452 (31 December 2021: TL 384,135).

Prior period	Demand	7 day call accounts	Up to 1 month	1-3 months	3-6 months	6 months – 1 year	1 year and over	Cumulative deposits	Total
Saving deposits	1,265,135	-	11,974,081	3,694,786	469,204	68,904	78,941	-	17,551,051
Foreign currency deposits	9,156,294	-	12,515,284	7,449,834	333,193	72,249	49,281	-	29,576,135
Residents in Turkey	8,987,422	-	12,429,830	7,289,998	318,202	59,535	44,203	-	29,129,190
Residents abroad	168,872	-	85,454	159,836	14,991	12,714	5,078	-	446,945
Public sector deposits	230,878	-	-	-	-	-	-	-	230,878
Commercial deposits	734,689	-	1,264,912	350,886	3,807	1,191	33	-	2,355,518
Other institutions deposits	9,569	-	9,672	3,135	14	11	6	-	22,407
Precious metals deposits	2,192,068	-	1,102,752	-	-	-	-	-	3,294,820
Interbank deposits	8,176	-	43,040	-	-	-	-	-	51,216
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	225	-	43,040	-	-	-	-	-	43,265
Foreign banks	7,951	-	-	-	-	-	-	-	7,951
Participation banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**13,596,809**	**-**	**26,909,741**	**11,498,641**	**806,218**	**142,355**	**128,261**	**-**	**53,082,025**

1.2. Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit insurance	
Saving deposits	**Current period**	**Prior period**	**Current period**	**Prior period**
Saving deposit	14,070,193	11,045,377	14,866,261	6,499,960
Foreign currency saving deposits	8,004,861	7,659,628	14,754,359	16,611,654
Other deposits in the form of saving deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving deposit insurance	
Commercial deposits (*)	**Current period**	**Prior period**	**Current period**	**Prior period**
Commercial deposit	529,672	-	6,661,179	-
Foreign currency commercial deposits	161,707	-	6,762,558	-
Other deposits in the form of commercial deposits	-	-	-	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Deposits in off-shore banking regions' under foreign authorities' insurance	-	-	-	-

(*) With the "Regulation on Amending the Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936, the official institutions, credit institutions and financial institutions other than those belonging to the credit institutions All deposits and participation funds are also covered by deposit insurance.

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

1.3. Information on whether the saving deposits / private current accounts of real persons not subject to commercial transactions in the Turkey branch of the Bank headquartered abroad are in scope of insurance in the country where the head office is located

The Bank's head office is in Turkey and its saving deposits are covered by saving deposit insurance.

1.4. Saving deposits of real persons not under the guarantee of saving deposit insurance fund

	Current period	Prior period
Deposits and other accounts in foreign branches	-	-
Saving deposits and other accounts of controlling shareholders and their mothers, fathers, spouses, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, general manager and vice presidents, and their mothers, fathers, spouses and children in care	29,681	17,844
Saving deposits and other accounts in scope of the property holdings derived from crime defined in Article 282 of Turkish Criminal Law No: 5237, dated 26 September 2004	-	-
Saving deposits in deposit bank established in Turkey in order to engage solely in off-shore banking activities	-	-

2. Information on derivative financial liabilities held for trading

2.1. Table of negative differences for derivative financial liabilities held for trading

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	-	64,212	-	733,145
Swap transactions	1,051,618	432,836	1,169,273	76,017
Future transactions	-	-	-	-
Options	12,869	2,743	63	8,306
Other	-	-	-	-
Total	**1,064,487**	**499,791**	**1,169,336**	**817,468**

3. Banks and other financial institutions

3.1. Information on banks and other financial institutions

	Current period		Prior period	
	TL	FC	TL	FC
Funds borrowed from Central Bank of Turkey	-	-	-	-
Funds borrowed from domestic banks and institutions	66,219	612,472	115,519	389,185
Funds borrowed from foreign banks, institutions and funds	18,304	8,244,603	208,871	8,711,633
Total	**84,523**	**8,857,075**	**324,390**	**9,100,818**

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

3.2. Maturity analysis of funds borrowed

	Current period		Prior period	
	TL	FC	TL	FC
Short term	78,263	2,784	303,248	965,364
Medium and long term	6,260	8,854,291	21,142	8,135,454
Total	**84,523**	**8,857,075**	**324,390**	**9,100,818**

3.3. Funding industry group where the Bank's liabilities are concentrated

The liabilities providing the funding sources of the Bank are deposits, borrowings, marketable securities issued and money market borrowings. Deposits are the most important funding source of the Bank and the diversification of these deposits by number and type of depositors with a stable structure does not create any risk concentration. The borrowings are composed of funds such as syndicated and post-financing obtained from different financial institutions with different maturity-interest structures and characteristics. There is no risk concentration in any of the funding sources of the Bank.

4. Explanations on securities issued (net)

	Current period		Prior period	
	TL	FC	TL	FC
Bank bills	-	-	-	-
Bonds	394,172	-	-	-
Total	**394,172**	**-**	**-**	**-**

The Bank issued 368 days maturity discounted debt instrument with a nominal value of TL 280,000 on 29 April 2022 by the method of sales to qualified investors not involving any public offering.

The Bank issued 91 days maturity discounted financing bill with a nominal value of TL 220,000 on 20 May 2022 by the method of sales to qualified investors not involving any public offering.

The Bank issued 368 days maturity discounted private sector bonds with a nominal value of TL 148,030 on 27 May 2022 by the method of sales to qualified investors not involving any public offering.

The Bank issued 84 days maturity discounted private sector bonds with a nominal value of TL 100,000 on 19 August 2022 by the method of sales to qualified investors not involving any public offering.

Within the current year there is issuance in amount of TL 748,030 (31 December 2021: None).

5. If other liabilities exceed 10% of the balance sheet total, names and amounts of the accounts constituting at least 20% of grand totals

Other liabilities do not exceed 10% of the balance sheet total.

6. Explanations on lease liabilities (net)

	Current period		Prior period	
	Gross	Net	Gross	Net
Less than 1 year	12,362	1,927	14,477	5,079
Between 1-4 years	84,305	47,797	71,331	49,307
More than 4 year	229,965	134,385	178,280	107,139
Total	**326,632**	**184,109**	**264,088**	**161,525**

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

7. Information on derivative financial liabilities held for hedging

7.1. Negative differences related to derivative financial liabilities held for hedging

	Current period		Prior period	
	TL	FC	TL	FC
Fair value hedge	-	-	-	-
Cash flow hedge	-	-	11,068	-
Net investment hedge	-	-	-	-
Total	**-**	**-**	**11,068**	**-**

8. Information on provisions

8.1. Information on the exchange rate decrease provision on foreign currency indexed loans and financial lease receivables

None (31 December 2021: None).

8.2. Information on other provisions

	Current period	Prior period
Specific provisions for undrawn non-cash loans (stage 3)	117,094	36,717
Provision for credit card score promotion	1,304	1,287
Other provisions	338,015	189,630
Allowance for expected credit losses (stage 1 and stage 2) (*)	*88,697*	*48,661*
Other	*249,318*	*140,969*
Total	**456,413**	**227,634**

(*) Non-cash loan provisions are included.

Amount to TL 126,532 (31 December 2021: TL 110,292) of the other provisions consist of provisions set aside as a result of the legal assessment for the lawsuits that are likely to result against the Bank.

The deposit holders of off-shore accounts held at Sümerbank A.Ş. (together with other dissolved banks merged into Sümerbank A.Ş., all of which were ultimately merged into the Bank), which were opened before Savings Deposit Insurance Fund (SDIF) seized these banks, initiates lawsuits against the Bank (former title Oyak Bank A.Ş.). As a result of these lawsuits, the Bank pays certain amounts to these off-shore deposit holders of the dissolved banks. SDIF indemnifies these amounts in accordance with the Share Sale Agreement entered into between Turkish Armed Forces Assistance (and Pension) Fund (OYAK) and SDIF (SSA).

SDIF, however, does not fully indemnify the Bank and pays these amounts subject to legal reservation against the SSA provisions. SDIF initiated nine enforcement proceedings to claim the amount it had indemnified, a total of approximately TL 499 million (Full TL). Upon the Bank's objection to legal grounds of the enforcement proceedings initiated by SDIF against the Bank, SDIF initiated cancellation of objection lawsuits against the Bank. Currently, there are nine of such lawsuits: (i) the first case relates to the first enforcement proceeding of approximately TL 21.9 million (Full TL) (the "First Case"), (ii) the second case relates to the second enforcement proceeding of approximately TL 21.8 million (Full TL) (the "Second Case"), (iii) the third case relates to the third and fifth enforcement proceedings of a total of approximately TL 97.7 million (Full TL) (the "Third Case") and (iv) the fourth case relates to the fourth enforcement proceeding of approximately TL 109.5 million (Full TL) (the "Fourth Case").

SDIF has not yet initiated a case in connection with the sixth enforcement proceeding of approximately TL 126 million (Full TL) against which the Bank objected and SDIF filed a lawsuit (the "Sixth Case") for the cancellation of objection lawsuit. Furthermore, SDIF initiated the seventh enforcement procedure for approximately TL 52 million and the Bank objected to this payment request and the case was filed by the SDIF. The case is going on the first instance court. SDIF initiated the eighth enforcement procedure for approximately TL 49 million (Full TL) in 2019 and the Bank objected to this payment request. The mediation meeting was taken in 9 July 2020 between parties (mandatory mediation before proceedings) and a minute was drawn up in order not to agree between the bank and the SDIF. A lawsuit has been filed by the SDIF for the cancellation of the Bank's objection to this execution proceeding.

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

In the First Case, the first instance court ruled in favor of the Bank, which has been later reversed by the Supreme Court of Appeals (Yargıtay). The First Case has been returned to the first instance court following the appellate decision, where the court of first instance decided to obtain an expert opinion in accordance with the Supreme Court of Appeals' decision. Following the court appointed expert's examination of the case, the expert report has been completed and it was in favor of the Bank. The first instance court decided in favor of the Bank however SDIF appealed against the decision and the appeal of the SDIF has been rejected in favor of the Bank. Against this decision, the Court of Cassation, the way of correction of the decision was clear. SDIF made a decision correction, the decision. Saving Deposit Insurance Fund's request of revision of decision has been approved in April 2021 with the following justification: "Share Sale Agreement executed by and between OYAK and ING Bank N.V. and dated 18 June 2007 should also be presented and an expert examining should be conducted by a new panel of experts". At this point, the lawsuit started to re-reviewed by Istanbul 1st Commercial Court of First Instance. On the trial dated 14 October 2021, the Court of First Instance decided to abide by the reversal decision of the Supreme Court of Appeal and decided to gather the Share Sale Agreement between ING Bank N.V. and OYAK, then to conduct an expert examination again, and accepted ING Bank N.V.'s request for ancillary intervention.

The first instance court held the trial of the Second Case, Third Case and Fourth Case together due to the first instance court's earlier decision to merge these cases. However, the first instance court only ruled on the merits of the Second Case in favor of ING Bank A.Ş. and rejected SDIF's claims and decided to demerge each of the Third Case and the Fourth Case from the Second Case. In the proceedings held after the court's demerger decision, the court decided in favor of the Bank for each case. Also, in the Sixth Case, the first instance court decided in favor of the Bank. The court's decision in the Second Case and in the other cases are subject to a two-tiered appeal, i.e., appeal before the regional appellate court and the Supreme Court of Appeals. The Regional Appeal Court decided in favor of the Bank in Second, Third and the Fourth cases. Also, SDIF initiated the Ninth enforcement procedure for approximately TL 20.9 million which is objected by ING Turkey. After 30 September 2021, SDIF applied to the mandatory mediation institution regarding this enforcement proceeding. The Bank attended the meeting in October 2021 and there is no settlement between the parties. SDIF applied for the Ninth Case. Currently, there are 9 enforcement proceedings and 9 ongoing lawsuits based on the same legal grounds.

On the other hand, there is an administrative law dispute between the Bank and SDIF. The Bank has filed a lawsuit for the annulment of the administrative resolution no. 2013/36 dated 31 January 2013 of SDIF's Fund Board (the "SDIF Fund Board Decision"), which constitutes the legal basis of the SDIF's abovementioned actions. Although the first instance administrative court ruled in favor of the Bank to annul the SDIF Fund Board Decision, the Council of State (i.e., the Administrative Supreme Court of Appeals, Danıştay) reversed the first instance court's decision on the grounds that the administrative courts lack jurisdiction because the dispute was a matter of private law and not one of administrative law. The Bank submitted a motion for the post judgment relief, i.e., correction of judgment which the Council of State rejected. Upon completion of the Council of State's review, the first instance court rendered a decision in line with the Council of State's decision against which the Bank (claiming the annulment of the SDIF Fund Board Decision) and SDIF (claiming the determination of the SDIF Fund Board Decision's legal validity by the administrative courts rather than a lack of jurisdiction decision) filed an appeal.

No provisions were set aside in respect of the amounts that the Bank paid in connection with the off-shore lawsuits, court decisions on off-shore lawsuits and lawsuits filed by SDIF, considering the (i) relevant provisions of the SSA, (ii) relevant provisions of the of the Share Sale Agreement dated 18 June 2007 relating to the purchase of the Bank's shares (owned by OYAK) by ING Bank N.V. and (iii) the course of the pending lawsuits against SDIF.

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

8.3. Information on provisions for employee benefits

As of 31 December 2022, TL 61,324 (31 December 2021: TL 36,797) of TL 146,727 (31 December 2021: TL 72,077) provisions for employee benefits is the unused vacation provisions. Full provision is provided for the unused vacation liability.

TL 85,403 (31 December 2021: TL 35,280) of the provisions for employee benefits is the termination benefit provision. In accordance with the labor law, the Bank is required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation and misconduct. The payments are calculated on the basis of 30 days' pay limited to a maximum of historical TL 15,371.40 (Full TL) at 31 December 2022 and TL 8,284.51 (Full TL) at 31 December 2021 per year of employment at the rate of pay applicable at the date of retirement or termination.

In the unconsolidated financial statements dated 31 December 2022 and 31 December 2021, the Bank operating in Turkey has calculated severance pay by taking into account their experience in personnel service completion or termination, and by discounting it via using the forecasted annual inflation and interest rates.

	Current period	Prior period
Net discount rate	2.17%	3.33%
Inflation rate	22.30%	20.00%
Interest rate	24.95%	24.00%
Probability of severance	27.21%	33.55%

Movement of the provision for termination benefit:

	Current period	Prior period
Balance at the beginning of the period	35,280	28,500
Change during the year	27,736	17,614
Actuarial gain	41,960	2,684
Benefits paid during the year	(19,573)	(13,518)
Balance at the end of the period	**85,403**	**35,280**

9. Explanations on tax liability

9.1. Explanations on current tax liability

9.1.1. Explanations on tax provision

The Bank has current corporate tax liability as of 31 December 2022 amounting to TL 290,9544 (31 December 2021: None).

9.1.2. Information on taxes payable

	Current period	Prior period
Corporate tax payable	290,954	-
Banking insurance transaction tax ("BITT")	37,802	27,809
Taxation of securities	31,883	25,418
Value added tax payable	17,723	11,654
Foreign exchange transaction tax	3,038	20,137
Property tax	1,452	795
Other	27,734	14,018
Total	**410,586**	**99,831**

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

9.1.3. Information on premiums

	Current period	Prior period
Social security premiums-employee	12,062	6,289
Social security premiums-employer	17,934	9,339
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	850	443
Unemployment insurance-employer	1,702	888
Other	-	-
Total	**32,548**	**16,959**

9.2. Explanations on deferred tax liabilities

Deferred tax asset and liability are netted and shown in liabilities of unconsolidated balance sheet as deferred tax liability, and explanations about deferred tax asset / liability for the current and prior period are disclosed in Section Five Footnote I.15.

10. Information on liabilities regarding assets held for sale

As of 31 December 2022 and 31 December 2021, there are no liabilities regarding assets held for sale.

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

11. Explanations on the subordinated loans

None.

12. Information on shareholders' equity

12.1. Paid-in capital

	Current period	Prior period
Common stock (*)	3,486,268	3,486,268
Preferred stock	-	-

(*) The amount represents nominal capital.

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

Paid-in-capital amount is TL 3,486,268 and registered share capital system is not applied.

12.3. Information on share capital increases and their sources; other information on increased capital shares in current period

None.

12.4. Information on share capital increases from capital reserves

There is no capital increase from capital reserves in the current period.

12.5 Capital commitments in the last fiscal year and in the interim period following the last fiscal year, the general purpose of these commitments and projected resources required to meet these commitments

There are no capital commitments in the last fiscal year and in the interim period following the last fiscal year.

12.6. Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of future assumptions made by taking into account the uncertainties of these indicators on the Bank's equity:

The Bank's balance sheet is managed in a conservative manner in order to be minimally affected by interest, currency and credit risks. The Bank's operations are aimed to be continued with a conservative approach and with an increasing profitability. The year end income is transferred to the statutory reserves and extraordinary reserves under the shareholder's equity. The Bank tries to invest the majority of its shareholder's equity in interest bearing assets and to keep investments in non-banking assets such as tangible assets, investments in non-financial subsidiaries limited.

12.7. Information on preferred shares

There are no preferred shares.

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

II. Explanations and notes related to liabilities of the unconsolidated balance sheet (continued)

12.8. Information on marketable securities revaluation reserve

	Current period		Prior period	
	TL	**FC**	**TL**	**FC**
From associates, subsidiaries, and entities under common control (business partnerships)	-	-	-	-
Valuation difference	143,086	-	(11,562)	-
Foreign exchange difference	-	-	-	-
Total	**143,086**	**-**	**(11,562)**	**-**

12.9. Profit reserves and profit distribution

Under the Turkish Commercial Code ("TCC"), legal reserves consist of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

As per the decision made at the annual general assembly of shareholders of the Bank on 24 March 2022, the distribution of the net profit of the year 2021, is as follows. Dividend distribution was made on 29 March 2022.

Profit distribution table of 2021	
2021 net profit	**1,200,113**
A – I. Legal Reserve (TCC 519/A) 5%	(60,006)
B – The First Dividend for Shareholders	(120,000)
C – Extraordinary Reserves	(1,008,015)
D – Special funds	(12,092)

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

III. Explanations and notes related to unconsolidated off-balance sheet accounts

1. Explanations on off-balance sheet commitments

1.1. Type and amount of irrevocable commitments

	Current period	Prior period
Forward asset purchase commitments	2,046,189	2,233,024
Loan granting commitments	2,420,233	2,085,527
Commitments for cheque payments	187,441	200,991
Commitments for credit card limits	1,198,791	1,065,190
Commitments for credit cards and banking services promotions	14,256	7,093
Other irrevocable commitments	29,886	28,697
Total	**5,896,796**	**5,620,522**

1.2. Type and amount of probable losses and obligations arising from off-balance sheet items

1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others deemed as financial commitments and other letter of credits

	Current period	Prior period
Commitments and contingencies	4,048,574	2,859,189
Letter of credits	1,053,321	909,056
Bank acceptance loans	-	-
Total	**5,101,895**	**3,768,245**

1.2.2. Irrevocable guarantees, temporary guarantees and other similar commitments and contingencies

	Current period	Prior period
Irrevocable letters of guarantees	6,822,822	6,848,396
Cash loans letters of guarantees	551,940	695,953
Advance letters of guarantees	736,625	830,462
Temporary letters of guarantees	43,266	59,184
Other	106,043	114,133
Total	**8,260,696**	**8,548,128**

1.3. Explanation on non-cash loans

1.3.1. Total amount of non-cash loans

	Current period	Prior period
Non-cash loans given against cash loans	4,597,893	3,537,806
With original maturity of 1 year or less than 1 year	*47,093*	*64,984*
With original maturity of more than 1 year	*4,550,800*	*3,472,822*
Other non-cash loans	8,764,698	8,778,567
Total	**13,362,591**	**12,316,373**

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

III. Explanations and notes related to unconsolidated off-balance sheet accounts (continued)

1.3.2. Information on sectoral risk concentrations of non-cash loans

	Current period				Prior period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agriculture	**11,167**	**0.51**	**-**	**-**	**993**	**0.07**	**-**	**-**
Farming and raising	11,114	0.51	-	-	940	0.07	-	-
Forestry	34	-	-	-	34	-	-	-
Fishing	19	-	-	-	19	-	-	-
Manufacturing	**455,936**	**20.77**	**3,241,666**	**29.02**	**226,551**	**16.51**	**4,388,323**	**40.09**
Mining	22,135	1.01	428,840	3.84	4,221	0.31	1,972,520	18.02
Production	421,273	19.19	2,800,034	25.07	195,217	14.22	2,382,939	21.77
Electric, gas and water	12,528	0.57	12,792	0.11	27,113	1.98	32,864	0.30
Construction	**138,957**	**6.33**	**1,936,615**	**17.34**	**164,473**	**11.98**	**921,903**	**8.42**
Services	**1,583,982**	**72.17**	**5,983,301**	**53.58**	**974,007**	**70.96**	**5,628,538**	**51.45**
Wholesale and retail trade	1,227,606	55.93	345,207	3.09	713,655	52.00	630,070	5.78
Hotel, food and beverage	9,597	0.44	-	-	8,002	0.58	2,281	0.02
Transportation and telecommunication	120,207	5.48	1,276,534	11.43	72,077	5.25	1,030,615	9.42
Financial institutions	211,661	9.64	2,533,637	22.69	152,558	11.12	2,590,795	23.67
Real estate and renting services	4,744	0.22	499,123	4.47	8,539	0.62	182	-
Self-employment services	9,639	0.44	825,685	7.39	18,406	1.34	801,815	7.33
Education services	25	-	-	-	25	-	-	-
Health and social services	503	0.02	503,115	4.51	745	0.05	572,780	5.23
Other	**4,763**	**0.22**	**6,204**	**0.06**	**6,513**	**0.48**	**5,072**	**0.04**
Total	**2,194,805**	**100.00**	**11,167,786**	**100.00**	**1,372,537**	**100.00**	**10,943,836**	**100.00**

1.3.3. Non-cash loans classified in Group I and Group II

	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans	**2,159,636**	**10,857,750**	**11,471**	**2,108**
Letter of guarantees	2,159,636	5,755,855	11,471	2,108
Bank acceptances	-	-	-	-
Letter of credits	-	1,053,321	-	-
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other	-	4,048,574	-	-

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

III. Explanations and notes related to unconsolidated off-balance sheet accounts (continued)

2. Information on derivative transactions

	Current period	Prior period
Types of hedging transactions		
Fair value hedges (I)	**-**	**-**
Purchase transactions	-	-
Sale transactions	-	-
Cash flow hedges (II)	**540,000**	**2,540,000**
Purchase transactions	270,000	1,270,000
Sale transactions	270,000	1,270,000
Net investment hedges (III)	**-**	**-**
Purchase transactions	-	-
Sale transactions	-	-
A. Total derivatives held for hedging (I+II+III)	**540,000**	**2,540,000**
Derivative transactions held for trading		
Trading transactions (I)	**119,134,159**	**83,847,247**
Forward foreign currency transactions – buy	14,990,037	10,743,091
Forward foreign currency transactions – sell	14,584,271	10,906,908
Swap transactions- buy	36,473,517	29,667,168
Swap transactions – sell	36,521,016	26,671,170
Foreign currency options – buy	8,282,659	2,929,455
Foreign currency options – sell	8,282,659	2,929,455
Foreign currency futures – buy	-	-
Foreign currency futures – sell	-	-
Interest rate derivatives (II)	**40,180,374**	**25,510,608**
Interest rate swap - buy	20,090,187	12,755,304
Interest rate swap - sell	20,090,187	12,755,304
Interest rate options - buy	-	-
Interest rate options - sell	-	-
Securities options - buy	-	-
Securities options - sell	-	-
Interest futures - buy	-	-
Interest futures - sell	-	-
Other trading derivative transactions (III)	-	-
B. Total derivative transactions held for trading (I+II+III)	**159,314,533**	**109,357,855**
Total derivative transactions (A+B)	**159,854,533**	**111,897,855**

3. Information on credit swaps and related risks

As of 31 December 2022 and 31 December 2021, there are no credit derivative transactions.

4. Information on contingent liabilities and assets

As of 31 December 2022, a total provision of TL 126,532 (31 December 2021: TL 110,292) separated other provisions are under the item, considering legal assessment for the lawsuits with a high probability of resulting against the Bank and as a result of the audits of public authorities.

5. Information on the services provided on behalf of others

Related information is provided in Section Four Footnote IX.

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

IV. Explanations and notes related to unconsolidated statement of profit or loss

1. Information on interest income

1.1. Information on interest income from loans (*)

	Current period		Prior period	
	TL	FC	TL	FC
Short term loans	3,906,290	630,476	1,520,352	185,942
Medium and long term loans	2,418,285	665,316	2,130,461	381,718
Interest on loans under follow-up	177,234	-	120,692	-
Premiums received from resource utilization support fund	-	-	-	-
Total	**6,501,809**	**1,295,792**	**3,771,505**	**567,660**

(*) Commissions and fees received from cash loans are included.

1.2. Information on interest income received from banks

	Current period		Prior period	
	TL	FC	TL	FC
From Central Bank of Turkey	-	17,807	-	-
From domestic banks	3,747	258	2,155	116
From foreign banks	50	30,200	14	6,528
From branches abroad	-	-	-	-
Total	**3,797**	**48,265**	**2,169**	**6,644**

1.3. Information on interest income received from marketable securities portfolio

	Current period		Prior period	
	TL	FC	TL	FC
Financial assets measured at fair value through profit or loss	49,548	8,599	7,676	2,166
Financial assets measured at fair value through other comprehensive income	237,563	-	162,199	-
Financial assets measured at amortised cost	836,828	-	837,879	-
Total	**1,123,939**	**8,599**	**1,007,754**	**2,166**

1.4 Information on interest income received from associates and subsidiaries

	Current period	Prior period
Interest income from associates and subsidiaries	2,050	9,633

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

IV. Explanations and notes related to unconsolidated statement of profit or loss (continued)

2. Information on interest expenses

2.1. Information on interest on funds borrowed (*)

	Current period		Prior period	
	TL	FC	TL	FC
Banks	65,684	239,649	196,761	128,029
Central Bank of Turkey	-	-	-	-
Domestic banks	17,525	1,440	15,436	495
Foreign banks	48,159	238,209	181,325	127,534
Branches and offices abroad	-	-	-	-
Other institutions	-	10,794	-	3,730
Total	**65,684**	**250,443**	**196,761**	**131,759**

(*) Commissions and fees paid for cash funds borrowed are included.

2.2. Information on interest expenses paid to associates and subsidiaries

	Current period	Prior period
Interest expenses paid to associates and subsidiaries	24,980	10,458

2.3. Information on interest on securities issued

	Current period		Prior period	
	TL	FC	TL	FC
Interest on securities issued	68,994	-	-	-

2.4. Allocation of interest expenses on deposits according to maturity of deposits

		Time deposit						
Account name	Demand deposit	Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 year	More than 1 year	Accumulated deposits	Total
Turkish lira								
Bank deposits	-	39,997	-	-	-	-	-	39,997
Saving deposits	-	1,775,121	1,360,982	482,137	33,071	168,261	-	3,819,572
Public sector deposits	-	-	-	-	-	-	-	-
Commercial deposits	-	322,484	39,259	149	10	2	-	361,904
Other deposits	-	1,158	400	-	-	-	-	1,558
7 days call accounts	-	-	-	-	-	-	-	-
Total	**-**	**2,138,760**	**1,400,641**	**482,286**	**33,081**	**168,263**	**-**	**4,223,031**
Foreign currency								
Foreign currency deposits	-	79,826	108,115	27,448	5,033	2,807	-	223,229
Banks deposits	-	3,139	-	-	-	-	-	3,139
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	3,088	-	-	-	-	-	3,088
Total	**-**	**86,053**	**108,115**	**27,448**	**5,033**	**2,807**	**-**	**229,456**
Grand total	**-**	**2,224,813**	**1,508,756**	**509,734**	**38,114**	**171,070**	**-**	**4,452,487**

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

IV. Explanations and notes related to unconsolidated statement of profit or loss (continued)

3. Information on dividend income

	Current period	Prior period
Financial assets at fair value through profit and loss	-	-
Financial assets at fair value through other comprehensive income	347	177
Other	-	-
Total	**347**	**177**

4. Information on trading income/loss (net)

	Current period	Prior period
Income	**47,336,195**	**55,862,389**
Gains on capital market transactions	150,346	29,234
Gains on derivative financial instruments	26,804,006	24,735,410
Foreign exchange gains	20,381,843	31,097,745
Loss (-)	**(45,469,037)**	**(55,406,734)**
Loss on capital market transactions	(101,827)	(41,543)
Loss on derivative financial instruments	(24,176,221)	(22,929,611)
Foreign exchange loss	(21,190,989)	(32,435,580)

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 2,686,638 (31 December 2021: TL 1,941,709 net profit).

5. Information on other operating income

	Current period	Prior period
Income from reversal of prior years' provisions	815,994	474,335
Income arising from sale of assets	100,372	75,402
Banking services income	1,727	1,566
Other non-interest income	66,229	57,924
Total	**984,322**	**609,227**

6. Allowance for expected credit losses and other provision expenses

	Current period.	Prior period
Expected credit losses	892,931	592,907
12 Months expected credit loss (Stage 1)	*309,604*	*33,715*
Expected credit loss significant increase in credit risk (Stage 2)	*153,931*	*72,732*
Expected credit loss impaired credits (Stage 3)	*429,396*	*486,460*
Impairment losses on securities	1,315	1,279
Financial assets measured at fair value through profit/loss	*1,315*	*1,279*
Financial assets measured at fair value through other comprehensive income	-	-
Impairment losses on associates, subsidiaries and joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Joint ventures	-	-
Other	131,526	73,252
Total	**1,025,772**	**667,438**

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

IV. Explanations and notes related to unconsolidated statement of profit or loss (continued)

7. Information on other operating expenses

	Current period	Prior period
Reserves for employee termination benefits	9,512	4,096
Bank social aid fund deficit provision	-	-
Tangible assets impairment expense	-	-
Depreciation expense of tangible assets	118,606	119,862
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortisation expense of intangible assets	27,543	30,655
Impairment expense of equity participations for which equity method is applied	-	-
Impairment expense for securities that to be disposed	-	-
Depreciation expense of securities that to be disposed	-	-
Impairment expense of held for sale tangible assets and discontinued operations	-	-
Other operating expenses	1,436,062	850,680
Operating lease expenses related with TFRS 16 exception	39,841	16,741
Repair and maintenance expenses	49,515	31,826
Advertisement expenses	174,477	95,765
Other expenses	1,172,229	706,348
Loss on sales of assets	6,549	8,253
Other (*)	366,872	286,002
Total	**1,965,144**	**1,299,548**

(*) Includes saving-deposits-insurance-fund related expenses of TL 164,894 (31 December 2021: TL 134,742).

8. Information on income / (loss) before taxes for continued and discontinued operations

As of 31 December 2022, the income before taxes is TL 3,500,964 (31 December 2021: TL 1,551,868).

9. Information on tax provision for continued and discontinued operations

As of 31 December, the corporate tax provision expense for the period is TL 1,672,338 (31 December 2021: TL 68,594), and the deferred tax income is TL 797,663 (31 December 2021: TL 283,161 deferred tax expense).

10. Information on net operating income after taxes for continued and discontinued operations

As of 31 December 2022, the net operating income after taxes is TL 2,626,286 (31 December 2021: TL 1,200,113).

11. The explanations on net income/loss for the period

Interest income from regular banking transactions is TL 9,444,080 (31 December 2021: TL 6,380,449), while the interest expense is TL 5,169,398 (31 December 2021: TL 3,688,280).

There are no changes in estimations related to the items in the financial statements.

12. If the other items in the statement of profit or loss exceed 10% of the statement of profit or loss total, explanations on the sub-accounts amounting to at least 20% of these items

Other fees and commissions received amounting to TL 662,324 (31 December 2021: TL 468,642) has included TL 187,587 (31 December 2021: TL 130,028) resulting from the credit card fees and commissions, TL 60,886 (31 December 2021: TL 49,200) resulting from service fees and commissions from contracted merchants and TL 133,946 (31 December 2021: TL 109,004) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 244,039 (31 December 2021: TL 190,613) has included TL 135,961 (31 December 2021: TL 100,342) resulting from credit card exchange commissions.

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

IV. Explanations and notes related to unconsolidated statement of profit or loss (continued)

13. Fees related with the services provided by independent auditors/independent audit agencies

In accordance with the decision made by Public Oversight Accounting and Auditing Standards Authority dated 26 March 2021, fees, based on the given reporting period, in relation to the services provided by independent auditors or independent audit firms excluding value added tax costs are presented in the following table.

	Current period	Prior period
Independent audit fees in the reporting period	2,487	2,418
Total	**2,487**	**2,418**

V. Explanations and notes related to unconsolidated statement of changes in shareholders' equity

Under the Turkish Commercial Code ("TCC"), legal reserves comprise of first legal reserve and second legal reserve. First legal reserve, appropriated at the rate of 5%, until the total reserve is equal to 20% of issued and fully paid-in share capital. Second legal reserve, appropriated at the rate of at least 10% of distributions in excess of 5% of issued and fully paid-in share capital.

The Ordinary General Assembly Meeting of the Bank was held on 24 March 2022. In the Ordinary General Assembly meeting, it was decided to transfer TL 1,200,113 unconsolidated net income from 2021 operations to statutory legal reserves, extraordinary reserves and revaluation surplus on tangible and intangible assets as a real estate sale income and utilized from the tax exemption amounting to TL 60,006 TL 1,008,015 and TL 12,092 respectively.

In the Ordinary General Assembly, gross amount of TL 120,000 cash dividend was distributed from retained earnings to the Bank's shareholders on 29 March 2022.

General Assembly of the Bank is authorized body for the profit appropriation decisions. The Ordinary General Assembly Meeting has not been held as of the date of these financial statements.

As of the balance sheet date, unconsolidated legal reserves amount to TL 432,247 (31 December 2021: TL 368,858), and TL 60,006 (31 December 2021: TL 31,332) of this amount consists of the amount transferred from the previous year profit within the current period.

As of the balance sheet date, extraordinary reserves amount to TL 6,360,708 (31 December 2021: TL 5,335,988).

VI. Explanations and notes related to the unconsolidated statement of cash flows

1. Information on cash flow statements

Components of cash and cash equivalents are cash, cash in foreign currency, money in transit, cheques purchased, demand deposits including unrestricted deposits in the Central Bank of Turkey and time deposits in banks with original maturities less than three months.

1.1. Cash and cash equivalents at the beginning of the period

	31 December 2021	31 December 2020
Cash	**3,013,711**	**1,381,955**
Cash in vault	134,580	224,383
Cash in foreign currency	2,879,131	1,157,572
Cash equivalents	**12,665,224**	**11,026,833**
Central Bank of Turkey	9,411,192	4,869,324
Banks	653,008	1,205,069
Interbank money market	2,601,024	4,952,440
Total	**15,678,935**	**12,408,788**

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

VI. Explanations and notes related to the unconsolidated statement of cash flows

1.2. Cash and cash equivalents at the end of period

	31 December 2022	31 December 2021
Cash	**3,003,009**	**3,013,711**
Cash in vault	160,443	134,580
Cash in foreign currency	2,842,566	2,879,131
Cash equivalents	**9,862,463**	**12,665,224**
Central Bank of Turkey	5,782,879	9,411,192
Banks	1,582,593	653,008
Interbank money market	2,496,991	2,601,024
Total	**12,865,472**	**15,678,935**

2. Explanation about other line items included in the cash flow and about the effect of changes in foreign exchange rates on cash and cash equivalents line item included in the cash flow statement:

Amounting to TL 176,386 increase (31 December 2021: TL 140,294 increase) under "Operating profit before changes in operating assets and liabilities" consists of other operational incomes.

Amounting to TL 5,186,954 increase (31 December 2021: TL 848,938 increase) under "Operating profit before changes in operating assets and liabilities" consists of profit / loss from capital market transactions, profit/loss from derivative transactions and other operational expenses.

Amounting to TL 235,635 increase (31 December 2021: TL 4,172,285 decrease) under "Changes in operating assets and liabilities" consists of mainly changes in prepaid expenses and changes in exchange accounts under other assets.

Amounting to TL 1,410,025 decrease (31 December 2021: TL 7,035,687 increase) under "Changes in operating assets and liabilities" consists of mainly changes in fees and commissions obtained in advance and changes in exchange account under other liabilities.

"Other" item amounting to TL 582,474 (31 December 2021: TL 250,894) included in "Net cash flow from investment activities" includes TL 249,898 intangible assets (31 December 2021: TL 19,694).

As of 31 December 2022, the effect of changes in the foreign currency rates on the cash and cash equivalents has been determined by the sum of exchange rate differences of translation into TL of cash and cash equivalents denominated in foreign currency in the beginning and the end of the period quarterly and as approximately TL 4,048,150 (31 December 2021: TL 4,566,928).

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

VII. Explanations and notes related to risk group of the Bank

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

1.1. Current period

Risk group of the Bank	Subsidiaries, associates and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning of the period	757,539	1,191	187	1,082,968	395	428,782
End of the period	705,641	611	56	1,210,575	1,486	530,274
Interest and commission income	2,050	56,220	-	4,958	-	761

1.2 Prior period

Risk group of the Bank	Subsidiaries, associates and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning of the period	783,360	8,094	3,714	944,813	8,949	358,190
End of the period	757,539	1,191	187	1,082,968	395	428,782
Interest and commission income	9,633	46,034	40	3,199	-	524

1.3. Information on deposit balances of the risk group of the Bank

Risk group of the Bank	Subsidiaries, associates and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Deposit						
Beginning of the period	464,827	74,219	1,974	49,817	57,551	67,237
End of the period	236,191	464,827	451,807	1,974	113,158	57,551
Interest expense on deposits	24,980	10,458	34,798	376	6,503	3,684

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

VII. Explanations and notes related to risk group of the Bank (continued)

1.4. Information on forward and option agreements and other similar agreements entered into with the risk group of the Bank

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at fair value through profit / loss						
Beginning of the period	-	228,066	19,803,771	12,046,297	-	-
End of the period	100,000	-	31,915,187	19,803,771	-	-
Total profit/loss	803	86	73,173	(4,287)	(7,459)	13,063
Transactions with hedging purposes						
Beginning of the period	-	-	-	1,002,441	-	-
End of the period	-	-	-	-	-	-
Total profit/loss	-	-	29,573	(2,002)	-	-

1.5. Information on placements made with the risk group of the Bank

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Banks						
Beginning of the period	-	-	36,926	112,480	36,239	15,623
End of the period	-	-	1,169,959	36,926	55,904	36,239
Interest income received	-	-	25	20	25	1

1.6. Information on loans borrowed from the risk group of the Bank

Risk group of the Bank	Subsidiaries, associates and joint ventures (partnerships)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Loans						
Beginning of the period	-	-	1,722,551	3,804,444	19,903	19,104
End of the period	-	-	432,789	1,722,551	18,304	19,903
Interest and commission paid	-	-	47,490	195,391	671	908

1.7 Information regarding benefits provided to the Bank's top management:

Benefits paid to key management personnel for the period ended as of 31 December 2022 is amounting to TL 49,590 (31 December 2021: TL 30,372).

VIII. Explanations and notes related to the domestic, foreign, off-shore branches and foreign representatives of the Bank

	Number	Number of employees
Domestic branches	148	2,989

			Country
Foreign representative offices	-	-	-

			Total assets	Capital
Foreign branches	-	-	-	-

Off-shore banking region branches	-	-	-	-

Section six

Other Explanations

I. Other explanations on the Bank's operations

None.

II. Explanations and notes related to subsequent events

On 6 February 2023, high-magnitude earthquakes occurred in the Southeastern region of our country, that effected to 10 provinces. Developments regarding the effects of earthquakes are being evaluated by our Bank.

Section seven

Independent auditors' report

I. Explanations on the independent auditors' report

The unconsolidated financial statements of the Bank as of 31 December 2022, have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the independent auditors' report dated 9 February 2023 is presented at the beginning of this report.

II. Explanations on the independent auditors' report

There are no other significant footnotes and explanations related to the operations of the Bank that is not mentioned above.