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

# ING Bank A.Ş.

Publicly Announced Unconsolidated Financial Statements as of and for the Six-Month Period Ended 30 June 2022 and Independent Auditors' Review Report

5 August 2022

*This report consists of 2 pages of "Independent Auditors' Review Report" and 88 pages of unconsolidated financial statements and related disclosures and footnotes.*

**Convenience Translation of the Auditor's Limited Review Report**
**Originally Issued in Turkish (See Note I in Section Three)**

**Independent Auditors' Report on Review of Unconsolidated Interim Financial Information**

To the Board of Directors of ING Bank A.Ş.

*Introduction*

We have reviewed the unconsolidated statement of financial position of ING Bank A.Ş. ("the Bank") at June 30, 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by Banking Regulation and Supervision Authority ("BRSA") and Turkish Accounting Standard ("TAS") 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

*Scope of Review*

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

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial statements do not give a true view of the unconsolidated financial position of ING Bank A.Ş. at June 30, 2022, and the results of its operations and its unconsolidated cash flows for the six-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

*Other matter*

The unconsolidated financial statements of the Bank as at December 31, 2021 and June 30, 2021 were audited and reviewed by another audit firm, which expressed an unqualified opinion and unqualified conclusion in their reports on February 11, 2022 and August 9, 2021, respectively.

*Report on other regulatory requirements arising from legislation*

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section VII, are not consistent with the unconsolidated financial statements and disclosures in all material respects.

*Additional paragraph for convenience translation to English*

As explained in detail in Note I of Section Three, there are differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries, in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"), including non application of IAS 29 Financial Reporting in Hyperinflation Economies. The effect of such differences has not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Fatma Ebru Yücel, SMMM
Partner

August 5, 2022
Istanbul, Turkey

**The unconsolidated financial report of ING Bank A.Ş. prepared as of and for the six month period ended 30 June 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**<br>**(212) 286 61 00** |
| Web-site of the Bank | : | www.ing.com.tr |
| E-mail | : | disyazisma@ing.com.tr |


The six-month unconsolidated interim 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
- Independent Auditors' review report
- Interim activity report

The accompanying six month period unconsolidated interim 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 reviewed.

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

| | |
|---|---|
| M. Semra KURAN<br>Chairman of the Audit Committee | Nermin GÜNEY<br>Audit Committee Member |

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


| | | |
|---|---|---|
| Name-Surname/Title | : | Nurgül BİLGİÇER FİLİS / Manager |
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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 30 June 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 30 June 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 30 June 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 30 June 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 |
| Bohdan Robert Stepkowski | Executive Vice President | Financial Markets |
| Günce Çakır | Executive Vice President | Legal |
| İlker Kayseri | Executive Vice President | Treasury |
| K. Atıl Özus | Chief Financial Officer | Financial Control and Treasury |
| Martijn Bastiaan Kamps | Executive Vice President | Credits |
| Meltem Öztürk | Executive Vice President | Human Resources |
| N. Yücel Ölçer | Executive Vice President | Operation |
| Okan Korkmaz | Chief Audit Executive | Internal Audit |
| Ozan Kırmızı | Executive Vice President | Retail Banking |
| Öcal Ağar | Executive Vice President | Business Banking |
| Umut Pasin | Executive Vice President | Financial Risk Management |
| 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.

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.

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 163 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
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## ING Bank A.Ş.

## Unconsolidated balance sheet (statement of financial position) as of 30 June 2022
**(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

| | | | | | Reviewed | | | Audited |
|---|---|---|---|---|---|---|---|---|
| | | | | | Current period | | | Prior period |
| | Assets | Note | | | (30/06/2022) | | | (31/12/2021) |
| | | (section five) | TL | FC | Total | TL | FC | Total |
| **I.** | **Financial assets (net)** | | **8,464,494** | **19,841,218** | **28,305,712** | **10,214,808** | **18,688,889** | **28,903,697** |
| **1.1** | **Cash and cash equivalents** | | **4,217,588** | **18,837,980** | **23,055,568** | **4,609,766** | **17,805,371** | **22,415,137** |
| 1.1.1 | Cash and balances at Central Bank | (I-1) | 2,512,834 | 15,656,037 | 18,168,871 | 2,011,211 | 16,791,258 | 18,802,469 |
| 1.1.2 | Banks | (I-3) | 4,865 | 3,183,753 | 3,188,618 | 205 | 1,014,113 | 1,014,318 |
| 1.1.3 | Money market placements | | 1,700,865 | - | 1,700,865 | 2,601,024 | - | 2,601,024 |
| 1.1.4 | Expected credit losses (-) | (I-5) | (976) | (1,810) | (2,786) | (2,674) | - | (2,674) |
| **1.2** | **Financial assets at fair value through profit or loss** | **(I-2)** | **54,359** | **190,108** | **244,467** | **35,237** | **139,641** | **174,878** |
| 1.2.1 | Government securities | | 54,264 | 190,108 | 244,372 | 35,187 | 139,641 | 174,828 |
| 1.2.2 | Equity instruments | | 95 | - | 95 | 50 | - | 50 |
| 1.2.3 | Other financial assets | | - | - | - | - | - | - |
| **1.3** | **Financial assets at fair value through other comprehensive income** | **(I-4)** | **1,215,624** | **988** | **1,216,612** | **1,340,189** | **869** | **1,341,058** |
| 1.3.1 | Government securities | | 1,204,331 | - | 1,204,331 | 1,329,741 | - | 1,329,741 |
| 1.3.2 | Equity instruments | | 11,293 | 988 | 12,281 | 10,448 | 869 | 11,317 |
| 1.3.3 | Other financial assets | | - | - | - | - | - | - |
| **1.4** | **Derivative financial assets** | | **2,976,923** | **812,142** | **3,789,065** | **4,229,616** | **743,008** | **4,972,624** |
| 1.4.1 | Derivative financial assets measured at fair value through profit or loss | (I-2) | 2,869,688 | 812,142 | 3,681,830 | 4,102,332 | 743,008 | 4,845,340 |
| 1.4.2 | Derivative financial assets measured at fair value through other comprehensive income | (I-11) | 107,235 | - | 107,235 | 127,284 | - | 127,284 |
| **II.** | **Financial assets measured at amortised cost** | | **36,951,623** | **23,096,055** | **60,047,678** | **29,750,141** | **21,556,298** | **51,306,439** |
| **2.1** | **Loans** | **(I-5)** | **32,531,623** | **23,339,476** | **55,871,099** | **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)** | **5,723,330** | **-** | **5,723,330** | **5,609,794** | **-** | **5,609,794** |
| 2.4.1 | Government securities | | 5,723,330 | - | 5,723,330 | 5,609,794 | - | 5,609,794 |
| 2.4.2 | Other financial assets | | - | - | - | - | - | - |
| **2.5** | **Expected credit losses (-)** | **(I-5)** | **(1,303,330)** | **(243,421)** | **(1,546,751)** | **(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** | | **508,146** | **462,307** | **970,453** | **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)** | **508,146** | **462,307** | **970,453** | **479,246** | **360,040** | **839,286** |
| 4.2.1 | Unconsolidated financial subsidiaries | | 336,764 | 462,307 | 799,071 | 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)** | **650,458** | **-** | **650,458** | **669,170** | **-** | **669,170** |
| **VI.** | **Intangible assets (net)** | **(I-13)** | **37,752** | **-** | **37,752** | **34,021** | **-** | **34,021** |
| 6.1 | Goodwill | | - | - | - | - | - | - |
| 6.2 | Other | | 37,752 | - | 37,752 | 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)** | **-** | **-** | **-** | **-** | **-** | **-** |
| **X.** | **Other assets (net)** | **(I-17)** | **1,889,848** | **6,814** | **1,896,662** | **689,035** | **6,143** | **695,178** |
| | **Total assets** | | **48,502,981** | **43,406,394** | **91,909,375** | **42,032,181** | **40,611,370** | **82,643,551** |

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

## ING Bank A.Ş.

## Unconsolidated balance sheet (statement of financial position) as of 30 June 2022
**(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

| | Liabilities | Note (section five) | Reviewed Current period (30/06/2022) TL | FC | Total | Audited Prior period (31/12/2021) TL | FC | Total |
|---|---|---|---|---|---|---|---|---|
| **I.** | **Deposits** | **(II-1)** | **29,401,445** | **31,605,375** | **61,006,820** | **20,167,799** | **32,914,226** | **53,082,025** |
| **II.** | **Loans received** | **(II-3)** | **1,664,647** | **8,564,277** | **10,228,924** | **324,390** | **9,100,818** | **9,425,208** |
| **III.** | **Money market funds** | | **413,670** | **90,567** | **504,237** | **2,501,827** | **93,896** | **2,595,723** |
| **IV.** | **Securities Issued (net)** | **(II-4)** | **565,785** | **-** | **565,785** | **-** | **-** | **-** |
| 4.1 | Bills | | 565,785 | - | 565,785 | - | - | - |
| 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** | | **1,653,434** | **763,168** | **2,416,602** | **1,180,404** | **817,468** | **1,997,872** |
| 7.1 | Derivative financial liabilities at fair value through profit or loss | (II-2) | 1,653,434 | 763,168 | 2,416,602 | 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)** | **182,766** | **-** | **182,766** | **161,525** | **-** | **161,525** |
| **X.** | **Provisions** | **(II-8)** | **238,947** | **115,035** | **353,982** | **299,711** | **-** | **299,711** |
| 10.1 | Provision for restructuring | | - | - | - | - | - | - |
| 10.2 | Reserves for employee benefits | | 107,827 | - | 107,827 | 72,077 | - | 72,077 |
| 10.3 | Insurance technical reserves (net) | | - | - | - | - | - | - |
| 10.4 | Other provisions | | 131,120 | 115,035 | 246,155 | 227,634 | - | 227,634 |
| **XI.** | **Current tax liability** | **(II-9)** | **547,526** | **-** | **547,526** | **116,790** | **-** | **116,790** |
| **XII.** | **Deferred tax liability** | **(II-9)** | **141,001** | **-** | **141,001** | **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)** | **1,935,294** | **2,105,931** | **4,041,225** | **866,048** | **2,790,826** | **3,656,874** |
| **XVI.** | **Shareholders' equity** | **(II-12)** | **11,920,507** | **-** | **11,920,507** | **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 | | 105,822 | - | 105,822 | 121,616 | - | 121,616 |
| 16.4 | Other comprehensive income/expense items to be recycled in profit or loss | | 371,530 | - | 371,530 | 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) | | 1,163,932 | - | 1,163,932 | 1,200,113 | - | 1,200,113 |
| 16.6.1 | Prior years' profits or (loss) | | - | - | - | - | - | - |
| 16.6.2 | Current period profit or (loss) | | 1,163,932 | - | 1,163,932 | 1,200,113 | - | 1,200,113 |
| | **Total liabilities and shareholders' equity** | | **48,665,022** | **43,244,353** | **91,909,375** | **36,926,317** | **45,717,234** | **82,643,551** |

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

## ING Bank A.Ş.

## Unconsolidated statement of off-balance sheet items as of 30 June 2022

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

| | Off-balance sheet items | Note (section five) | Reviewed Current period (30/06/2022) TL | FC | Total | Audited Prior period (31/12/2021) TL | FC | Total |
|---|---|---|---|---|---|---|---|---|
| **A.** | **Off-balance sheet commitments (I+II+III)** | | **41,731,474** | **111,554,644** | **153,286,118** | **31,097,601** | **98,737,149** | **129,834,750** |
| **I.** | **Guarantees and warranties** | **(III-1)** | **1,903,737** | **10,732,562** | **12,636,299** | **1,372,537** | **10,943,836** | **12,316,373** |
| 1.1 | Letters of guarantee | | 1,903,737 | 6,270,138 | 8,173,875 | 1,372,210 | 7,175,918 | 8,548,128 |
| 1.1.1 | Guarantees subject to state tender law | | 3,080 | - | 3,080 | 3,334 | - | 3,334 |
| 1.1.2 | Guarantees given for foreign trade operations | | - | - | - | - | - | - |
| 1.1.3 | Other letters of guarantee | | 1,900,657 | 6,270,138 | 8,170,795 | 1,368,876 | 7,175,918 | 8,544,794 |
| 1.2 | Bank acceptances | | - | 923 | 923 | - | - | - |
| 1.2.1 | Import letter of acceptance | | - | 923 | 923 | - | - | - |
| 1.2.2 | Other bank acceptances | | - | - | - | - | - | - |
| 1.3 | Letters of credit | | - | 1,450,236 | 1,450,236 | 327 | 908,729 | 909,056 |
| 1.3.1 | Documentary letters of credit | | - | 1,450,236 | 1,450,236 | 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 | | - | 3,008,679 | 3,008,679 | - | 2,841,852 | 2,841,852 |
| 1.9 | Other warranties | | - | 2,586 | 2,586 | - | 17,337 | 17,337 |
| **II.** | **Commitments** | **(III-1)** | **4,275,668** | **4,493,808** | **8,769,476** | **3,754,904** | **1,865,618** | **5,620,522** |
| 2.1 | Irrevocable commitments | | 4,275,668 | 4,493,808 | 8,769,476 | 3,754,904 | 1,865,618 | 5,620,522 |
| 2.1.1 | Forward asset purchase commitments | | 520,704 | 4,488,333 | 5,009,037 | 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 | | 2,410,160 | - | 2,410,160 | 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 | | 215,603 | - | 215,603 | 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 | | 1,093,802 | - | 1,093,802 | 1,065,190 | - | 1,065,190 |
| 2.1.10 | Commitments for credit cards and banking services promotions | | 11,619 | - | 11,619 | 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 | | - | 5,475 | 5,475 | - | 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)** | **35,552,069** | **96,328,274** | **131,880,343** | **25,970,160** | **85,927,695** | **111,897,855** |
| 3.1 | Derivative financial instruments for hedging purposes | | 640,000 | - | 640,000 | 2,540,000 | - | 2,540,000 |
| 3.1.1 | Fair value hedges | | - | - | - | - | - | - |
| 3.1.2 | Cash flow hedges | | 640,000 | - | 640,000 | 2,540,000 | - | 2,540,000 |
| 3.1.3 | Net foreign investment hedges | | - | - | - | - | - | - |
| 3.2 | Derivative financial instruments for trading purposes | | 34,912,069 | 96,328,274 | 131,240,343 | 23,430,160 | 85,927,695 | 109,357,855 |
| 3.2.1 | Forward foreign currency buy/sell transactions | | 5,229,433 | 15,271,536 | 20,500,969 | 6,158,329 | 15,491,670 | 21,649,999 |
| 3.2.1.1 | Forward foreign currency transactions-buy | | 4,435,439 | 5,754,134 | 10,189,573 | 4,732,452 | 6,010,639 | 10,743,091 |
| 3.2.1.2 | Forward foreign currency transactions-sell | | 793,994 | 9,517,402 | 10,311,396 | 1,425,877 | 9,481,031 | 10,906,908 |
| 3.2.2 | Swap transactions related to foreign currency and interest rates | | 29,638,644 | 72,664,312 | 102,302,956 | 17,245,275 | 64,603,671 | 81,848,946 |
| 3.2.2.1 | Foreign currency swap-buy | | 4,106,915 | 28,023,554 | 32,130,469 | 1,611,334 | 28,055,834 | 29,667,168 |
| 3.2.2.2 | Foreign currency swap-sell | | 6,917,729 | 23,884,076 | 30,801,805 | 7,703,941 | 18,967,229 | 26,671,170 |
| 3.2.2.3 | Interest rate swap-buy | | 9,307,000 | 10,378,341 | 19,685,341 | 3,965,000 | 8,790,304 | 12,755,304 |
| 3.2.2.4 | Interest rate swap-sell | | 9,307,000 | 10,378,341 | 19,685,341 | 3,965,000 | 8,790,304 | 12,755,304 |
| 3.2.3 | Foreign currency, interest rate and securities options | | 43,992 | 8,392,426 | 8,436,418 | 26,556 | 5,832,354 | 5,858,910 |
| 3.2.3.1 | Foreign currency options-buy | | 21,996 | 4,196,213 | 4,218,209 | 13,278 | 2,916,177 | 2,929,455 |
| 3.2.3.2 | Foreign currency options-sell | | 21,996 | 4,196,213 | 4,218,209 | 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)** | | **208,207,741** | **87,754,240** | **295,961,981** | **201,487,848** | **75,617,002** | **277,104,850** |
| **IV.** | **Items held in custody** | | **3,544,906** | **9,058,623** | **12,603,529** | **3,195,337** | **5,312,548** | **8,507,885** |
| 4.1 | Customer fund and portfolio balances | | 3,107,219 | - | 3,107,219 | 2,909,807 | - | 2,909,807 |
| 4.2 | Investment securities held in custody | | 30,571 | 4,455,838 | 4,486,409 | 30,697 | 1,299,864 | 1,330,561 |
| 4.3 | Checks received for collection | | 269,576 | 960,474 | 1,230,050 | 118,075 | 1,084,986 | 1,203,061 |
| 4.4 | Commercial notes received for collection | | 137,539 | 3,581,199 | 3,718,738 | 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 | 61,112 | 61,113 | 1 | 36,680 | 36,681 |
| 4.8 | Custodians | | - | - | - | - | - | - |
| **V.** | **Pledged received** | | **21,099,280** | **10,419,991** | **31,519,271** | **20,963,183** | **12,543,991** | **33,507,174** |
| 5.1 | Marketable securities | | 273,462 | 31,232 | 304,694 | 273,462 | 30,693 | 304,155 |
| 5.2 | Guarantee notes | | 208,921 | 648,151 | 857,072 | 206,560 | 549,990 | 756,550 |
| 5.3 | Commodity | | 910 | - | 910 | 910 | - | 910 |
| 5.4 | Warranty | | - | - | - | - | - | - |
| 5.5 | Properties | | 16,071,199 | 6,854,585 | 22,925,784 | 17,008,485 | 9,329,637 | 26,338,122 |
| 5.6 | Other pledged items | | 4,544,788 | 2,886,023 | 7,430,811 | 3,473,766 | 2,633,671 | 6,107,437 |
| 5.7 | Pledged items-depository | | - | - | - | - | - | - |
| **VI.** | **Accepted independent guarantees and warranties** | | **183,563,555** | **68,275,626** | **251,839,181** | **177,329,328** | **57,760,463** | **235,089,791** |
| | **Total off-balance sheet items (A+B)** | | **249,939,215** | **199,308,884** | **449,248,099** | **232,585,449** | **174,354,151** | **406,939,600** |

## Unconsolidated statement of profit or loss
## for the six-month period ended 30 June 2022
**(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

| | Income and expense items | Note (section five) | Reviewed Current period (01/01/2022-30/06/2022) | Reviewed Current period (01/04/2022-30/06/2022) | Reviewed Restated prior period (*) (01/01/2021-30/06/2021) | Reviewed Restated prior period (*) (01/04/2021-30/06/2021) |
|---|---|---|---|---|---|---|
| **I.** | **Interest income** | **(IV-1)** | **4,135,268** | **2,169,894** | **2,931,671** | **1,539,995** |
| 1.1 | Interest on loans | | 3,405,327 | 1,806,562 | 2,025,622 | 1,020,805 |
| 1.2 | Interest on reserve requirements | | 39,684 | 5,704 | 68,496 | 42,161 |
| 1.3 | Interest on banks | | 4,433 | 3,492 | 4,247 | 2,377 |
| 1.4 | Interest on money market transactions | | 163,790 | 96,648 | 529,389 | 319,684 |
| 1.5 | Interest on marketable securities portfolio | | 516,402 | 254,648 | 303,757 | 154,871 |
| 1.5.1 | Financial assets at fair value through profit or loss | | 22,107 | 7,271 | 3,463 | 678 |
| 1.5.2 | Financial assets at fair value through other comprehensive income | | 88,077 | 44,406 | 58,138 | 39,572 |
| 1.5.3 | Financial assets measured at amortised cost | | 406,218 | 202,971 | 242,156 | 114,621 |
| 1.6 | Finance lease income | | - | - | - | - |
| 1.7 | Other interest income | | 5,632 | 2,840 | 160 | 97 |
| **II.** | **Interest expense (-)** | **(IV-2)** | **(2,187,423)** | **(1,159,702)** | **(1,770,240)** | **(977,011)** |
| 2.1 | Interest on deposits | | (1,846,674) | (987,173) | (1,588,794) | (881,911) |
| 2.2 | Interest on funds borrowed | | (129,165) | (67,803) | (164,834) | (87,775) |
| 2.3 | Interest on money market transactions | | (128,884) | (53,634) | (1,022) | (445) |
| 2.4 | Interest on securities issued | | (15,997) | (15,997) | - | - |
| 2.5 | Finance lease expense | | (13,803) | (6,931) | (13,900) | (6,114) |
| 2.6 | Other interest expenses | | (52,900) | (28,164) | (1,690) | (766) |
| **III.** | **Net interest income/expense (I - II)** | | **1,947,845** | **1,010,192** | **1,161,431** | **562,984** |
| **IV.** | **Net fees and commissions income/expense** | | **253,233** | **127,434** | **202,076** | **91,120** |
| 4.1 | Fees and commissions received | | 365,143 | 186,267 | 285,703 | 136,949 |
| 4.1.1 | Non-cash loans | | 86,065 | 33,973 | 82,954 | 34,602 |
| 4.1.2 | Other | (IV-12) | 279,078 | 152,294 | 202,749 | 102,347 |
| 4.2 | Fees and commissions paid (-) | | (111,910) | (58,833) | (83,627) | (45,829) |
| 4.2.1 | Non-cash loans | | (198) | (100) | (292) | (94) |
| 4.2.2 | Other | (IV-12) | (111,712) | (58,733) | (83,335) | (45,735) |
| **V** | **Dividend income** | **(IV-3)** | **347** | **347** | **177** | **176** |
| **VI.** | **Trading gain/(loss) (net)** | **(IV-4)** | **583,169** | **345,355** | **84,248** | **68,520** |
| 7.1 | Trading gain/(loss) on securities | | (6,791) | 11,935 | 95,989 | 92,773 |
| 7.2 | Gain/(loss) on derivative financial transactions | | 1,760,737 | 791,087 | 425,876 | 248,988 |
| 7.3 | Foreign exchange gain/(loss) | | (1,170,777) | (457,667) | (437,617) | (273,241) |
| **VII.** | **Other operating income** | **(IV-5)** | **628,142** | **151,442** | **305,063** | **86,524** |
| **VIII.** | **Gross operating income (III+IV+V+VI+VII)** | | **3,412,736** | **1,634,770** | **1,752,995** | **809,324** |
| **IX.** | **Expected credit loss (-)** | **(IV-6)** | **(443,736)** | **(53,809)** | **(296,567)** | **(99,444)** |
| **X.** | **Other provision expenses (-)** | | **(27,607)** | **(7,078)** | **(5,735)** | **(863)** |
| **XI.** | **Personnel expenses (-)** | | **(553,561)** | **(296,059)** | **(381,412)** | **(198,119)** |
| **XII** | **Other operating expenses** | **(IV-7)** | **(858,770)** | **(448,210)** | **(617,283)** | **(316,724)** |
| **XIII.** | **Net operating profit/(loss) (VIII-IX-X-XI-XII)** | | **1,529,062** | **829,614** | **451,998** | **194,174** |
| **XIV.** | **Income resulted from mergers** | | **-** | **-** | **-** | **-** |
| **XV.** | **Income/loss from investments under equity accounting** | | **72,658** | **31,153** | **83,539** | **48,616** |
| **XVI.** | **Gain/loss on net monetary position** | | **-** | **-** | **-** | **-** |
| **XVII.** | **Operating profit/loss before taxes (XIII+...+XVI)** | **(IV-8)** | **1,601,720** | **860,767** | **535,537** | **242,790** |
| **XVIII.** | **Provision for taxes of continued operations (±)** | **(IV-9)** | **(437,788)** | **(276,656)** | **(151,941)** | **(101,255)** |
| 18.1 | Current tax provision | | (807,981) | (405,945) | (50,329) | (14,429) |
| 18.2 | Expense effect of deferred tax (+) | | - | - | (107,468) | (89,649) |
| 18.3 | Income effect of deferred tax (-) | | 370,193 | 129,289 | 5,856 | 2,823 |
| **XIX.** | **Net profit/(loss) from continuing operations (XVII±XVIII)** | **(IV-10)** | **1,163,932** | **584,111** | **383,596** | **141,535** |
| **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)** | **1,163,932** | **584,111** | **383,596** | **141,535** |
| | Earnings per share | | 0.3339 | 0.1675 | 0.1100 | 0.0406 |

(*) The restatement of the previous period is related to the Bank's TAS 27 policy, and the details are explained in section three, note XXIV.

## ING Bank A.Ş.

## Unconsolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2022

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

| | | Reviewed | Reviewed |
|---|---|---|---|
| | Profit or loss and other comprehensive income | Current period | Restated prior period (*) |
| | | (01/01/2022-30/06/2022) | (01/01/2021-30/06/2021) |
| **I.** | **Current period profit/loss** | **1,163,932** | **383,596** |
| **II.** | **Other comprehensive income** | **67,556** | **74,480** |
| **2.1** | **Other income/expense items not to be recycled to profit or loss** | **(7,798)** | **(2,219)** |
| 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) | (10,732) | (2,703) |
| 2.1.4 | Other income/(expense) items not to be recycled to profit or loss | 13 | - |
| 2.1.5 | Deferred taxes on other comprehensive income not to be recycled to profit or loss | 2,921 | 484 |
| **2.2** | **Other income/expense items to be recycled to profit or loss** | **75,354** | **76,699** |
| 2.2.1 | Translation differences | 54,638 | 24,578 |
| 2.2.2 | Income/(expenses) from valuation and/or reclassification of financial assets measured at FVOCI | 11,532 | (22,618) |
| 2.2.3 | Gains/(losses) from cash flow hedges | 24,495 | 90,103 |
| 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 | (15,311) | (15,364) |
| **III.** | **Total comprehensive income (I+II)** | **1,231,488** | **458,076** |

(*) The restatement of the previous period is related to the Bank's TAS 27 policy, and the details are explained in section three, note XXIV.

# ING Bank A.Ş.

## Unconsolidated statement of changes in equity
## for the six-month period ended 30 June 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 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Reviewed | 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 |
| | **Restated prior period (*)** **(01/01/2021-30/06/2021)** | | | | | | | | | | | | | | | |
| **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 | | - | - | - | - | - | (2,219) | - | 24,578 | (18,395) | 70,516 | 141,491 | - | 242,105 | 458,076 |
| 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 | - | - | - | - | - | 559,062 | - | (626,645) | (62,000) |
| 11.1 | Dividends paid | | - | - | - | - | - | - | - | - | - | - | (62,000) | - | - | (62,000) |
| 11.2 | Transfers to reserves | (II-12) | - | - | - | - | 5,583 | - | - | - | - | - | 621,062 | - | (626,645) | - |
| 11.3 | Other | | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Period-end balance (III+IV+…...+X+XI)** | | **3,486,268** | **-** | **-** | **-** | **123,394** | **(4,690)** | **3,005** | **71,472** | **3,649** | **36,784** | **5,704,846** | **-** | **383,596** | **9,808,324** |
| | **Current period** **(01/01/2022-30/06/2022)** | | | | | | | | | | | | | | | |
| **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 | | - | - | - | - | - | (7,563) | (235) | 54,638 | 9,665 | 11,051 | - | - | 1,163,932 | 1,231,488 |
| 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** | **(12,407)** | **2,831** | **241,660** | **(3,367)** | **133,237** | **6,792,955** | **-** | **1,163,932** | **11,920,507** |

(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 restatement of the previous period is related to the Bank's TAS 27 policy, and the details are explained in section three, note XXIV.

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 six-month period ended 30 June 2022
**(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)**

| | Statement of cash flows | Note | Reviewed<br>Current period<br>(01/01/2022-30/06/2022) | Reviewed<br>Restated prior period (*)<br>(01/01/2021-30/06/2021) |
|---|---|---|---|---|
| **A.** | **Cash flows from banking operations** | | | |
| **1.1** | **Operating profit before changes in operating assets and liabilities** | | **6,078,827** | **5,358,870** |
| 1.1.1 | Interest received | | 3,753,021 | 2,942,650 |
| 1.1.2 | Interest paid | | (1,977,259) | (1,743,622) |
| 1.1.3 | Dividend received | | 347 | 177 |
| 1.1.4 | Fees and commissions received | | 413,240 | 280,607 |
| 1.1.5 | Other income | | 86,618 | 49,159 |
| 1.1.6 | Collections from previously written-off loans and other receivables | | 188,064 | 227,115 |
| 1.1.7 | Payments to personnel and service suppliers | | (1,148,267) | (764,957) |
| 1.1.8 | Taxes paid | | (377,245) | (122,639) |
| 1.1.9 | Other | | 5,140,308 | 4,490,380 |
| **1.2** | **Changes in operating assets and liabilities** | | **(9,865,001)** | **(4,456,072)** |
| 1.2.1 | Net (increase)/decrease in financial assets at fair value through profit or loss | | (68,377) | (940) |
| 1.2.2 | Net (increase)/decrease in due from bank | | (249,515) | 7,660 |
| 1.2.3 | Net (increase)/decrease in loans | | (6,220,215) | (1,750,427) |
| 1.2.4 | Net (increase)/decrease in other assets | | (2,185,452) | (1,020,431) |
| 1.2.5 | Net increase/(decrease) in bank deposits | | 42,094 | (8,497) |
| 1.2.6 | Net increase/(decrease) in other deposits | | 1,738,536 | 2,026,711 |
| 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 | | (798,441) | (3,820,441) |
| 1.2.9 | Net increase/(decrease) in matured payables | | - | - |
| 1.2.10 | Net increase/(decrease) in other liabilities | | (2,123,631) | 110,293 |
| **I.** | **Net cash provided from banking operations** | | **(3,786,174)** | **902,798** |
| **B.** | **Cash flow from investing activities** | | | |
| **II.** | **Net cash provided from investing activities** | | **(35,460)** | **(1,329,250)** |
| 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 | | (155,727) | (152,298) |
| 2.4 | Disposals of property and equipment | | 201,019 | 243,523 |
| 2.5 | Cash paid for purchase of financial assets at fair value through other comprehensive income | | (121,201) | (627,378) |
| 2.6 | Cash obtained from sale of financial assets at fair value through other comprehensive income | | 246,765 | 337,493 |
| 2.7 | Cash paid for purchase of financial assets measured at amortised cost | (I-6) | (1,211,891) | (2,859,666) |
| 2.8 | Cash obtained from sale of financial assets measured at amortised cost | (I-6) | 1,120,443 | 1,821,900 |
| 2.9 | Other | | (114,868) | (92,824) |
| **C.** | **Cash flows from financing activities** | | | |
| **III.** | **Net cash provided from financing activities** | | **476,343** | **(103,010)** |
| 3.1 | Cash obtained from funds borrowed and securities issued | (II-4) | 648,030 | - |
| 3.2 | Cash used for repayment of funds borrowed and securities issued | (II-4) | - | - |
| 3.3 | Issued equity instruments | | - | - |
| 3.4 | Dividends paid | (II-12) | (120,000) | (62,000) |
| 3.5 | Payments for finance leases | | (51,687) | (41,010) |
| 3.6 | Other | | - | - |
| **IV.** | **Effect of change in foreign exchange rate on cash and cash equivalents** | | **2,127,340** | **1,027,622** |
| **V.** | **Net increase in cash and cash equivalents (I+II+III+IV)** | | **(1,217,951)** | **498,160** |
| **VI.** | **Cash and cash equivalents at beginning of the period** | | **15,678,935** | **12,408,788** |
| **VII.** | **Cash and cash equivalents at the end of the period** | | **14,460,984** | **12,906,948** |

(*) The restatement of the previous period is related to the Bank's TAS 27 policy, and the details are explained in section three, note XXIV.

## 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, no direct impact is expected on Bank operations. However, as of the date of this report, it is not possible to reasonably estimate the effects of the global developments and their potential impact on the global and regional economy, on the Bank operations because of the uncertainty about how the crisis will evolve.

#### b. Additional paragraph for convenience translation to English

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") including non application of IAS 29 Financial Reporting in Hyperinflation Economies have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

#### c. 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. These accounting policies and valuation principles are explained in Notes II to XXIV below.

The accounting policies adopted in the preparation of the unconsolidated financial statements are consistent with the standards used in the previous year.

## I. Explanations on basis of presentation (continued)

### d. 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.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an 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 recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on 20 January 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of 31 December 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 June 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the sector, and it is expected that POB will delay the application of TAS 29, financial statements as of 30 June 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

## 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 TAS 27 Separate Financial Statements" (Communique) 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. Effects of the aforementioned retrospective application are explained in note XXIV "Explanations on other matters".

## 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.

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.

## IV. Explanations on forward and options contracts and derivative instruments (continued)

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

Commissions paid for the loans provided and fees and commissions collected from clients in return for these loans are reflected on the statement of profit or loss in the period when they arise. On the other hand, of the fees and commissions collected from clients, the portions exceeding the amounts paid, and the fees and commissions collected without being associated with any cost are treated as an element of the effective interest of the loan, and they are recognized in the statement of profit or loss during the term of the loan on an accrual basis. Fees and commission expenses paid to the institutions and companies granting the loan are treated as an element of the effective interest, and they are associated with the statement of profit or loss during the term of the loan.

## 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.

## VII. Explanations on financial instruments (continued)

**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.

**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).

## VII. Explanations on financial instruments (continued)

**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.

**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 "Other comprehensive income income/expense items to be recycled in 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.

## VIII. Explanations on impairment of financial assets (continued)

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.

In accordance with the BRSA Decision numbered 8948 and dated 17 March 2020, starting from 17 March 2020, the Bank records a loss allowance for loans which have days past due between 90-180 days and classified under Stage 2 at an amount equal to their lifetime expected credit losses where the probability of default is taken into account as 100% until 31 December 2020. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021 and it was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795. However, with the decision of the same date, the default date is more than 91 days and for loans that do not exceed 180 days, BRSA decided to continue in the same way as of 1 October 2021 until 31 December 2021 within the scope of the related decision.

In accordance with the BRSA Decision numbered 8970 and dated 27 March 2020, the Bank records a loss allowance for loans which have days past due between 30 to 90 days and classified under Stage 1 at an amount equal to their lifetime expected credit losses until 31 December 2020. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021 and it was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795.

The Bank implemented the relevant classification changes as of 1 October 2021.

**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.

According to the Bank's risk policies, lifetime loan loss provisions are calculated by taking into account the probability of default as 100% for the loans which have overdue between 90 to 180 days and classified under Stage 2 in accordance with BRSA Decision numbered 8948 and dated 17 March 2020. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021 and it was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795. However, with the decision of the same date, the default date is more than 91 days and for loans that do not exceed 180 days, BRSA decided to continue in the same way as of 1 October 2021 until 31 December 2021 within the scope of the related decision.

According to the Bank's risk policies, lifetime loan loss provision is calculated for the loans which have overdue between 30 to 90 days and classified under Stage 1 in accordance with BRSA Decision numbered 8970 and dated 27 March 2020. Based on the BRSA Decision numbered 9624 and dated 17 June 2021, this period was extended until 30 September 2021 and it was terminated pursuant as of 1 October 2021 to the decision of the Board of Directors dated 16 September 2021 and numbered 9795.

## VIII. Explanations on impairment of financial assets (continued)

**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 and ATM locations. 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 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.

## XIV. Explanations on leasing transactions (continued)

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,

(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 Property, Plant and Equipment 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.

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,

(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,

(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".

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 30 June 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 30 June 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.

## 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") and the related decrees of the BRSA concerning income taxes. 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 30 June 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.

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

## 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 IX 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

### Restatement of prior periods' financials:

Due to the change in the accounting policy regarding the presentation of the subsidiaries in unconsolidated financial statements, explained in Note III of Section Three, the prior period financial statements have been restated in accordance with "Accounting Policies, Changes in Accounting Estimates and Errors (TAS 8)" in order to conform with the presentation of the financial statements dated 30 June 2022. The impact of the restatement of prior period financial statements is stated below.

| **30 June 2021** | **Announced** | **Adjustment** | **Restated** |
|---|---|---|---|
| **Balance sheet** | | | |
| Subsidiaries (net) | 111,006 | 566,305 | 677,311 |
| **Total asset** | **63,788,185** | **566,305** | **64,354,490** |
| | | | |
| Other comprehensive income/expense items not to be recycled to profit or loss | 147,779 | (26,070) | 121,709 |
| Other comprehensive income/expense items to be recycled in profit or loss | 40,757 | 71,148 | 111,905 |
| Legal reserves | 348,839 | 20,020 | 368,859 |
| Extraordinary reserves | 4,918,319 | 417,668 | 5,335,987 |
| Profit or (loss) | 300,057 | 83,539 | 383,596 |
| **Total liabilities** | **63,788,185** | **566,305** | **64,354,490** |
| | | | |
| **Statement of profit or loss** | | | |
| Income/loss from investments under equity accounting | - | 83,539 | 83,539 |

| **31 December 2020** | **Announced** | **Adjustment** | **Restated** |
|---|---|---|---|
| **Balance sheet** | | | |
| Subsidiaries (net) | 111,006 | 458,183 | 569,189 |
| **Total asset** | **61,225,050** | **458,183** | **61,683,233** |
| | | | |
| Other comprehensive income/expense items not to be recycled to profit or loss | 144,420 | (26,075) | 118,345 |
| Other comprehensive income/expense items to be recycled in profit or loss | (11,364) | 46,570 | 35,206 |
| Legal reserves | 317,508 | 16,844 | 334,352 |
| Extraordinary reserves | 4,390,588 | 279,353 | 4,669,941 |
| Profit or (loss) | 626,645 | 141,491 | 768,136 |
| **Total liabilities** | **61,225,050** | **458,183** | **61,683,233** |
| | | | |
| **Statement of profit or loss** | | | |
| Income/loss from investments under equity accounting | - | 141,491 | 141,491 |

## Section four

## Information on financial position and risk management of the Bank

### 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 BRSA 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 30 June 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 16.56% as of 30 June 2022.

As of 30 June 2022, taking into consideration the above-mentioned regulations, the Bank's total capital is TL 12,233,783 and the capital adequacy ratio is 18.18%. 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 | 364,821 | |
| Profit | 1,163,932 | |
| Net profit for the period | 1,163,932 | |
| 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** | **11,809,572** | |
| **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 | 22,302 | |
| Leasehold improvements on operational leases | 37,618 | |
| Goodwill netted off deferred tax liability | - | |
| Other intangibles netted off deferred tax liability except for mortgage servicing rights | 38,615 | 38,615 |
| 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** | **98,535** | |
| **Total common equity Tier I capital** | **11,711,037** | |
| **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)** | **11,711,037** | |

(*) 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) | 529,021 | |
| **Tier II Capital Before Deductions** | **529,021** | |
| **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** | **529,021** | |
| **Total capital (the sum of tier i capital and tier ii capital)** | **12,240,058** | |
| **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 (-) | 6,275 | |
| **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 | 12,233,783 | |
| Total risk weighted amounts | 67,309,841 | |
| **CAPITAL ADEQUACY RATIOS** | | |
| Core Capital Adequacy Ratio (%) | 17.40 | |
| Tier I Capital Adequacy Ratio (%) | 17.40 | |
| Capital Adequacy Ratio (%) | 18.18 | |
| **BUFFERS** | | |
| Total buffer requirement | 2.59 | |
| Capital protection buffer requirement (%) | 2.50 | |
| Bank specific cyclical buffer requirement (%) | 0.09 | |
| 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 (%) | 10.18 | |
| **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 | 232,791 | |
| **Limits related to provisions considered in Tier II calculation** | - | |
| General provisions for standard based receivables (before ten thousand twenty five limitation) | 529,021 | |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used | 529,021 | |
| 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 30 June 2022.

### Explanations on reconciliation of capital items to balance sheet

| Risk classifications | Carrying amount | Amounts in equity calculation |
|---|---|---|
| Shareholders' equity | 11,920,507 | 11,920,507 |
| Gains from cash flow hedge transactions | 133,237 | (133,237) |
| Leasehold improvements on operational leases | 37,618 | (37,618) |
| Goodwill and intangible assets | 37,752 | (38,615) |
| General provision | 529,021 | 529,021 |
| Other deductions from shareholders' equity | 6,275 | (6,275) |
| **Capital** | | **12,233,783** |

## II. 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, Audit 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 17.0161 (Full TL) and 17.9829 (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" (30 June 2022) | 16.6766 | 17.3220 |
| Previous days; | | |
| 29 June 2022 | 16.6395 | 17.4998 |
| 28 June 2022 | 16.6548 | 17.5891 |
| 27 June 2022 | 16.5337 | 17.4794 |
| 24 June 2022 | 17.3751 | 18.2856 |
| 23 June 2022 | 17.3639 | 18.2199 |

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

## II. 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 | 8,214,700 | 7,006,222 | 435,115 | 15,656,037 |
| Banks | 297,018 | 2,182,055 | 704,680 | 3,183,753 |
| Financial assets at fair value through profit or loss | 203,831 | 107,769 | - | 311,600 |
| Money market placements | - | - | - | - |
| Financial assets measured at fair value through other comprehensive income | 988 | - | - | 988 |
| Loans | 14,143,432 | 9,181,145 | 31,976 | 23,356,553 |
| Investments in associates, subsidiaries and joint ventures | 461,973 | 334 | - | 462,307 |
| Financial assets measured at amortised cost | - | - | - | - |
| Hedging derivative financial assets | - | - | - | - |
| Tangible assets (net) | - | - | - | - |
| Intangible assets (net) | - | - | - | - |
| Other assets (*) | (141,120) | (97,639) | 342 | (238,417) |
| **Total assets** | **23,180,822** | **18,379,886** | **1,172,113** | **42,732,821** |
| **Liabilities** | | | | |
| Bank deposit | 31,263 | 48,814 | 3,784 | 83,861 |
| Foreign currency deposits | 9,597,743 | 16,073,748 | 5,850,023 | 31,521,514 |
| Funds from interbank money market | 90,567 | - | - | 90,567 |
| Borrowings | 4,685,313 | 3,878,964 | - | 8,564,277 |
| Marketable securities issued (net) | - | - | - | - |
| Miscellaneous payables | 1,824,189 | 69,422 | 6 | 1,893,617 |
| Hedging derivative financial liabilities | - | - | - | - |
| Other liabilities | 175,838 | 284,610 | 3,757 | 464,205 |
| **Total liabilities** | **16,404,913** | **20,355,558** | **5,857,570** | **42,618,041** |
| **Net on balance sheet position** | **6,775,909** | **(1,975,672)** | **(4,685,457)** | **114,780** |
| **Net off-balance sheet position** | **(6,284,467)** | **2,051,235** | **4,690,842** | **457,610** |
| Financial derivative assets | 10,319,085 | 22,472,904 | 7,454,714 | 40,246,703 |
| Financial derivative liabilities | 16,603,552 | 20,421,669 | 2,763,872 | 39,789,093 |
| **Non-cash loans** | **5,251,189** | **5,152,360** | **329,013** | **10,732,562** |
| **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 17,077 (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 690,650 (31 December 2021: TL 714,905).
Held-for trading derivative financial liabilities: TL 626,312 (31 December 2021: TL 795,937).
Interest rate swap (buy) transactions and options (buy): TL 10,378,341 (31 December 2021: TL 8,790,304).
Interest rate swap (sell) transactions and options (sell): TL 10,378,341 (31 December 2021: TL 8,790,304).

## II. 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 2,272,802 (31 December 2021: TL 833,029).
Forward foreign currency-sell transactions: TL 2,191,401 (31 December 2021: TL 1,025,938).

## III. 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 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 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, the Audit 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.)

## III. 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 | - | - | - | - | - | 18,168,871 | 18,168,871 |
| Banks | 2,261,911 | - | - | - | - | 926,707 | 3,188,618 |
| Financial assets at fair value through profit and loss | 1,056,602 | 2,109,345 | 566,381 | 164,956 | 28,918 | 95 | 3,926,297 |
| Money market placements | 1,700,865 | - | - | - | - | - | 1,700,865 |
| Financial assets measured at fair value through other comprehensive income | 21,889 | 85,346 | 1,204,331 | - | - | 12,281 | 1,323,847 |
| Loans | 12,010,916 | 7,985,909 | 19,368,565 | 14,106,389 | 833,322 | 1,565,998 | 55,871,099 |
| Financial assets measured at amortised cost | 42,975 | 33,722 | 5,188,799 | 457,834 | - | - | 5,723,330 |
| Other assets (*) | - | - | - | - | - | 2,006,448 | 2,006,448 |
| **Total assets** | **17,095,158** | **10,214,322** | **26,328,076** | **14,729,179** | **862,240** | **22,680,400** | **91,909,375** |
| **Liabilities** | | | | | | | |
| Bank deposits | 28 | - | - | - | - | 93,252 | 93,280 |
| Other deposits | 35,360,112 | 9,146,965 | 2,945,714 | 42,625 | - | 13,418,124 | 60,913,540 |
| Money market borrowings | 413,670 | - | - | 90,567 | - | - | 504,237 |
| Miscellaneous payables | 457,025 | - | - | - | - | 2,153,794 | 2,610,819 |
| Securities issued | - | 214,448 | 351,337 | - | - | - | 565,785 |
| Funds obtained from other financial institutions | 3,829,247 | 5,113,259 | 1,207,223 | 79,195 | - | - | 10,228,924 |
| Other liabilities (**) | 855,010 | 1,528,787 | 215,571 | - | - | 14,393,422 | 16,992,790 |
| **Total liabilities** | **40,915,092** | **16,003,459** | **4,719,845** | **212,387** | **-** | **30,058,592** | **91,909,375** |
| Balance sheet long position | - | - | 21,608,231 | 14,516,792 | 862,240 | - | 36,987,263 |
| Balance sheet short position | (23,819,934) | (5,789,137) | - | - | - | (7,378,192) | (36,987,263) |
| Off-balance sheet long position | - | - | 1,594,469 | 3,395,842 | - | - | 4,990,311 |
| Off-balance sheet short position | (625,307) | (3,040,800) | - | - | (150,000) | - | (3,816,107) |
| **Total position** | **(24,445,241)** | **(8,829,937)** | **23,202,700** | **17,912,634** | **712,240** | **(7,378,192)** | **1,174,204** |

(*) 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.)

## III. Explanations on unconsolidated interest rate risk (continued)

### 2. Current period average interest rates applied to monetary financial instruments by the Bank

| Current period | EURO (%) | 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 | - | 1.53 | - | - |
| Financial assets at fair value through profit and loss | 2.40 | 6.07 | - | 10.79 |
| Money market placements | - | - | - | 18.37 |
| Financial assets measured at fair value through other comprehensive income | - | - | - | 14.31 |
| Loans | 3.94 | 5.68 | - | 22.48 |
| Financial assets measured at amortised cost | - | - | - | 14.65 |
| **Liabilities** | | | | |
| Bank deposits | - | - | - | - |
| Other deposits | 0.44 | 1.12 | - | 14.11 |
| Money market borrowings | - | - | - | 13.91 |
| Miscellaneous payables | - | - | - | - |
| Securities issued | - | - | - | 24.10 |
| Funds obtained from other financial institutions | 1.65 | 2.74 | - | 13.19 |

### Prior period average interest rates applied to monetary financial instruments by the Bank

| Prior period | EURO (%) | 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 |
| Due from other banks and financial institutions | (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 available-for-sale | - | - | - | 15.95 |
| Loans and receivables | 3.38 | 4.13 | - | 18.77 |
| Held-to-maturity investments | - | - | - | 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.)

## IV. 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** | **12,281** | **3,634** | **3,634** |
| Equity investments | 12,281 | 3,634 | 3,634 |
| **Financials subsidiaries** | **970,453** | **-** | **-** |
| Financials subsidiaries | 970,453 | - | - |

| 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

| | Realized | Revaluation increases | | Unrealized gains/ losses | | |
|---|---|---|---|---|---|---|
| Current period | gains/losses during the period | 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 | - | 1,656 | - | 592 | 592 | - |
| **Total** | **-** | **1,656** | **-** | **592** | **592** | **-** |

| | Realized | Revaluation increases | | Unrealized gains/ losses | | |
|---|---|---|---|---|---|---|
| Prior period | gains/losses during the period | 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 | 982,734 | 982,734 | 78,619 |

| 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".

## V. 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 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 Contingency Capital and Funding Plan monitoring metrics are not limited to this scope but also include other liquidity risk indicators. The Contingency Capital and Funding Plan monitoring metrics can trigger decision-making conditions on whether the Bank will implement the Contingency Capital and Funding Plan 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.

## V. 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 management 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.)

## V. 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.

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

| | Minimum | Date | Maximum | Date |
|---|---|---|---|---|
| TL+FC | 156.86% | 17 June 2022 | 263.72% | 6 May 2022 |
| FC | 139.59% | 3 June 2022 | 207.71% | 20 May 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 | | | 21,726,218 | 13,276,130 |
| **Cash Outflows** | | | | |
| Real person and retail deposits | 48,812,798 | 25,514,930 | 4,331,917 | 2,551,493 |
| Stable deposits | 10,987,239 | - | 549,362 | - |
| Less stable deposits | 37,825,559 | 25,514,930 | 3,782,555 | 2,551,493 |
| Unsecured funding other than real person and retail deposits | 16,739,414 | 11,147,363 | 10,878,595 | 7,525,351 |
| Operational deposits | 65,096 | 8,976 | 16,274 | 2,244 |
| Non-operational deposits | 10,572,839 | 6,658,214 | 4,831,422 | 3,043,896 |
| Other unsecured debt | 6,101,479 | 4,480,173 | 6,030,899 | 4,479,211 |
| Secured funding | | | - | - |
| Other cash outflows | 23,282,854 | 12,140,045 | 12,830,450 | 6,425,517 |
| Derivative exposures and collateral completion liabilities | 10,889,101 | 4,883,945 | 10,889,101 | 4,883,945 |
| Payables due to structured financial instruments | - | - | - | - |
| Payment commitments and other off-balance sheet commitments granted for debts to financial markets | 12,393,753 | 7,256,100 | 1,941,349 | 1,541,572 |
| Other contractual funding obligations | - | - | - | - |
| Other irrevocable or conditionally revocable off balance sheet liabilities | - | - | - | - |
| **Total cash outflows** | | | **28,040,962** | **16,502,361** |
| **Cash inflows** | | | | |
| Secured lending | 473,516 | - | - | - |
| Unsecured lending | 9,059,828 | 2,395,208 | 6,157,845 | 1,852,260 |
| Other cash inflows | 11,286,513 | 6,761,777 | 10,862,813 | 6,760,465 |
| **Total cash inflows** | **20,819,857** | **9,156,985** | **17,020,658** | **8,612,725** |
| | | | | **Total adjusted value** |
| Total high quality liquid assets stock | | | 21,726,218 | 13,276,130 |
| Total net cash outflows | | | 11,020,304 | 7,889,636 |
| **Liquidity coverage ratio (%)** | | | **204.79** | **175.06** |

(*) 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.)

## V. 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.

## V. 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, 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 30 June 2022 are summarized as follows:

Foreign currency deposits constitute the majority of the foreign currency liabilities. 20% 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 43% and loans comprise 54% 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 30 June 2022 are summarized as follows:

The majority of Turkish Lira balance sheet’s liability consists of deposits. 60% 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. 64% of the assets in Turkish Lira balance sheet are net loans and 14% 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.)

# V. 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 | 8,629,920 | 9,538,951 | - | - | - | - | - | 18,168,871 |
| Banks | 1,537,591 | 1,651,027 | - | - | - | - | - | 3,188,618 |
| Financial assets at fair value through profit or loss | - | 623,749 | 1,106,066 | 1,602,031 | 559,953 | 34,403 | 95 | 3,926,297 |
| Money market placements | - | 1,700,865 | - | - | - | - | - | 1,700,865 |
| Financial assets measured at fair value through other comprehensive income | - | 829 | 1,832 | 223,924 | 1,079,633 | 5,348 | 12,281 | 1,323,847 |
| Loans | 46,239 | 10,867,286 | 6,717,031 | 20,792,349 | 15,018,289 | 910,146 | 1,519,759 | 55,871,099 |
| Financial assets measured at amortised cost | - | 42,974 | 33,722 | 1,663,903 | 3,982,731 | - | - | 5,723,330 |
| Other assets (*) | - | - | - | - | - | - | 2,006,448 | 2,006,448 |
| **Total assets** | **10,213,750** | **24,425,681** | **7,858,651** | **24,282,207** | **20,640,606** | **949,897** | **3,538,583** | **91,909,375** |
| **Liabilities** | | | | | | | | |
| Bank deposits | 93,280 | - | - | - | - | - | - | 93,280 |
| Other deposits | 13,435,737 | 35,342,499 | 9,146,965 | 2,945,714 | 42,625 | - | - | 60,913,540 |
| Borrowings | - | 1,766,262 | 436,304 | 1,053,343 | 6,973,015 | - | - | 10,228,924 |
| Funds from interbank money market | - | 413,670 | - | - | 90,567 | - | - | 504,237 |
| Securities issued | - | - | 214,448 | 351,337 | - | - | - | 565,785 |
| Miscellaneous payables | 2,153,794 | - | - | - | - | - | 457,025 | 2,610,819 |
| Other liabilities (**) | - | 439,385 | 276,993 | 1,135,781 | 747,209 | - | 14,393,422 | 16,992,790 |
| **Total liabilities** | **15,682,811** | **37,961,816** | **10,074,710** | **5,486,175** | **7,853,416** | **-** | **14,850,447** | **91,909,375** |
| **Liquidity (deficit)/surplus** | **(5,469,061)** | **(13,536,135)** | **(2,216,059)** | **18,796,032** | **12,787,190** | **949,897** | **(11,311,864)** | **-** |
| **Net Off Balance Sheet Position** | **-** | **350,553** | **845,776** | **335,370** | **(324,858)** | **-** | **-** | **1,206,841** |
| Derivative financial assets | - | 26,470,085 | 11,653,779 | 18,385,964 | 9,883,764 | 150,000 | - | 66,543,592 |
| Derivative financial liabilities | - | 26,119,532 | 10,808,003 | 18,050,594 | 10,208,622 | 150,000 | - | 65,336,751 |
| **Non-cash loans** | **24,539** | **702,027** | **2,084,095** | **5,099,860** | **3,476,163** | **1,249,615** | **-** | **12,636,299** |
| **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.

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

## VI. 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 30 June 2022, the Bank's leverage ratio is calculated by taking average of end of month leverage ratios for the last three months is 9.95% (31 December 2021: 9.93%). This ratio is above the minimum ratio of 3%. While the capital increased by 15% mainly as a result of increase in net profits, total risk amount increased by 14% compared to the prior period. Therefore, the current period leverage ratio decreased by 2 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)* | *89,624,698* | *78,150,321* |
| *Asset deducted from core capital* | *(76,519)* | *(74,015)* |
| The total amount of risk on-balance sheet exposures | 89,548,179 | 78,076,306 |
| **Derivative financial instruments and credit derivative exposures** | | |
| *Replacement cost associated with derivative financial instruments and credit derivatives* | *3,770,340* | *3,951,916* |
| *The potential credit risk amount of derivative financial instruments and credit derivatives* | *268,968* | *226,931* |
| The total risk amount of derivative financial instruments and credit derivatives | 4,039,308 | 4,178,847 |
| **Securities or commodity guaranteed financing transactions** | | |
| *Risk amount of securities or commodity collateral financing transactions (excluding on balance sheet items)* | *104,890* | *221,089* |
| *Risk amount of exchange brokerage operations* | - | - |
| The total risk amount of securities or commodity collateral financing transactions | 104,890 | 221,089 |
| **Off-balance sheet items** | | |
| *Gross notional amount for off-balance sheet items* | *21,643,819* | *18,336,772* |
| *Adjustments for conversion to credit equivalent amounts* | - | - |
| The total amount of risk for off-balance sheet items | 21,643,819 | 18,336,772 |
| **Capital and total exposures** | | |
| Core capital | 11,455,983 | 9,944,894 |
| Total exposures | 115,336,196 | 100,813,014 |
| **Leverage ratio** | | |
| Leverage ratio | 9.95 | 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.)

## VII. 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. Overview of risk weighted amounts

| | Risk weighted amount | | Minimum capital requirement |
|---|---|---|---|
| | Current period | Prior period | Current period |
| **Credit risk (excluding counterparty credit risk) (CCR)** | **56,856,232** | **44,130,735** | **4,548,499** |
| Standardized approach (SA) | 56,856,232 | 44,130,735 | 4,548,499 |
| Internal rating-based (IRB) approach | - | - | - |
| **Counterparty credit risk** | **2,479,650** | **3,346,691** | **198,372** |
| Standardized approach for counterparty credit risk (SA-CCR) | 2,479,650 | 3,346,691 | 198,372 |
| 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** | **765,638** | **389,500** | **61,251** |
| Standardized approach (SA) | 765,638 | 389,500 | 61,251 |
| 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** | **67,309,841** | **55,246,551** | **5,384,788** |

### 2. Credit risk explanations

### a. Credit quality of assets

| Current period | Gross carrying values of (according to TAS) | | | |
|---|---|---|---|---|
| | Defaulted | Non-defaulted | Provisions / amortization and impairment | Net values |
| Loans | 1,519,759 | 54,351,340 | 1,546,001 | 54,325,098 |
| Debt securities (*) | - | 6,927,661 | 9,751 | 6,917,910 |
| Off-balance sheet exposures | 326,355 | 21,079,420 | 88,559 | 21,317,216 |
| **Total** | **1,846,114** | **82,358,421** | **1,644,311** | **82,560,224** |

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

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

## VII. Explanations on unconsolidated risk management (continued)

| Prior period | Gross carrying values of (according to TAS) | | Provisions / amortization and impairment | Net values |
|---|---|---|---|---|
| | Defaulted | Non-defaulted | | |
| Loans | 1,726,270 | 45,738,859 | 1,767,749 | 45,697,380 |
| Debt securities (*) | - | 6,939,535 | 9,866 | 6,929,669 |
| Off-balance sheet exposures | 295,699 | 17,641,196 | 85,378 | 17,851,517 |
| **Total** | **2,021,969** | **70,319,590** | **1,862,993** | **70,478,566** |

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

### b. 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 | 97,213 | 320,123 |
| Transferred to non-defaulted status | - | - |
| Amounts written off (*) | (115,660) | (357,487) |
| Other changes (**) | (188,064) | (444,580) |
| **Defaulted loans and debt securities at the end of the reporting period** | **1,519,759** | **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.

### c. 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 (*) | 49,679,977 | 4,645,121 | 3,541,768 | 198,340 | 169,956 | - | - |
| Debt securities (*) | 6,917,910 | - | - | - | - | - | - |
| **Total** | **56,597,887** | **4,645,121** | **3,541,768** | **198,340** | **169,956** | **-** | **-** |
| Of which defaulted | 1,519,759 | - | - | - | - | - | - |

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

| Prior 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 (*) | 40,700,992 | 4,996,388 | 3,679,850 | 355,383 | 323,264 | - | - |
| Debt securities (*) | 6,929,669 | - | - | - | - | - | - |
| **Total** | **47,630,661** | **4,996,388** | **3,679,850** | **355,383** | **323,264** | **-** | **-** |
| Of which defaulted | 1,726,270 | - | - | - | - | - | - |

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

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

# VII. Explanations on unconsolidated risk management (continued)

## ç. Credit risk exposure and credit risk mitigation effects

| Current period | 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 | 20,352,110 | 25,325 | 20,099,245 | 25,325 | - | - |
| Claims on regional governments or local authorities | 870,245 | - | 870,245 | - | 593,882 | 68.24% |
| Claims on administrative bodies and other non-commercial undertakings | - | - | - | - | - | - |
| Claims on multilateral development banks | - | - | - | - | - | - |
| Claims on international organizations | - | - | - | - | - | - |
| Claims on banks and intermediary institutions | 7,251,557 | 6,568,612 | 6,860,862 | 1,393,060 | 1,572,108 | 19.05% |
| Claims on corporates | 32,988,703 | 9,088,624 | 32,582,124 | 5,580,724 | 34,854,759 | 91.33% |
| Claims on retails | 9,024,998 | 3,525,975 | 8,776,945 | 503,159 | 6,934,049 | 74.72% |
| Claims secured by residential property | 1,244,302 | - | 1,244,302 | - | 435,506 | 35.00% |
| Claims secured by commercial property | 1,443,269 | 34,534 | 1,443,270 | 8,515 | 856,836 | 59.02% |
| Past due loans | 430,361 | - | 430,361 | - | 391,714 | 91.02% |
| Higher risk categories decided by the Board | 5,758,919 | - | 5,519,619 | - | 7,771,305 | 140.79% |
| 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 | 5,458,812 | 24,649 | 5,458,812 | 4,930 | 2,694,529 | 49.32% |
| Stock investments | 751,544 | - | 751,544 | - | 751,544 | 100.00% |
| **Total** | **85,574,820** | **19,267,719** | **84,037,329** | **7,515,713** | **56,856,232** | **62.10%** |

| Prior period | 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 | 21,507,059 | 249,211 | 19,278,005 | 30,754 | 3,002,387 | 15.55% |
| Claims on regional governments or local authorities | 482,601 | - | 422,643 | - | 256,989 | 60.81% |
| Claims on administrative bodies and other non-commercial undertakings | - | - | - | - | - | - |
| Claims on multilateral development banks | - | - | - | - | - | - |
| Claims on international organizations | - | - | - | - | - | - |
| Claims on banks and intermediary institutions | 6,635,869 | 3,440,901 | 3,940,949 | 1,146,135 | 520,110 | 10.22% |
| Claims on corporates | 23,549,643 | 7,303,016 | 23,179,024 | 4,448,675 | 24,887,907 | 90.08% |
| Claims on retails | 13,295,482 | 3,024,637 | 12,917,893 | 363,612 | 11,805,760 | 88.89% |
| Claims secured by residential property | 1,569,426 | - | 1,569,426 | - | 549,299 | 35.00% |
| Claims secured by commercial property | 1,094,089 | 35,159 | 1,094,090 | 9,016 | 648,649 | 58.80% |
| Past due loans | 453,360 | - | 453,359 | - | 389,485 | 85.91% |
| Higher risk categories decided by the Board | 9,253 | - | 9,254 | - | 5,724 | 61.85% |
| 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 | 3,393,274 | 24,676 | 3,393,275 | 4,935 | 1,327,155 | 39.05% |
| Stock investments | 737,270 | - | 737,270 | - | 737,270 | 100.00% |
| **Total** | **72,727,326** | **14,077,600** | **66,995,188** | **6,003,127** | **44,130,735** | **60.45%** |

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

| Current period<br>**Risk classes/Risk weights** | **0%** | **10%** | **20%** | **25%** | **35%** | **50%** | **75%** | **100%** | **150%** | **200%** | **Others** | **Total credit exposures amount (post CCF and post-CRM)** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Claims on sovereigns and Central Banks | 20,124,570 | - | - | - | - | - | - | - | - | - | - | 20,124,570 |
| Claims on regional governments or local authorities | - | - | - | - | - | 655,218 | - | 163,781 | - | 51,246 | - | 870,245 |
| Claims on administrative bodies and other non-commercial undertakings | - | - | - | - | - | - | - | - | - | - | - | - |
| Claims on multilateral development banks | - | - | - | - | - | - | - | - | - | - | - | - |
| Claims on international organizations | - | - | - | - | - | - | - | - | - | - | - | - |
| Claims on banks and intermediary institutions | - | - | 4,815,674 | - | - | 2,898,141 | - | 540,107 | - | - | - | 8,253,922 |
| Claims on corporates | 554,412 | - | 2,818,443 | - | - | 4,675,257 | - | 27,444,987 | 102,677 | 2,567,072 | - | 38,162,848 |
| Claims on retails | - | - | - | - | - | - | 9,279,940 | 131 | 33 | - | - | 9,280,104 |
| Claims secured by residential property | - | - | - | - | 1,244,302 | - | - | - | - | - | - | 1,244,302 |
| Claims secured by commercial property | - | - | - | - | - | 1,189,894 | - | 261,891 | - | - | - | 1,451,785 |
| Past due loans | - | - | - | - | - | 193,185 | - | 121,285 | 115,891 | - | - | 430,361 |
| Higher risk categories decided by the Board | - | - | - | - | - | 556 | - | 1,136,212 | 4,261,771 | 121,080 | - | 5,519,619 |
| 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 | 2,769,030 | - | 232 | - | - | - | - | 2,694,480 | - | - | - | 5,463,742 |
| Stock investments | - | - | - | - | - | - | - | 751,544 | - | - | - | 751,544 |
| **Total** | **23,448,012** | **-** | **7,634,349** | **-** | **1,244,302** | **9,612,251** | **9,279,940** | **33,114,418** | **4,480,372** | **2,739,398** | **-** | **91,553,042** |

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

## VII. Explanations on unconsolidated risk management (continued)

| Prior period<br>Risk classes/Risk weights | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 200% | Others | Total credit exposures amount (post CCF and post-CRM) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Claims on sovereigns and Central Banks | 16,275,618 | - | - | - | - | - | 3,033,141 | - | - | - | 19,308,759 |
| Claims on regional governments or local authorities | - | - | - | - | 331,308 | - | 91,335 | - | - | - | 422,643 |
| Claims on administrative bodies and other non-commercial undertakings | - | - | - | - | - | - | - | - | - | - | - |
| Claims on multilateral development banks | - | - | - | - | - | - | - | - | - | - | - |
| Claims on international organizations | - | - | - | - | - | - | - | - | - | - | - |
| Claims on banks and intermediary institutions | - | - | 1,590,678 | - | 3,391,638 | - | 60,126 | 44,642 | - | - | 5,087,084 |
| Claims on corporates | 517,444 | - | 338,090 | - | 1,400,194 | - | 25,301,601 | 70,370 | - | - | 27,627,699 |
| Claims on retails | - | - | - | - | - | 10,326,573 | 659,738 | 2,295,194 | - | - | 13,281,505 |
| Claims secured by residential property | - | - | - | 1,569,426 | - | - | - | - | - | - | 1,569,426 |
| Claims secured by commercial property | - | - | - | - | 908,913 | - | 194,193 | - | - | - | 1,103,106 |
| Past due loans | - | - | - | - | 217,145 | - | 146,819 | 89,395 | - | - | 453,359 |
| Higher risk categories decided by the Board | - | - | - | - | 7,059 | - | 2,195 | - | - | - | 9,254 |
| 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 | 2,071,055 | - | - | - | - | - | 1,327,155 | - | - | - | 3,398,210 |
| Stock investments | - | - | - | - | - | - | 737,270 | - | - | - | 737,270 |
| **Total** | **18,864,117** | **-** | **1,928,768** | **1,569,426** | **6,256,257** | **10,326,573** | **31,553,573** | **2,499,601** | **-** | **-** | **72,998,315** |

### 3. 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) | 3,645,898 | 454,022 | - | 1.40 | 4,099,920 | 2,182,635 |
| 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) | - | - | - | - | 24,749 | 3,361 |
| Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions | - | - | - | - | - | - |
| **Total** | | | | | | **2,185,996** |

(*) Effective expected positive exposure

| Prior period | Replacement cost | Potential future exposure | EEPE (*) | Alpha used for computing regulatory EAD | EAD post-CRM | RWA |
|---|---|---|---|---|---|---|
| Standardised Approach - CCR (for derivatives) | 4,724,644 | 386,428 | - | 1.40 | 5,111,072 | 2,942,519 |
| 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) | - | - | - | - | 247,703 | 37,831 |
| Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions | - | - | - | - | - | - |
| **Total** | | | | | | **2,980,350** |

(*) Effective expected positive exposure

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

## VII. Explanations on unconsolidated risk management (continued)

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

| | Current period | | Prior period | |
|---|---|---|---|---|
| | Exposure at default post-CRM | RWA | Exposure at default post-CRM | RWA |
| Total portfolios subject to the advanced CVA capital charge | - | - | - | - |
| (i) VaR component (including the 3*multiplier) | - | - | - | - |
| (ii) Stressed VaR component (including the 3*multiplier) | - | - | - | - |
| All portfolios subject to the standardised CVA capital charge | 4,099,920 | 293,654 | 5,111,072 | 366,341 |
| Total subject to the CVA capital charge | 4,099,920 | 293,654 | 5,111,072 | 366,341 |

### 5. Analysis of counterparty credit risk (CCR) exposure by approach

| Current period<br>Asset classes/Risk weight | 0% | 10% | 20% | 50% | 75% | 100% | 150% | Others | Total credit exposure (*) |
|---|---|---|---|---|---|---|---|---|---|
| Claims on sovereigns and Central Banks | 197,470 | - | - | - | - | - | - | - | 197,470 |
| 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 | - | - | 550,211 | 2,534,990 | - | 2,666 | - | - | 3,087,867 |
| Claims on corporates | - | - | 12,127 | 30,284 | - | 762,138 | - | - | 804,549 |
| Claims included in the regulatory retail portfolios | - | - | - | - | 34,783 | - | - | - | 34,783 |
| Other assets (**) | - | - | - | - | - | - | - | - | - |
| **Total** | **197,470** | **-** | **562,338** | **2,565,274** | **34,783** | **764,804** | **-** | **-** | **4,124,669** |

(*) 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.

| Prior period<br>Asset classes/Risk weight | 0% | 10% | 20% | 50% | 75% | 100% | 150% | Others | Total credit exposure (*) |
|---|---|---|---|---|---|---|---|---|---|
| Claims on sovereigns and Central Banks | 506,790 | - | - | - | - | 30,754 | - | - | 537,544 |
| 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 | - | - | 366,469 | 3,093,880 | - | 700 | - | - | 3,461,049 |
| Claims on corporates | - | - | 860 | 33,864 | - | 1,269,859 | - | - | 1,304,583 |
| Claims included in the regulatory retail portfolios | - | - | - | - | 55,599 | - | - | - | 55,599 |
| Other assets (**) | - | - | - | - | - | - | - | - | - |
| **Total** | **506,790** | **-** | **367,329** | **3,127,744** | **55,599** | **1,301,313** | **-** | **-** | **5,358,775** |

(*) 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.

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

## VII. Explanations on unconsolidated risk management (continued)

### 6. 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.

### 7. Credit derivatives

There is no credit derivative transaction.

### 8. Exposures to central counterparties (CCP)

There is no exposure to central counterparties.

### 9. Explanations on securitisation

There is no secuitisation transaction.

### 10. Explanations on market risk

| | Current period RWA | Prior Period RWA |
|---|---|---|
| **Outright products** | **765,638** | **389,500** |
| Interest rate risk (general and specific) | 385,450 | 313,550 |
| Equity risk (general and specific) | - | - |
| Foreign exchange risk | 380,188 | 75,950 |
| Commodity risk | - | - |
| **Options** | **-** | **-** |
| Simplified approach | - | - |
| Delta-plus method | - | - |
| Scenario approach | - | - |
| Securitisation | - | - |
| **Total** | **765,638** | **389,500** |

## VIII. 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 | 640,000 | 107,235 | - | 2,540,000 | 127,284 | 11,068 |
| Cross currency swaps | - | - | - | - | - | - |
| **Total** | **640,000** | **107,235** | **-** | **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 | | 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) |
| | | | Assets | Liabilities | | | |
| Interest rate swaps | TL/FC customer deposits | Cash flow risk due to the changes in the interest rates of TL and FC customer deposits | 107,235 | - | 33,154 | (99,634) | 327 |
| 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 | - | - | (8,659) | - | - |
| **Total** | | | **107,235** | **-** | **24,495** | **(99,634)** | **327** |

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

## XI. 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 – 30 June 2022 | Corporate, Business Banking | Retail Banking | Other | Total |
|---|---|---|---|---|
| Net interest income | 860,515 | 735,898 | 351,432 | 1,947,845 |
| Net fees and commissions income and other operating income | 579,076 | 326,065 | (23,766) | 881,375 |
| Trading gain/loss | 168,716 | 94,840 | 319,613 | 583,169 |
| Dividend income | - | - | 347 | 347 |
| Expected credit loss | (305,819) | (137,917) | - | (443,736) |
| Segment results | 1,302,488 | 1,018,886 | 647,626 | 2,969,000 |
| Other operating expenses (*) (**) | - | - | - | (1,439,938) |
| Income/loss from investments under equity accounting | - | - | - | 72,658 |
| Income from continuing operations before tax | - | - | - | 1,601,720 |
| Tax provision (*) | - | - | - | (437,788) |
| **Net profit** | | | | **1,163,932** |

| Prior period – 30 June 2021 | Corporate, Business Banking | Retail Banking | Other | Total |
|---|---|---|---|---|
| Net interest income | 443,269 | 509,143 | 209,019 | 1,161,431 |
| Net fees and commissions income and other operating income | 314,113 | 206,247 | (13,221) | 507,139 |
| Trading gain/loss | 115,173 | 42,658 | (73,583) | 84,248 |
| Dividend income | - | - | 177 | 177 |
| Expected credit loss | (220,479) | (75,401) | (687) | (296,567) |
| Segment results | 652,076 | 682,647 | 121,705 | 1,456,428 |
| Other operating expenses (*) (**) | - | - | - | (1,004,430) |
| Income/loss from investments under equity accounting | | | | 83,539 |
| Income from continuing operations before tax | - | - | - | 535,537 |
| Tax provision (*) | - | - | - | (151,941) |
| **Net profit** | | | | **383,596** |

(*) 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 – 30 June 2022 | Corporate, Business Banking | Retail Banking | Other | Total |
|---|---|---|---|---|
| Asset | 42,805,389 | 12,951,813 | 36,152,173 | 91,909,375 |
| Liability | 16,200,202 | 44,922,033 | 18,866,633 | 79,988,868 |
| Equity | - | - | 11,920,507 | 11,920,507 |

| 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 | 133,734 | 3,172,054 | 134,580 | 2,879,131 |
| Balances with the Central Bank of Turkey | 2,379,100 | 12,483,692 | 1,876,631 | 13,912,127 |
| Other | - | 291 | - | - |
| **Total** | **2,512,834** | **15,656,037** | **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 | 1,979,939 | 3,343,902 | 1,876,631 | 3,315,244 |
| Restricted time deposit | - | 1,558,980 | - | 4,265,380 |
| Reserve requirement | 399,161 | 7,580,810 | - | 6,331,503 |
| **Total** | **2,379,100** | **12,483,692** | **1,876,631** | **13,912,127** |

As per the "Communiqué on Reserve Requirements" promulgated by the Central Bank, banks operating in Turkey 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.

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of TL Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in USD, EUR and GBP and participation fund accounts in foreign currency to TL time deposit and participation funds is 10% in TL for real and legal persons as of the obligation date of 15 April 2022; for banks that have reached 10% for real persons, 20% for legal entities as of the obligation date of 8 July 2022, and 20% for real persons and 20% for legal persons as of the date of 2 September 2022 has been decided not to apply the annual commission on the part of the amount required to be kept for their liabilities until the end of 2022. The practice of charging double commission from banks that could not reach the conversion rate determined as of 2 September 2022 was canceled, and the commission rate was increased from 1.5% to 5% as of the commitment date of 8 July 2022.

TL 1,979,565 (31 December 2021: TL 1,876,237) of the TL reserve deposits provided over the average balance and TL 3,343,902 (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 or loss subject to repo transactions and those given as collateral/blocked are stated below in net amount.

| | Current period | Prior period |
|---|---|---|
| Unrestricted portfolio | 202,749 | 134,575 |
| Collateral / blocked | 41,718 | 40,303 |
| **Total** | **244,467** | **174,878** |

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

| | Current period | | Prior period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Forward transactions | - | 216,300 | - | 477,496 |
| Swap transactions | 2,869,207 | 561,963 | 4,102,247 | 258,886 |
| Futures transactions | - | - | - | - |
| Options | 481 | 33,879 | 85 | 6,626 |
| Other | - | - | - | - |
| **Total** | **2,869,688** | **812,142** | **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 | 4,865 | 3,183,753 | 205 | 1,014,113 |
| Domestic | 4,865 | 3,314 | 205 | 690 |
| Foreign | - | 3,180,439 | - | 1,013,423 |
| Headquarters and branches abroad | - | - | - | - |
| **Total** | **4,865** | **3,183,753** | **205** | **1,014,113** |

As of 30 June 2022, restricted bank balance amounting to TL 610,884 (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 | 1,216,612 | 209,662 |
| Repo transactions | - | 1,131,396 |
| Collateral / blocked | - | - |
| **Total** | **1,216,612** | **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 | 1,207,504 | 1,335,706 |
| Quoted to stock exchange | 1,207,504 | 1,335,706 |
| Not quoted | - | - |
| Equity certificates | 12,281 | 11,317 |
| Quoted to stock exchange | - | - |
| Not quoted | 12,281 | 11,317 |
| Provision for impairment (-) | (3,173) | (5,965) |
| **Total** | **1,216,612** | **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 | 125 | 1,185,373 | 187 | 1,082,968 |
| Corporate shareholders | - | 1,185,373 | - | 1,082,968 |
| Real person shareholders | 125 | - | 187 | - |
| Indirect loans granted to shareholders of the Bank | 729 | 488,630 | 395 | 428,782 |
| Loans granted to employees of the Bank | 49,986 | - | 42,595 | - |
| **Total** | **50,840** | **1,674,003** | **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 | Restructured loans and receivables: Refinance |
|---|---|---|---|---|
| Non-specialized loans | 47,811,081 | 5,695,093 | 532,647 | 312,519 |
| Business loans | 16,100,149 | 4,385,837 | 353,257 | 312,519 |
| Export loans | 13,417,209 | 201,190 | 32,224 | - |
| Import loans | - | - | - | - |
| Loans given to financial sector | 3,832,392 | - | - | - |
| Consumer loans | 10,929,406 | 1,046,209 | 138,042 | - |
| Credit cards | 551,365 | 51,188 | 9,124 | - |
| Other | 2,980,560 | 10,669 | - | - |
| Specialized loans | - | - | - | - |
| Other receivables | - | - | - | - |
| **Total** | **47,811,081** | **5,695,093** | **532,647** | **312,519** |

**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 | Restructured loans and receivables: 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: Standard loans | Current period: Loans under close monitoring | Prior period: Standard loans | Prior period: Loans close monitoring |
|---|---|---|---|---|
| 12 month expected credit losses | 215,326 | - | 162,873 | - |
| Lifetime expected credit losses significant increase in credit risk | - | 242,245 | - | 341,219 |

### 5.3. Loans according to their maturity structure

Not prepared as per Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes that will be Publicly Announced.

(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** | **667,514** | **11,207,834** | **11,875,348** |
| Mortgage loans | 52 | 3,320,431 | 3,320,483 |
| Automotive loans | 13,285 | 351,386 | 364,671 |
| General purpose loans | 654,177 | 7,536,017 | 8,190,194 |
| 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** | **553,996** | **6,771** | **560,767** |
| With installments | 147,994 | 6,771 | 154,765 |
| Without installments | 406,002 | - | 406,002 |
| **Consumer credit cards – FC** | **-** | **-** | **-** |
| With installments | - | - | - |
| Without installments | - | - | - |
| **Personnel loans – TL** | **7,260** | **28,571** | **35,831** |
| Mortgage loans | - | - | - |
| Automotive loans | - | - | - |
| General purpose loans | 7,260 | 28,571 | 35,831 |
| 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** | **14,280** | **-** | **14,280** |
| With installments | 5,069 | - | 5,069 |
| Without installments | 9,211 | - | 9,211 |
| **Personnel credit cards – FC** | **-** | **-** | **-** |
| With installments | - | - | - |
| Without installments | - | - | - |
| **Overdraft accounts – TL (real person)** | **202,478** | **-** | **202,478** |
| **Overdraft accounts – FC (real person)** | **-** | **-** | **-** |
| **Total** | **1,445,528** | **11,243,176** | **12,688,704** |

(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** | **1,088,537** | **1,048,055** | **2,136,592** |
| Real estate loans | - | 3,528 | 3,528 |
| Automotive loans | 18,279 | 97,856 | 116,135 |
| General purpose loans | - | - | - |
| Other | 1,070,258 | 946,671 | 2,016,929 |
| **Commercial installment loans – indexed to FC** | **-** | **17,081** | **17,081** |
| Real estate loans | - | - | - |
| Automotive loans | - | - | - |
| General purpose loans | - | - | - |
| Other | - | 17,081 | 17,081 |
| **Commercial installment loans - FC** | **-** | **-** | **-** |
| Real estate residential loans | - | - | - |
| Automotive loans | - | - | - |
| General purpose loans | - | - | - |
| Other | - | - | - |
| **Corporate credit cards – TL** | **36,630** | **-** | **36,630** |
| With installments | 15,861 | - | 15,861 |
| Without installments | 20,769 | - | 20,769 |
| **Corporate credit cards – FC** | **-** | **-** | **-** |
| With installments | - | - | - |
| Without installments | - | - | - |
| **Overdraft loans – TL (legal entity)** | **42,486** | **-** | **42,486** |
| **Overdraft loans – FC (legal entity)** | **-** | **-** | **-** |
| **Total** | **1,167,653** | **1,065,136** | **2,232,789** |

### 5.6. Loans according to borrowers

Not prepared as per Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes that will be Publicly Announced.

### 5.7. Domestic and foreign loans

| | Current period | Prior period |
|---|---|---|
| Domestic loans | 54,349,642 | 45,730,773 |
| Foreign loans | 1,698 | 8,086 |
| **Total** | **54,351,340** | **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 | 643,617 | 757,539 |
| Indirect loans granted to subsidiaries and associates | - | - |
| **Total** | **643,617** | **757,539** |

### 5.9. Specific provisions set aside against loans

| | Current period | Prior period |
|---|---|---|
| Loans and receivables with limited collectability | 16,551 | 60,838 |
| Loans and receivables with doubtful collectability | 91,515 | 33,277 |
| Uncollectible loans and receivables | 980,364 | 1,169,542 |
| **Total** | **1,088,430** | **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 | - | 4,066 | 85,569 |
| Restructured loans | - | 4,066 | 85,569 |
| **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 (+) | 85,058 | 3,265 | 8,890 |
| Transfers to other categories of non-performing loans (+) | - | 125,293 | 36,336 |
| Transfers from other categories of non-performing loans (-) | (125,293) | (36,336) | - |
| Collections (-) | (28,197) | (16,258) | (143,609) |
| Write-offs (-) (*) | (1) | (15) | (7,586) |
| Sold Portfolio (-) (**) | - | - | (108,058) |
| Corporate and commercial loans | - | - | (16,370) |
| Retail loans | - | - | (72,647) |
| Credit cards | - | - | (19,041) |
| Other | - | - | - |
| **Current period end balance** | **23,136** | **130,771** | **1,365,852** |
| Provisions (-) | (16,551) | (91,515) | (980,364) |
| **Net balance on balance sheet** | **6,585** | **39,256** | **385,488** |

(*) 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 (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 | - | 1,560 | 156,874 |
| Provision (-) | - | (1,269) | (95,387) |
| **Net balance on balance sheet** | **-** | **291** | **61,487** |
| **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)** | **6,585** | **39,256** | **385,488** |
| Loans granted to corporate entities and real person (gross) | 23,136 | 130,771 | 1,365,852 |
| Provision amount(-) | (16,551) | (91,515) | (980,364) |
| Loans granted to corporate entities and real person (net) | 6,585 | 39,256 | 385,488 |
| 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)** | **147** | **3,355** | **21,063** |
| Interest accruals and valuation differences | 1,788 | 11,635 | 66,998 |
| Provision (-) | (1,641) | (8,280) | (45,935) |
| **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

Not prepared as per Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes that will be Publicly Announced.

### 5.12. Information on the write-off policy

Not prepared as per Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes that will be Publicly Announced.

(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 | 419,419 | 1,397,601 |
| Collateralised / blocked investments (*) | 2,422,165 | 1,026,088 |
| **Total** | **2,841,584** | **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 | 5,723,330 | 5,609,794 |
| Treasury bills | - | - |
| Other government securities | - | - |
| **Total** | **5,723,330** | **5,609,794** |

### 6.3. Financial assets measured at amortised cost

| | Current period | Prior period |
|---|---|---|
| Debt securities | 5,723,330 | 5,609,794 |
| Quoted to stock exchange | 5,723,330 | 5,609,794 |
| Not quoted | - | - |
| Impairment provision (-) | - | - |
| **Total** | **5,723,330** | **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 | 1,211,891 | 3,378,383 |
| Disposals through sales and redemptions | (1,120,443) | (2,006,706) |
| Provision for impairment (-) | - | - |
| Valuation effect | 22,088 | (15,197) |
| **Period end balance** | **5,723,330** | **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 30 June 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 | 3,345 | 50,000 | 31,907 |
| Profit reserves, capital reserves and prior year profit/loss | 173,009 | 188,275 | 57,619 |
| Profit | 47,633 | 15,497 | 16,926 |
| Development cost of operating lease (-) | - | - | - |
| Intangible assets (-) | - | (169) | - |
| **Total core capital** | **223,987** | **253,603** | **106,452** |
| **Supplementary capital** | **-** | **-** | **-** |
| **Capital** | **223,987** | **253,603** | **106,452** |
| **Net usable shareholder's equity** | **223,987** | **253,603** | **106,452** |

(*) 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. 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 30 June 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) | 6,980,807 | 223,987 | 56 | 108,378 | - | 47,633 | 27,118 | - |
| (2) | 1,335,927 | 253,772 | 1,459 | 38,134 | - | 15,497 | 18,517 | - |
| (3) | 387,928 | 106,452 | 559 | 9,437 | - | 16,926 | 16,834 | - |

(*) The financial information of ING European Financial Services Plc. and ING Leasing are obtained from 30 June 2022 unreviewed financial statements, the financial information of ING Securities are obtained from 30 June 2022 reviewed 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 | 131,167 | 270,097 |
| Purchases | - | - |
| Bonus shares obtained | - | - |
| Dividends from current year income | 72,658 | 129,955 |
| Sales | - | - |
| Revaluation increase (*) | 58,509 | 140,142 |
| Provisions for impairment | - | - |
| **Balance at the end of the period** | **970,453** | **839,286** |
| Capital commitments | - | - |
| Share percentage at the end of the period (%) | 100 | 100 |

(*) Amounts refer to revaluation differences arising from accounting of financial subsidiaries under the equity method as explained in the Note XXIV of Section Three.

### 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 | 234,083 | 216,381 |
| Finance companies | - | - |
| Other financial subsidiaries | 564,988 | 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 | 107,235 | - | 127,284 | - |
| Net investment hedge | - | - | - | - |
| **Total** | **107,235** | **-** | **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)

Not prepared as per Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes that will be Publicly Announced.

### 13. Information on intangible assets (net)

Not prepared as per Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes that will be Publicly Announced.

### 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 30 June 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 Note II.9 of Section Five.

### 15.2. Explanations on deferred tax asset

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 Note II 9 of Section Five.

### 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 | 1,552,047 | - | 10,778,448 | 2,334,725 | 8,035,506 | 883,669 | 691,734 | - | 24,276,129 |
| Foreign currency deposits | 8,118,083 | - | 12,197,263 | 6,296,805 | 768,526 | 131,726 | 85,294 | - | 27,597,697 |
| Residents in Turkey | 8,021,037 | - | 12,087,813 | 6,136,620 | 755,731 | 117,701 | 79,343 | - | 27,198,245 |
| Residents abroad | 97,046 | - | 109,450 | 160,185 | 12,795 | 14,025 | 5,951 | - | 399,452 |
| Public sector deposits | 311,145 | - | - | 2 | - | - | - | - | 311,147 |
| Commercial deposits | 966,279 | - | 2,374,082 | 209,397 | 1,063,810 | 41,193 | 128,600 | - | 4,783,361 |
| Other institutions deposits | 11,464 | - | 6,483 | 3,424 | 2 | 9 | 7 | - | 21,389 |
| Precious metals deposits | 2,476,719 | - | 1,447,098 | - | - | - | - | - | 3,923,817 |
| Interbank deposits | 93,280 | - | - | - | - | - | - | - | 93,280 |
| Central Bank of Turkey | - | - | - | - | - | - | - | - | - |
| Domestic banks | 84,053 | - | - | - | - | - | - | - | 84,053 |
| Foreign banks | 9,227 | - | - | - | - | - | - | - | 9,227 |
| Participation banks | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - |
| **Total** | **13,529,017** | **-** | **26,803,374** | **8,844,353** | **9,867,844** | **1,056,597** | **905,635** | **-** | **61,006,820** |

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 30 June 2022 is TL 10,323,538 (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

| Saving deposits | Under the guarantee of saving deposit insurance | | Exceeding the limit of saving deposit insurance | |
|---|---|---|---|---|
| | Current period | Prior period | Current period | Prior period |
| Saving deposit | 14,312,703 | 11,045,377 | 9,959,396 | 6,499,960 |
| Foreign currency saving deposits | 8,238,224 | 7,659,628 | 15,631,841 | 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 | - | - | - | - |

(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 | 28,693 | 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 | - | 443,334 | - | 733,145 |
| Swap transactions | 1,652,912 | 284,480 | 1,169,273 | 76,017 |
| Future transactions | - | - | - | - |
| Options | 522 | 35,354 | 63 | 8,306 |
| Other | - | - | - | - |
| **Total** | **1,653,434** | **763,168** | **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 | 115,490 | 532,042 | 115,519 | 389,185 |
| Funds borrowed from foreign banks, institutions and funds | 1,549,157 | 8,032,235 | 208,871 | 8,711,633 |
| **Total** | **1,664,647** | **8,564,277** | **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 | 1,650,949 | 472,104 | 303,248 | 965,364 |
| Medium and long term | 13,698 | 8,092,173 | 21,142 | 8,135,454 |
| **Total** | **1,664,647** | **8,564,277** | **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 | 214,448 | - | - | - |
| Bonds | 351,337 | - | - | - |
| **Total** | **565,785** | **-** | **-** | **-** |

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.

Within the current year there is issuance in amount of TL 648,030 (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 | 15,842 | 4,724 | 14,477 | 5,079 |
| Between 1-4 years | 84,339 | 51,136 | 71,331 | 49,307 |
| More than 4 year | 221,812 | 126,906 | 178,280 | 107,139 |
| **Total** | **321,993** | **182,766** | **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 | 35,150 | 36,717 |
| Provision for credit card score promotion | 1,351 | 1,287 |
| Other provisions | 209,654 | 189,630 |
| *Allowance for expected credit losses (Stage 1 and Stage 2) (*)* | *53,409* | *48,661* |
| *Other* | *156,245* | *140,969* |
| **Total** | **246,155** | **227,634** |

(*) Non-cash loan provisions are included.

Amount to TL 138,108 (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 30 June 2022, TL 57,929 (31 December 2021: TL 36,797) of TL 107,827 (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 49,898 (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 10,848.59 (Full TL) at 30 June 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 30 June 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.

### 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 30 June 2022 amounting to TL 432,514 (31 December 2021: None).

### 9.1.2. Information on taxes payable

| | Current period | Prior period |
|---|---|---|
| Corporate tax payable | 432,514 | - |
| Taxation of securities | 26,406 | 25,418 |
| Banking insurance transaction tax ("BITT") | 30,651 | 27,809 |
| Foreign exchange transaction tax | 3,638 | 20,137 |
| Value added tax payable | 9,994 | 11,654 |
| Property tax | 899 | 795 |
| Other | 18,634 | 14,018 |
| **Total** | **522,736** | **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 | 9,192 | 6,289 |
| Social security premiums-employer | 13,652 | 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 | 648 | 443 |
| Unemployment insurance-employer | 1,298 | 888 |
| Other | - | - |
| **Total** | **24,790** | **16,959** |

### 9.2. Explanations on deferred tax liabilities

As of 30 June 2022, the net deferred tax liabilities of the Bank amounts to TL 141,001 (31 December 2021: TL 498,804) 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 (*) | 264,153 | 66,038 | 204,483 | 46,211 |
| Fair value differences for financial assets and liabilities | 44,707 | 11,445 | (74,364) | (14,953) |
| Derivative valuation differences | (1,446,898) | (361,725) | (2,994,386) | (660,587) |
| Expected credit losses of Stage I and II | 529,021 | 132,255 | 563,228 | 118,294 |
| Other | 50,538 | 10,986 | 62,613 | 12,231 |
| **Total deferred tax assets / (liabilities) net** | | **(141,001)** | | **(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 – 30 June 2022) | Prior period (1 January – 30 June 2021) |
|---|---|---|
| **Opening balance** | **(498,804)** | **(185,063)** |
| Deferred tax income / (expense) net | 370,193 | (101,612) |
| Deferred tax recognized under equity | (12,390) | (14,880) |
| **Balance at the end of the period** | **(141,001)** | **(301,555)** |

### 10. Information on liabilities regarding assets held for sale

As of 30 June 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.

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

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

### 12.7. Information on preferred shares

There are no preferred shares.

### 12.8. Information on marketable securities revaluation reserve

| | Current period | | Prior period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| From associates, subsidiaries, and entities under common control | - | - | - | - |
| Valuation difference | (2,132) | - | (11,562) | - |
| Foreign exchange difference | - | - | - | - |
| **Total** | **(2,132)** | **-** | **(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 | 5,009,037 | 2,233,024 |
| Loan granting commitments | 2,410,160 | 2,085,527 |
| Commitments for cheque payments | 215,603 | 200,991 |
| Commitments for credit card limits | 1,093,802 | 1,065,190 |
| Commitments for credit cards and banking services promotions | 11,619 | 7,093 |
| Other irrevocable commitments | 29,255 | 28,697 |
| **Total** | **8,769,476** | **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 | 3,011,265 | 2,859,189 |
| Letter of credits | 1,450,236 | 909,056 |
| Bank acceptance loans | 923 | - |
| **Total** | **4,462,424** | **3,768,245** |

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

| | Current period | Prior period |
|---|---|---|
| Irrevocable letters of guarantees | 6,600,015 | 6,848,396 |
| Cash loans letters of guarantees | 716,601 | 695,953 |
| Advance letters of guarantees | 690,862 | 830,462 |
| Temporary letters of guarantees | 61,939 | 59,184 |
| Other | 104,458 | 114,133 |
| **Total** | **8,173,875** | **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 | 3,725,280 | 3,537,806 |
| With original maturity of 1 year or less than 1 year | 226,103 | 64,984 |
| With original maturity of more than 1 year | 3,499,177 | 3,472,822 |
| Other non-cash loans | 8,911,019 | 8,778,567 |
| **Total** | **12,636,299** | **12,316,373** |

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

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

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

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

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

### 2. Information on derivative transactions

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

### 3. Information on credit swaps and related risks

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

### 4. Information on contingent liabilities and assets

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

### 5. Information on the services provided on behalf of others

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

(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 | 1,642,484 | 217,805 | 669,355 | 75,506 |
| Medium and long term loans | 1,160,106 | 294,529 | 1,060,523 | 155,312 |
| Interest on loans under follow-up | 90,403 | - | 64,926 | - |
| Premiums received from resource utilization support fund | - | - | - | - |
| **Total** | **2,892,993** | **512,334** | **1,794,804** | **230,818** |

(*) 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 | - | - | - | - |
| From domestic banks | 1,579 | 139 | 930 | 64 |
| From foreign banks | - | 2,715 | - | 3,253 |
| From branches abroad | - | - | - | - |
| **Total** | **1,579** | **2,854** | **930** | **3,317** |

### 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 | 17,828 | 4,279 | 2,670 | 793 |
| Financial assets measured at fair value through other comprehensive income | 88,077 | - | 58,138 | - |
| Financial assets measured at amortised cost | 406,218 | - | 242,156 | - |
| **Total** | **512,123** | **4,279** | **302,964** | **793** |

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

| | Current period | Prior period |
|---|---|---|
| Interest income from associates and subsidiaries | 4,594 | 4,317 |

(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 | 36,951 | 88,314 | 106,236 | 58,113 |
| Central Bank of Turkey | - | - | - | - |
| Domestic banks | 9,056 | 548 | 6,533 | 82 |
| Foreign banks | 27,895 | 87,766 | 99,703 | 58,031 |
| Branches and offices abroad | - | - | - | - |
| Other institutions | - | 3,900 | - | 485 |
| **Total** | **36,951** | **92,214** | **106,236** | **58,598** |

(*) 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 | 10,671 | 4,121 |

### 2.3. Information on interest on securities issued

| | Current period | | Prior period | |
|---|---|---|---|---|
| | TL | FC | TL | FC |
| Interest on securities issued | 15,997 | - | - | - |

### 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 | - | 622 | - | - | - | - | - | 622 |
| Saving deposits | - | 961,252 | 423,858 | 181,765 | 11,292 | 35,714 | - | 1,613,881 |
| Public sector deposits | - | - | - | - | - | - | - | - |
| Commercial deposits | - | 128,750 | 29,485 | 105 | 3 | 2 | - | 158,345 |
| Other deposits | - | 541 | 223 | - | - | - | - | 764 |
| 7 days call accounts | - | - | - | - | - | - | - | - |
| **Total** | **-** | **1,091,165** | **453,566** | **181,870** | **11,295** | **35,716** | **-** | **1,773,612** |
| **Foreign currency** | | | | | | | | |
| Foreign currency deposits | - | 25,715 | 41,115 | 2,522 | 493 | 273 | - | 70,118 |
| Banks deposits | - | 1,182 | - | - | - | - | - | 1,182 |
| 7 days call accounts | - | - | - | - | - | - | - | - |
| Precious metal deposits | - | 1,762 | - | - | - | - | - | 1,762 |
| **Total** | **-** | **28,659** | **41,115** | **2,522** | **493** | **273** | **-** | **73,062** |
| **Grand total** | **-** | **1,119,824** | **494,681** | **184,392** | **11,788** | **35,989** | **-** | **1,846,674** |

(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

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

### 4. Information on trading income/loss (net)

| | Current period | Prior period |
|---|---|---|
| **Income** | **28,247,343** | **18,108,234** |
| Gains on capital market transactions | 44,858 | 129,026 |
| Gains on derivative financial instruments | 17,387,840 | 9,453,826 |
| Foreign exchange gains | 10,814,645 | 8,525,382 |
| **Loss (-)** | **(27,664,174)** | **(18,023,986)** |
| Loss on capital market transactions | (51,649) | (33,037) |
| Loss on derivative financial instruments | (15,627,103) | (9,027,950) |
| Foreign exchange loss | (11,985,422) | (8,962,999) |

Net profit on derivative financial instruments recognized in profit/loss resulting from fluctuations in foreign exchange rates is TL 1,760,737 (30 June 2021: TL 593,142 net profit).

### 5. Information on other operating income

| | Current period | Prior period |
|---|---|---|
| Income from reversal of prior years' provisions | 545,839 | 255,929 |
| Income arising from sale of assets | 53,035 | 21,170 |
| Banking services income | 809 | 848 |
| Other non-interest income | 28,459 | 27,116 |
| **Total** | **628,142** | **305,063** |

### 6. Allowance for expected credit losses and other provision expenses

| | Current period. | Prior period |
|---|---|---|
| Expected credit losses | 443,736 | 296,567 |
| *12-Month expected credit loss (Stage 1)* | *158,672* | *5,170* |
| *Expected credit loss significant increase in credit risk (Stage 2)* | *117,158* | *31,332* |
| *Expected credit loss impaired credits (Stage 3)* | *167,906* | *260,065* |
| Impairment losses on securities | 3,375 | 268 |
| *Financial assets measured at fair value through profit/loss* | *3,375* | *268* |
| *Financial assets measured at fair value through other comprehensive income* | - | - |
| Impairment losses on associates, subsidiaries and joint-ventures | - | - |
| *Associates* | - | - |
| *Subsidiaries* | - | - |
| *Joint ventures* | - | - |
| Other | 24,232 | 5,467 |
| **Total** | **471,343** | **302,302** |

(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 | 4,497 | 2,127 |
| Bank social aid fund deficit provision | - | - |
| Tangible assets impairment expense | - | - |
| Depreciation expense of tangible assets | 58,827 | 61,523 |
| Intangible assets impairment expense | - | - |
| Goodwill impairment expense | - | - |
| Amortisation expense of intangible assets | 12,511 | 14,973 |
| 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 | 594,705 | 386,803 |
| Operating lease expenses related with TFRS 16 exception | 18,800 | 8,013 |
| Repair and maintenance expenses | 19,979 | 14,697 |
| Advertisement expenses | 63,872 | 48,652 |
| Other expenses | 492,054 | 315,441 |
| Loss on sales of assets | 1,450 | 2,283 |
| Other (*) | 186,780 | 149,574 |
| **Total** | **858,770** | **617,283** |

(*) Includes saving-deposits-insurance-fund related expenses of TL 81,552 (30 June 2021: TL 67,512).

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

As of 30 June 2022, the income before taxes is TL 1,601,720 (30 June 2021: TL 535,537).

### 9. Information on tax provision for continued and discontinued operations

As of 30 June 2022, the corporate tax provision expense for the period is TL 807,981 (30 June 2021: TL 50,329), and the deferred tax income is TL 370,193 (30 June 2021: TL 101,612 current tax expense).

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

Not prepared in compliance with Article 25 of the Communiqué on the Financial Statements and Related Explanations and Notes to be Announced to Public by Banks.

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

Interest income from regular banking transactions is TL 4,135,268 (30 June 2021: TL 2,931,671), while the interest expense is TL 2,187,423 (30 June 2021: TL 1,770,240).

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 279,078 (30 June 2021: TL 202,749) has included TL 83,697 (30 June 2021: TL 56,817) resulting from the credit card fees and commissions, TL 29,594 (30 June 2021: TL 21,581) resulting from service fees and commissions from contracted merchants and TL 55,123 (30 June 2021: TL 52,152) resulting from insurance commissions.

Other fees and commissions paid amounting to TL 111,712 (30 June 2021: TL 83,335) has included TL 61,904 (30 June 2021: TL 41,226) resulting from credit card exchange commissions.

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

## V. 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 (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 | 643,617 | 611 | 125 | 1,185,373 | 729 | 488,630 |
| Interest and commission income | 4,594 | 25,604 | 2 | 1,877 | - | 348 |

### 1.2 Prior period

| 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 | |
|---|---|---|---|---|---|---|
| | 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 | 4,317 | 23,745 | 4 | 1,423 | - | 272 |

### 1.3. Information on deposit balances of 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 |
| Deposit | | | | | | |
| Beginning of the period | 464,827 | 74,219 | 1,974 | 49,817 | 57,551 | 67,237 |
| End of the period | 324,452 | 464,827 | 6,226 | 1,974 | 92,192 | 57,551 |
| Interest expense on deposits | 10,195 | 4,121 | 136 | 195 | 2,836 | 1,800 |

### 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 | - | - | 25,531,550 | 19,803,771 | - | - |
| Total profit/loss | 462 | 86 | 48,398 | (11,763) | (16,260) | 13,311 |
| Transactions with hedging purposes | | | | | | |
| Beginning of the period | - | - | - | 1,002,441 | - | - |
| End of the period | - | - | - | - | - | - |
| Total profit/loss | - | - | 29,573 | 410 | - | - |

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

## V. Explanations and notes related to risk group of the Bank (continued)

### 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 | - | - | 98,327 | 36,926 | 132,020 | 36,239 |
| Interest income received | - | - | - | 5 | - | 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 | 173,696 | - | 2,106,680 | 1,722,551 | 10,902 | 19,903 |
| Interest and commission paid | 476 | - | 33,211 | 107,566 | 375 | 506 |

### 1.7 Information regarding benefits provided to the Bank's top management:

Benefits paid to key management personnel for the period ended as of 30 June 2022 is amounting to TL 26,527 (30 June 2021: TL 18,521).

## VI. Explanations and notes related to subsequent events

N. Yücel Ölçer's duty as Deputy Executive Vice President for Operations at the Bank ended on 15 July 2022.

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

# Section six

## Interim review report

### I. Explanations on the auditors' review report

The unconsolidated financial statements of the Bank as of 30 June 2022, have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member firm of Ernst&Young Global Limited) and the review report dated 5 August 2022 is presented at the beginning of this report.

### II. Explanations and notes prepared by independent auditors

There are no other significant footnotes and explanations related to the operations of the Bank that is not mentioned above.

## Section seven

## Interim activity report

## I. Interim unconsolidated activity report including the assessments of the Chairman and CEO on the interim activities

### 1. Overview

### 1.1. A summary of financial information relating to operating results for the period ended

Summary financial information on the unconsolidated financial statements of the Bank for the period 30 June 2022 and 31 December 2021 is as follows.

**Main balance sheet items**

| Million TL | Current period | Prior period |
|---|---|---|
| Net loans | 54,325 | 45,697 |
| Deposits | 61,007 | 53,082 |
| Equity | 11,921 | 10,809 |
| Total assets | 91,909 | 82,644 |

**Main financial ratios**

| | Current period | Prior period |
|---|---|---|
| Capital adequacy ratio | 18.18% | 20.21% |
| Loans / Total assets | 59.11% | 55.29% |
| Deposits / Total assets | 66.38% | 64.23% |
| Non-performing loans / Total loans | 2.72% | 3.64% |
| Income / Average capital (*) (**) | 20.53% | 12.01% |
| Income / Average assets (*) (**) | 2.70% | 1.76% |
| Expense / Income ratio (***) | 49.18% | 66.67% |

(*) Items related to statement of profit or loss are included in the ratio calculation after annualization process.

(**) TAS 27 accounting policy change applied in the unconsolidated financial statements of the Bank as of 31 December 2021 has not been reflected in the previous period Profitability Ratio calculations.

(***) Prior period profit/loss amounts are for the six month period ended 30 June 2021.

### 1.2 Changes and the reason for changes made in the Articles of Association

In the accounting period, there has not been any change in the Articles of Association of the Bank.

## I. Interim unconsolidated activity report including the assessments of the Chairman and CEO on the interim activities (continued)

### 1.3 Chairman's assessments of the operating period and expectations for the future

Aggravated by the factors including the Russo-Ukrainian War, which broke out at a time when economies strived to reopen amidst persisting supply chain problems, and the adverse impact of the conflict on energy and commodity prices, global inflation has climbed for two years in a row and become a major source of global concern. Interest rates below levels that could curb price risks in an environment of rampant global inflation reinforced the perception among central banks that measures must be taken.

Challenges were compounded by the fact that countries focused on their own problems rather than the global picture while the basic assumption that inflation is a problem and interest rates would continue to rise remained intact although steps taken by global central banks towards monetary tightening in an environment of increasingly evident geopolitical risks where China focuses on the problems caused by the pandemic lead to fears of a recession. Accordingly, the focus in the upcoming period will be on the search for a balance between global growth and inflation concerns.

On the domestic front, strong demand for private consumption and ongoing support from foreign demand were the determining factors for growth performance in the first quarter of the year as in the previous year. Despite a favorable growth performance, wide-ranging macroprudential arrangements were put in place in late April in response to an increasingly less supportive global environment and growing geopolitical risks that put more pressure on foreign trade balance. Particularly from mid-May, these steps have taken effect generally supporting macroeconomic stability.

At ING Turkey, while we follow domestic and global developments closely, we have continued to implement practices that will support the Turkish economy in addition to taking all measures possible to keep our employees and customers healthy and safe in the recent period.

In these challenging times, in line with our belief in the national economy, we will continue to invest mainly in technology and digitalization, to develop products and services in parallel with our next generation and digital banking approach, and to support the economy and our customers. I thank all our stakeholders, and particularly our business partners, customers, employees and main shareholder for their support and contributions.

John T. Mc Carthy
Chairman of the Board of Directors

## I. Interim unconsolidated activity report including the assessments of the Chairman and CEO on the interim activities (continued)

### 1.4 CEO's assessments of the operating period and expectations for the future

While the global inflation becomes prominent and challenging effects of the turmoil in our region are felt across the world economy, we continue to stand by our customers, stakeholders, and employees, and to contribute in the Turkish economy. Just as we support our customers financially, we also contribute in their digitalization journey with our digital products and services.

We continue to take strong steps towards digital leadership while showing robust performance in our financial statements. Based on unconsolidated financial data for the first half of the year, our bank's total assets reached TL 91.9 billion while its shareholder equity stood at TL 11.9 billion. Our earnings before tax were TL 1.6 billion and capital adequacy ratio was %18.1. Our bank's total cash loans were TL 55.9 billion while our deposits increased to TL 61 billion.

In addition to our robust financial results, we are also making a difference in the industry with our effortless and flexible banking approach. Bending conventional ways of doing business with our digital strength, we develop out of ordinary banking products and services and provide solutions that best fit the lives of our customers. In line with our understanding of banking that does not fit into branches or molds, we develop innovative services to make life easier for businesses. To this end, we launched our remote customer acquisition service, which allows sole proprietorships to become ING customers through an end-to-end digital experience anywhere, anytime they want without interrupting their work. We are also proud to be among the leading firms providing this service.

In the meantime, we offer advantageous loan opportunities on our digital channels through ING SME Instant Loan with a view to continuing our uninterrupted support to businesses and meet their cash needs whenever necessary. Furthermore, we are engaging in business partnerships in order to help firms strengthen in business. Most recently, as a part of our collaboration with Hepsiburada, we started providing vendors that join Hepsipartner My Business Partner platform with additional benefits.

In line with our digitalization vision, we continue to add new features to ING Mobil for a more effortless banking experience. As such, in line with our collaboration with Belbim, we provided our customers with the ability to top up their İstanbulkarts on ING Mobil. As ING Turkey, we strive to help our customers always stay a step ahead in their business and private lives, and support our pensioner customers through advantageous promotional opportunities.

As a part of an organization that takes pioneering steps in the field of sustainability in the field of sustainability, we are working in line with our goal of building a sustainable future and bringing our international experience and expertise into our country. Accordingly, we fully renewed our Euro 300 million equivalent first ever ESG-linked syndicated loan raised in 2021, with 100% roll-over ratio. We believe the funds obtained with this transaction will contribute to both our customers and the domestic economy.

Apart from all these, as leader in flexible working conditions, ING continues to expand its world of flexibilities for our employees. As an institution that makes a difference in the industry with its flexible working models, we offer our employees a flexible work environment with our innovative practices such as Flexi Career and Flexi Leave.

As we leave behind the first half of the year, I would like to extend my heartfelt thanks on behalf of myself and ING Turkey management team to all my colleagues and our business partners for their successful performance at a time of normalization from the pandemic accompanied by fluctuations in the world economy.

Alper İhsan Gökgöz
CEO

## I. Interim unconsolidated activity report including the assessments of the Chairman and CEO on the interim activities (continued)

### 1.5 Explanations on the Bank 's staff and branch number

The Bank continues its services and operations with 3,018 employees and 163 domestic branches, as of 30 June 2022.

### 1.6 Information on research and development about new services and activities

In the accounting period, there has not been any change in the Bank's research and development process about new service and operations.

### 2. Assessments about financial position and risk management

### 2.1 Information on Audit Committee's operations in accounting period

With the Board of Directors resolution, no. 32, dated 7 April 2022, Nermin Güney has been elected member of the Audit Committee substituting Martijn Bastiaan Kamps.

### 2.2 An assessment on financial status, profitability and solvency

According to the unconsolidated financial statements as of 30 June 2022, the asset size of the Bank is TL 91.9 billion and profit before tax is TL 1.6 billion. As of 30 June 2022, credits constitute 59% of total assets with TL 54.3 billion.

Deposits which is the primary funding source of the Bank, constitutes 66% of the balance sheet with TL 61.0 billion as of 30 June 2021. Even though the large base deposit structure covering small investments represents a short term source in the sector, it remains within the Bank for much longer compared to the original term.

As of 30 June 2022, unconsolidated capital adequacy ratio of the Bank has reached 18.18%. As of 30 June 2022, total equities of the Bank has reached TL 11.9 billion.

## I. Interim unconsolidated activity report including the assessments of the Chairman and CEO on the interim activities (continued)

### 2.3 Information on the risk management policies applied by risk types

There has been no change in the accounting period.

### 2.4 Information on whether ratings are determined by rating agencies

International credit rating agency Fitch Ratings Ltd. has revised/confirmed the Bank's credit ratings as of 26 July 2022 as follows:

Long-term Foreign Currency Rating: B- (Outlook: Negative)
Long-Term Local Currency: B (Outlook: Negative)
Short-term Foreign Currency Rating: B
Short Term Local Currency: B
Shreholder Support Rating: b-
National Long-Term Notes: AA (tur) (Outlook: Stable)
Viability Rating: b