



While we were preparing our 2022 Integrated Annual Report, our country was struck by two major earthquakes in Kahramanmaraş on 6 February 2023. With its 175 branches, 771 ATMs and 2,868 colleagues in the area affected by the earthquakes, Ziraat Bank responded immediately to these disasters, which shook us all. Working together with all of our units, and in an effort which went far beyond our Bank, we galvanized our efforts immediately in the hours after the tragedy struck, both for our members and their relatives and for all our citizens affected by the disaster.

While providing in-kind aid such as heating, shelter, fuel, medical supplies and food for earthquake victims, we provided tents and containers for our employees and their relatives in the region. By ensuring that our branches and ATMs remained in operation, we ensured the continuity of financial life.

Within the scope of the work which we carried out by mobilizing all our resources, we provided TL 20 billion in cash support to the Disaster and Emergency Management Directorate (AFAD) to provide support to the regions affected by the earthquake. In addition to this cash support, we rapidly implemented various measures including postponing loan repayments without interest to forgiving the debts of our citizens who lost their lives in the earthquake, and to providing financing with preferential terms to those in the region with various loan support packages.

The combination of the value generated by our work and our cash support reached approximately TL 35 billion.

Ziraat Bank will continue to work resolutely as “More Than a Bank” to ensure the most rapid redevelopment of the regions affected by the earthquake

On behalf of Ziraat Bank’s Board of Directors, Senior Management and its employees, we wish God’s mercy on the souls of our colleagues and citizens who lost their lives in the disaster, and a swift recovery to those whose lives were affected by the earthquake.

CONTENTS

INTRODUCTION

1	ABOUT THE INTEGRATED ANNUAL REPORT	42	RISKS, OPPORTUNITIES AND DEVELOPMENTS IN THE MARKETS
4	MESSAGE FROM THE CHAIRMAN OF THE BOARD	48	IN OUR 159 TH YEAR... MOVING FORWARD TO THE FUTURE
8	MESSAGE FROM THE CEO	62	AN ASSESSMENT OF 2022: DEVELOPMENTS AND TARGETS FOR THE FUTURE
12	CORPORATE PROFILE	100	ZIRAAT BANK AND THE ENVIRONMENT
13	OUR VISION-OUR MISSION-OUR STRATEGIES	114	ZIRAAT BANK'S SUBSIDIARIES IN 2022
16	MILESTONES IN THE HISTORY OF ZIRAAT BANK	116	INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT
22	KEY INDICATORS (ECONOMIC, ENVIRONMENTAL, SOCIAL)		
28	OUR AWARDS		

VALUE GENERATION AND STRATEGY

30	THE SUSTAINABILITY APPROACH AT ZIRAAT BANK	118	BOARD OF DIRECTORS
32	ZIRAAT BANK'S VALUE GENERATION MODEL	122	ZIRAAT BANK SENIOR MANAGEMENT
34	STRATEGIES AND ACHIEVEMENTS IN 2022	126	SUMMARY BOARD REPORT
36	THE SUSTAINABLE DEVELOPMENT GOALS (SDGs) AND ZIRAAT BANK	128	INFORMATION ON THE ACTIVITIES OF THE COMMITTEES
37	STAKEHOLDERS OF ZIRAAT BANK	131	ATTENDANCE BY THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE AUDIT COMMITTEE IN THE MEETINGS HELD DURING THE REPORTING PERIOD
38	IMPACT FRAMEWORK OF STRATEGIES	132	SUPPORT SERVICES PROVIDERS

MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

118	BOARD OF DIRECTORS
122	ZIRAAT BANK SENIOR MANAGEMENT
126	SUMMARY BOARD REPORT
128	INFORMATION ON THE ACTIVITIES OF THE COMMITTEES
131	ATTENDANCE BY THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE AUDIT COMMITTEE IN THE MEETINGS HELD DURING THE REPORTING PERIOD
132	SUPPORT SERVICES PROVIDERS

FINANCIAL INFORMATION AND RISK MANAGEMENT

133	AUDIT COMMITTEE'S ASSESSMENT OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE, AND RISK MANAGEMENT SYSTEMS IN 2022
139	ZIRAAT BANK'S FINANCIAL STANDING, PROFITABILITY AND SOLVENCY
140	RATIOS
141	INFORMATION ABOUT RISK MANAGEMENT POLICIES AND ACTIVITIES ACCORDING TO TYPE OF RISK
144	SUMMARY FINANCIAL INFORMATION FOR THE 5-YEAR PERIOD
145	CREDIT RATINGS ASSIGNED BY RATING AGENCIES
146	AMENDMENTS MADE TO THE ARTICLES OF ASSOCIATION IN 2022
147	UNCONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2022 WITH INDEPENDENT AUDITORS' REPORT THEREON
297	CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2022 WITH INDEPENDENT AUDITORS' REPORT THEREON

450 GRI CONTENT INDEX

DIRECTORY

FOR GENERATIONS
MORE THAN A BANK

159th year
Ziraat Bank

INTRODUCTION

GRI 2-1, 2-2, 2-3, 2-5

ABOUT THE INTEGRATED ANNUAL REPORT

SCOPE OF THE REPORT

The integrated annual report addresses the economic, environmental and social performance of Ziraat Bank for the period between 1 January 2022 and 31 December 2022 under a holistic approach. The report includes information regarding the Bank's banking activities and its domestic and international subsidiaries.

The report sets out Ziraat Bank's corporate strategy, foresight and goals for the future, and its ability to create long-term value in a multifaceted and integrated perspective.

The report is in compliance with the minimum annual reporting requirements of Banking Regulation and Supervision Agency (BRSA) and Turkish Commercial Law legal frameworks.

The integrated annual report is prepared in compliance with the International Integrated Reporting Framework recommended by The Value Reporting Foundation (VRF) and "In accordance with" option of GRI Standards published by Global Reporting Initiative (GRI). Content of the report is compiled in accordance with the content determination methods described in GRI Standards, mainly with materiality analysis. Performance indicators are presented mainly in the context of "GRI Standards" disclosures.

The 2022 integrated annual report includes detailed information on Ziraat Bank's governance approach, sustainability approach, interaction with its stakeholders, priority issues and the economic, social and the environmental value which it generates. In the report, the Bank's activities are covered within the framework of six different capital items in parallel with the classification of capital items proposed by the VRF. Furthermore, within the scope of the United Nations Sustainable Development Goals (SDGs), elements directly or indirectly contributed by the Bank have been identified and reflected in the report.

The financial indicators in the report are derived from data disclosed in Ziraat Bank's independently audited financial statements.

PERIOD OF THE REPORT

This report, unless otherwise stated, covers the period between 1 January 2022 and 31 December 2022.

The data contained in this report constitutes benchmarking criteria for the integrated annual reports which Ziraat Bank will publish in the coming periods.

REPORTING CYCLE

Ziraat Bank publishes its integrated annual report on an annual basis. The Bank plans to report its activities annually in the following years.

FEEDBACK

We would like to continue disclosing transparent and reliable information for our stakeholders. Your views on how we can further improve our report in the future will guide us. Please share your ideas via sustainability@ziraatbank.com.tr

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

Ziraat Bank's activities, which are deemed to contribute to the SDGs within the cycle of service, are addressed in different sections of this report in detail. The SDGs which the Bank has prioritized are highlighted in color in the following notation.



For more:



For more information, you can visit our website at: <https://www.ziraatbank.com.tr/en>

OUR BANK COLLECTION

GRI 413-1, 413-2



COLLECTING WORKS OF ART WITH THE AWARENESS OF COLLECTING SINCE 1926, ON ATATÜRK'S INSTRUCTIONS, ZIRAAT BANK HAS SUCCESSFULLY BROUGHT TOGETHER A COLLECTION OF ART WHICH INSTILLS PRIDE IN OUR COUNTRY.

The Ziraat Bank Collection, which covers all branches of fine art and includes works of art created in line with developing trends since its establishment, is of tremendous importance in documenting the history of art in our country. Ziraat Bank has integrated the support it has extended to art and artists since 1926 under the banner of "For art, within art" in order to share its artistic

treasures with society by transferring them outside the institution and to make art livable, and for this purpose, works of art in the collection were exhibited at different times.

The Ziraat Bank Collection, which covers a wide range of depictions from romantic landscapes to impressionist and symbolist interpretations, covers the works of artists who follow the

GRI 413-1, 413-2



traces and slants of modernism, from expressionist approaches to pursuits in the path of cubism, from breakthroughs which the Paris School contributed to the abstract movement, including blotchy abstractions and geometric abstract expressions, to compositions based on traditional sources, social realities and contemporary breakthroughs. Ziraat Bank meticulously archives

the works of Turkish Painters of the Republican era and hundreds of artists after 1950 who have created works in abstract, figurative, social realist, surrealist, naive, and stigmatizing forms, as well as having works in the new figuration tendency and pop genre, and producing products in their own original styles, carries out all kinds of activities that may be of use in the promotion of our culture and witnesses

the historical development of Turkish painting and sculptural art.

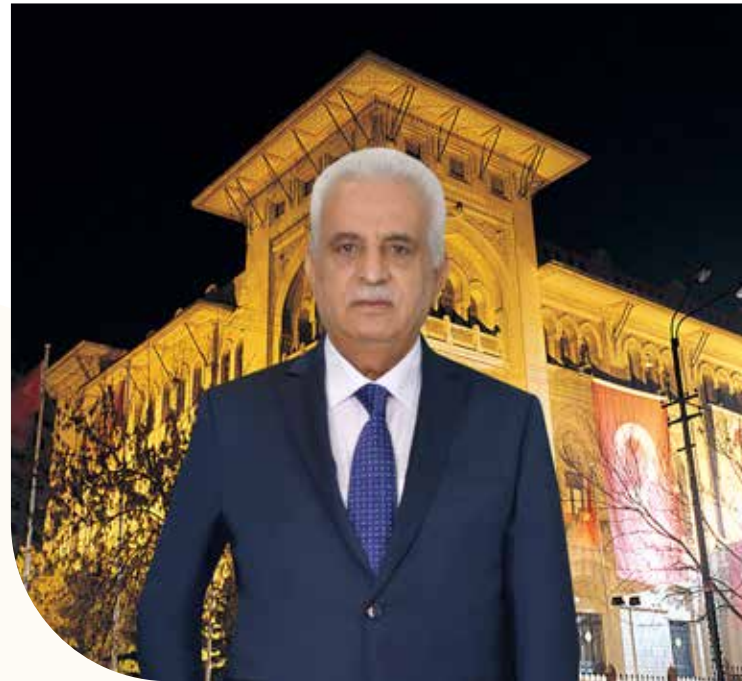
The Ziraat Bank Art Collection, which contains some of the rarest examples of Turkish art, is constantly expanding and now contains more than 2,500 works. It is exhibited in the Ziraat Bank Banking Museum located in the historical Ankara Head Office Building.

MESSAGE FROM THE CHAIRMAN OF THE BOARD

GRI 2-22, 3-1, 3-2, 3-3

DURING THE YEAR, THE GLOBAL ECONOMIC OUTLOOK CAME UNDER STRAIN FROM CHALLENGES SUCH AS RISING INFLATION, TIGHTENING FINANCIAL CONDITIONS, THE CONTINUING WAR BETWEEN RUSSIA AND UKRAINE AND A RESURGENCE IN COVID-19 CASES IN CHINA.

Burhaneddin TANYERİ
Chairman of the Board



Dear stakeholders,

While we were preparing our report for publication, tragedy struck in the form of the earthquakes which occurred in the Kahramanmaraş region on 6 February 2023, deeply upsetting the agricultural community as well as our entire nation. I would like to take this opportunity to wish God's mercy on the souls of our colleagues and citizens who lost their lives in the disaster, and to extend my condolences to their relatives and our country, and wish a speedy recovery to those who were injured.

Global economy struggles with headwinds on various fronts in 2022.

The challenges included rising inflation in many countries, tightening financial conditions, the ongoing war between Russia and Ukraine and the resurgence in Covid-19 cases in China, which continued to weigh on the global economic outlook throughout the year. As pandemic-related financial support was wound down, inflation reached its highest levels for decades, leading to a tightening in monetary policies at a global level and a decline in the households' purchasing power. As a result, global economic activity slowed at a much steeper pace than expected.

GRI 2-22, 3-1, 3-2, 3-3

The IMF estimated a 3.4% rate of global growth for 2022, while projecting growth of 2.9% for 2023 and 3.1% for 2024 in its update of the Global Economic Outlook Report published in January 2023.

As the Russia-Ukraine war drags on, there have been disruptions to regional supply chains while rising energy prices have piled upward pressure on input costs. Although the negative effects of the pandemic have eased in most countries, economic activity has continued to deteriorate, especially in China.

Taking these developments into account, the IMF revised its forecasts for the global economy in its update of the Global Economic Outlook Report published in January 2023. The report estimated a 3.4% rate of global growth for 2022, while projecting growth of 2.9% for 2023 and 3.1% for 2024.

The US Federal Reserve (Fed) increased the policy rate by 50 basis points to a range of 4.25%-4.50% at its December 2022 meeting. Supported by the limited improvement in inflation, the Fed was able to slow down the pace of rate hikes. Nevertheless, the Fed is expected to maintain the process of rate hikes in 2023.

Central banks in the Euro Zone and the UK also raised their policy rates by 50 basis in December. The European Central Bank (ECB) increased the policy rate from 0% in June to 2.5% at the end of the year while the Bank of England (BoE) raised its policy rate from 0.25% at the beginning of 2022 to 3.5% by the end of the year.

A number of international organizations now expect the current environment of uncertainty to continue to affect the whole world in the coming periods. In addition, these multidimensional problems may inhibit opportunities for global cooperation on issues such as sustainability, environment and combating climate change and security of supply.

THE EUROPEAN CENTRAL BANK INCREASED THE POLICY RATE FROM 0% IN JUNE TO 2.5% AT THE END OF THE YEAR WHILE THE BANK OF ENGLAND (BOE) RAISED ITS POLICY RATE FROM 0.25% AT THE BEGINNING OF 2022 TO 3.5% BY THE END OF THE YEAR.

MESSAGE FROM THE CHAIRMAN OF THE BOARD

GRI 2-22, 3-1, 3-2, 3-3

The Turkish economy maintained its strong growth despite the global economic backdrop suffering from geopolitical risks and high inflation.

Despite the global economic outlook, the Turkish economy managed to perform successfully.

Despite the global economic backdrop, which had demonstrated some recovery after the pandemic before suffering from geopolitical risks and high inflation, the Turkish economy maintained its strong growth.

The outbreak of the Russia-Ukraine war towards the end of February 2022 sparked disruptions in regional supply chains, endangering the supply of raw materials and food products, given the importance of both countries as suppliers at a global level. Although soaring global raw material and energy prices pose risks for production units in Turkey, the effects of these factors on the growth performance of the Turkish economy has proven limited, with Gross Domestic Product (GDP) having increased by 5.6% at the end of 2022.

The financing opportunities provided to exporters and the tourism sector through the Credit Guarantee Fund (KGF) packages within the scope of the Turkish Economy Model, whose main purpose is to strengthen macroeconomic and financial stability, have played a decisive role in this growth performance.

The rate of CPI inflation, which had followed a higher course throughout the year, eased back to 64.27% by the end of the year thanks to the anti-inflationary measures set out in the Turkish Economy Model.

A successful year for the banking sector, despite a myriad of negativities

The year 2022 was marked by high profitability rates, a satisfactory Return on Equity and operational expenses being successfully kept under control in the banking sector.

The sector's total assets increased by 55.7% when compared to the end of 2021 to reach TL 14.3 trillion, while the net profit for the period surged nearly five-fold to TL 431.6 billion, while shareholders' equity increased by 96.9% to TL 1,406 billion.

The capital adequacy of the banking sector maintained its strong outlook in the face of risks, and the sector's capital adequacy ratio (CAR) stood at 19% at the end of the year.

Ziraat Bank's solid financial structure played an important role in its performance in 2022.

Ziraat Bank possesses the competence and power to implement its long-term efficient growth strategy in all market conditions. Maintaining a stable stance in 2022, our Bank continued to take decisive steps with a visionary perspective and exhibited a successful financial and operational performance.

While continuing our efforts to strengthen our value proposition to our customers, we maintained our asset quality by exceeding sector averages on many indicators, and managed to grow by reinforcing our financial strength in conditions which could be described as difficult in global and national terms.

Performing our activities in line with our strategies and targets, we expanded our Bank's asset volume by 68.6% to TL 2,312 billion by the end of 2022. In the same period, our equity expanded by 108.5% to TL 202.5 billion while our net profit increased by 553.2% to TL 41 billion.

GRI 2-22, 3-1, 3-2, 3-3

Ziraat Bank possesses the competence and power to implement its long-term efficient growth strategy in all market conditions.

Looking ahead, we will continue our work with a focus on evaluating business opportunities correctly and increasing our performance.

We remain determined at Ziraat Bank to continue to put our signature on the best practices of sound, reliable and transparent banking.

Despite global and regional geopolitical risks, we focus on making the most of the growth opportunities which will present themselves in the medium and long term within the scope of our strategy and business model.

The progress we are achieving to reach our goals will carry us to a much stronger and more competitive position and enable us to increase the total added value we generate. We possess the sufficient material and intellectual capital necessary to achieve this.

On behalf of myself and the Board of Directors, I would like to take this opportunity to extend my thanks and respects to all of our stakeholders who contributed to our performance in 2022.

Burhaneddin TANYERİ
Chairman of the Board

THE PROGRESS WE ARE ACHIEVING TO REACH OUR GOALS WILL CARRY US TO A MUCH STRONGER AND MORE COMPETITIVE POSITION AND ENABLE US TO INCREASE THE TOTAL ADDED VALUE WE GENERATE.

MESSAGE FROM THE CEO

GRI 2-22, 3-1, 3-2, 3-3

OUR COUNTRY, FULLY INTEGRATED INTO THE GLOBAL ECONOMY, HAS SUCCESSFULLY OVERCOME THIS CHALLENGING PERIOD THANKS TO THE DECISIONS AND SUPPORTING MEASURES TAKEN BY THE INSTITUTIONS MANAGING THE ECONOMY.

Alpaslan ÇAKAR
Member of the Board of Directors and General Manager



Dear stakeholders,

Before moving on to my assessments, I would like to express the deep sadness we all felt by the earthquake which struck Kahramanmaraş and its surrounding 10 provinces on 6 February 2023, causing devastating damage and loss of life. I wish God's mercy on the souls of our colleagues and citizens who lost their lives as well as extending my condolences to their relatives and our country as a result of this disaster, which Ziraat Bank responded to immediately with action to heal the wounds caused by the disaster.

Geopolitical developments in 2022 usher in a new period of uncertainty and volatility all over the world.

The ongoing war in our surrounding region, the upward movement in global commodity and energy markets, the gathering inflationary

environment on a global scale and the tight monetary policies implemented by the central banks of developed countries led to a deterioration in global growth expectations. These developments around the world have forced all countries to develop and implement policies and strategies which will establish a balance between inflation and growth.

Fully integrated into the global economy, our country has succeeded in managing this challenging and uncertain process with accurate and timely foresight, in line with the decisions taken by the authorities managing our economy and the supportive measures taken. In this process, the Turkish banking sector has prioritized the effective use of resources and has more intensely supported areas of strategic importance for our country.

GRI 2-22, 3-1, 3-2, 3-3

Ziraat Bank boasts a strong capital structure, competent management, dedicated employees and a loyal customer base.

Ziraat Bank continues to increase its contribution to the country's economy with a sense of responsibility.

Ziraat Bank boasts a strong capital structure, competent management, dedicated employees and a loyal customer base. This strong structure has brought sustainable growth. During 2022, the Bank focused on correctly interpreting the dynamics of the international and national markets, designed and implemented its future steps and maintained its strong balance sheet growth in 2022.

In this context, the Bank's asset volume expanded by 68.6% to TL 2.3 trillion by the end of 2022, with the volume of cash loans increasing by 62.7% to TL 1.3 trillion in line with our selective loans-weighted growth policy. Our Bank generated a Return on Equity of 26.4% in 2022 with a Return on Assets of 2.3%.

We maintained our leadership in the sector in terms of total deposits in 2022, with a balance of TL 1.7 trillion in deposits, our main funding source. By increasing the share of TL deposits in total deposits with the Currency Protected Deposits and supporting TL-weighted financing of loans, we maintained the wide based structure of our deposits and contributed to our country's savings and investment balance in a correctly adjusted and effective manner.

Commanding a prestigious position in the field of international banking thanks to the strong relations we have established with some of the world's leading institutions

Ziraat Bank commands a prestigious position in international banking with its wide correspondent network, strong correspondent relations and solid funding base. With our high credibility, reliable and stable stance, we attracted a high volume of financing from a wide array of global banks and financial institutions in 2022.

The syndication loan we obtained in 2022 was not only the largest single transaction provided by a bank in our country but also our Bank's first sustainability-themed syndication loan. The USD 1.24 billion, 367-day maturity loan was our Bank's tenth borrowing transaction to be carried out through international markets by the syndication method.

In addition to the syndicated loan, we provided USD 8.9 billion in funds through alternative sources such as loans from International Financial Institutions, bilateral loan agreements, post-financing transactions, FX repo and Eurobond issues during 2022. We also updated the USD 7 billion GMTN (Global Medium-Term Notes) program as of 5 May 2022.

AS ZIRAAT BANK WE UNCOMPROMISINGLY IMPLEMENTED OUR SELECTIVE CREDIT POLICIES FOCUSED ON SUPPORTING THE REAL SECTOR AND INCREASING EMPLOYMENT THROUGHOUT 2022.

We continued to support the real sector by adhering to our fundamental mission in all market conditions.

As Ziraat Bank, we uncompromisingly implemented our selective credit policies focused on supporting the real sector and increasing employment throughout 2022. In this context, we also contributed to the development of our country with the loans we extended to the agricultural, manufacturing, energy, investment and technology sectors as well as to our exporters.

We have based our strategy in the agricultural sector, which is one of our priority areas, on "Financing the Agricultural Ecosystem". In 2022, we extended TL 205.3 billion of loans to 770,000 customers to finance the agricultural sector through our Bank's resources. Investment loans accounted for 35% of our agricultural loan portfolio while business loans comprised a 65% share.

MESSAGE FROM THE CEO

GRI 2-22, 3-1, 3-2, 3-3

We are constantly working to offer all kinds of transactions in banking services in a planned, predictable and integrated manner.

The balance of these loans had reached TL 232 billion at the end of the year with approximately 1 million of our customers having loans.

In 2022, we expanded the “I Have Many Reasons to Live in My Village” project, which we had initiated to support sheep and goat farming, to include cattle farming in 2022. With this project, which will continue in 2023, we aim to increase the scale of the producers with qualified animal breeds, to diversify the financial solution alternatives of small businesses and to increase the efficiency, productivity and profitability in this area.

We also prioritize support for SMEs, one of the most important drivers of production and employment. We have increased our support by designing product packages with preferential conditions for SMEs. In 2022, we launched a range of credit support packages for SMEs within the scope of cooperation with bodies such as KOSGEB (Small and Medium Enterprises Development and Support Administration), the KGF (Credit Guarantee Fund) and İGE (İhracatı Geliştirme A.Ş.). In addition, we have obtained sustainability-themed resources from various international financial institutions under favorable conditions to be used in financing the working capital and investment loan needs of SMEs.

In line with our working strategy which revolves around profitability and efficiency, we deliver our widening and diversifying range of products and services to all segments of the society.

Having built its strategy on the foundations of multi-faceted efficiency and effectiveness, our Bank took significant steps in fundamental areas such as business conduct, product diversity and service approach during 2022.

Providing services to a large mass of individual customers through our extensive branch network in retail loans, our Bank extended TL 47 billion in housing loans, TL 43 billion in consumer loans and TL 8 billion in vehicle loans in 2022.

In addition, in order to protect customers sensitive to exchange rate volatility and shield their Turkish Lira based investments from exchange rate risk, we launched the TL Currency Protected Time Deposits, FX Converted Currency Protected TL Time Deposits, YUVAM TL Time Deposits, Quarter Gold Coin Time Deposits and Quarter Gold Coin Demand Deposits.

We are constantly working to offer all kinds of transactions in banking services in a planned, predictable and integrated manner.

In 2022, we continued our intensive work focused on meeting the needs of an increasingly digital business world. We are constantly renewing and improving our business model in order to proactively identify customer needs through the effective use of data analytics.

The Ziraat Super Branch, which we launched in 2022 in this vein, allows our retail customers to access banking services through digital channels without having to go to the branch.

By the end of 2022, the number of our active digital banking customers had reached 19.4 million, with 94.1% of the financial transactions being realized through digital channels. In the same period, the number of our internet and mobile banking customers had increased by 14.8% to reach 31.5 million.

GRI 2-22, 3-1, 3-2, 3-3

In addition to contributing to the efforts to resolve the climate crisis with the financing we provide for renewable energy and energy efficiency projects, we met 50,000 MWh of our Bank’s energy consumption from renewable resources in 2022.

Importance placed on Environmental, Social and Governance (ESG) activities in 2022

We intensively continued our efforts to leave behind a more livable world to future generations and carried out activities aimed at extending sustainability to all of our business processes.

In this respect, from March 2022, we started to evaluate loan requests for projects with investment budgets of over USD 50 million from an environmental and social point of view within the scope of the “Environmental and Social Impact Management Policy in Lending Activities”.

We continued to offer our “Green Home Loan” and “Green Vehicle Loan” products, which we introduced with the aim of diversifying our sustainable quality loans, while adding the “Housing Heat Insulation Loan” and “SPP/Roof SES/Licensed SPP Investment and Operation Loans” to these products in 2022.

We implemented improvements to our business processes in order to reduce environmental pollution and to save paper, sending 73 tons of waste IT products and 945 tons of waste paper to recycling facilities. In

line with our goal of reducing our carbon footprint from electricity consumption, we are rapidly undertaking the necessary arrangements to our activities.

In addition to contributing to the efforts to resolve the climate crisis with the financing we provide for renewable energy and energy efficiency projects, we met 50,000 MWh of our Bank’s energy consumption from renewable resources in 2022. We have internationally documented this important step we took in the transition to the green transformation with the I-REC (The International REC Standard) certificate, which is the most widely used renewable energy certificate in the world.

We will continue our work in the coming years by increasing our contribution to our country’s economy.

Innovation, change, foresight and planning have an indisputable place in Ziraat Bank’s corporate culture. Acting with this awareness, we move our Bank forward with each passing period and transform the strength we derive from development into a competitive advantage.

We support the competence of our country’s economy to produce long-term sustainable value with our strong capital structure, qualified human

resources and many years of experience, in addition to our range of products, services and solutions.

Our wide service network at home and abroad, our extensive product range and our customer-oriented service approach provides all segments of society with the opportunity to access financial services rapidly, wherever they wish, at the most optimal conditions.

Ziraat Bank is committed to taking further firm steps forward and to contribute to our country and its citizens in the coming periods, in line with our growth roadmap which we have determined with an innovative and versatile approach which is fully compatible with the conditions of the sector.

On behalf of myself and our Board of Directors, I would like to thank our human resources, who have been the architects of our success with their outstanding work in 2022, and all our stakeholders, especially our customers, for the trust and loyalty they have placed in the Ziraat brand.

Alpaslan ÇAKAR
Member of the Board of Directors and General Manager

CORPORATE PROFILE

GRI 2-1, 2-6, 3-1, 3-2, 3-3

WITH ITS EXTENSIVE, RELIABLE AND QUALITY SERVICES PROVIDED IN TURKEY AND IN VARIOUS COUNTRIES OF THE WORLD, ZIRAAT BANK CONTINUES TO CONTRIBUTE TO THE ECONOMY AND THE DEVELOPMENT OF THE BANKING SECTOR.

Since its establishment in 1863, Ziraat Bank has made significant strides in fundamental issues such as business style, product variety and service approach, in line with its strategy built on the principles of multifaceted efficiency and effectiveness. The Bank, which has always been the pioneer of economic development at different stages of Turkey's history, has uninterruptedly transferred resources to the agricultural sector, traders, industrialists, entrepreneurs, retirees and employees.

Having the capability to provide end-to-end financial services across the country, the Bank develops effective solutions for customers from all segments to meet all their financial needs. The companies which make up Ziraat Bank's wide portfolio of domestic and international affiliates operate in the fields of banking, investment services, portfolio management, venture

capital, real estate investment trusts and financial technologies. With the most extensive service network in the Turkish banking industry, Ziraat Bank provides services as the one and only bank in more than 373 districts and sub-districts throughout Turkey.

With the support provided by its strong technological and operational infrastructure, the Bank offers high quality banking products and services in the fields of corporate, commercial and retail banking.

Ziraat Bank offers its ever-increasing variety of products and high-quality services to its customers with;

- 1,758 branches in Turkey and abroad,
- 24,484 employees,
- 7,276 ATMs in Turkey and abroad
- Internet Banking services (Retail and Corporate Internet Banking),
- Mobile Banking services (Ziraat Mobile, Ziraat Tablet),
- Telephone and SMS Banking.

Operating in 17 countries around the world, the Bank has a broad service network, consisting of 9 international and 6 domestic subsidiaries, administrative offices in 3 countries, and 25 foreign branches.

Ziraat Bank realized asset growth of 68.6% in 2022, as it does every year, despite the challenging economic conditions. The Bank succeeded in expanding its total asset base to TL 2,312 billion.

Ziraat Bank will unwaveringly press ahead towards its achieving corporate goals in the coming period. It will continue to be the locomotive of the Turkish banking sector by evaluating the risks and opportunities which the future will offer with a rightful and responsible approach.

Ziraat Bank Website

The corporate website at www.ziraatbank.com.tr plays an important role in informing the public with the most up-to-date information. Ziraat Bank presents the necessary information and documents on its website in Turkish and English to its stakeholders within the scope of compliance with the Corporate Governance Principles.

Ziraat Bank's Shareholder Structure

The Turkey Wealth Fund is the Bank's sole shareholder. Neither the Chairman or the Members of the Board of Directors, nor the members of the Audit Committee or the CEO or Deputy Chief Executives have any shareholding in the Bank.

OUR VISION-OUR MISSION-OUR STRATEGIES

GRI 2-6, 2-23, 2-26

OUR VISION

TO BE A LEADING BANK WHICH IS RESPECTED AND COMMANDS A HIGH MARKET VALUE

To be a bank that is universal, respected and has high market value; a bank that provides extensive, reliable service everywhere in Turkey and the world at the same quality, and meets the needs of every segment; a bank that sees its customers and human resources as its most valuable asset; a bank that continuously makes a difference and creates value in a way that befits its deep-rooted past; a bank that promises more from a bank at every stage and serves as a model for its competitors.

OUR STRATEGIES

- To continue to be a pioneer in the banking sector with its selective credit policy and effective use of resources.
- To provide digital solutions to its customers
- To continue to work with advanced technological infrastructures
- To continuously enhance the employee experience and organizational efficiency by constantly improving business practices and investing in the professional development of employees.
- Maximizing customer satisfaction by producing integrated financial solutions in all countries where it operates as Ziraat Finance Group,
- To provide services to its customers, which will be available to the customers at any time and on every platform, within the framework of the service models of the future.
- Integrating environmental and social risk governance principles into the business model.

OUR MISSION

TO BE A BANK THAT VALUES CUSTOMER SATISFACTION ABOVE ALL ELSE

To be a bank that understands customer needs and expectations, thereby offering them the best solutions and value recommendations from the most appropriate channel; a bank that brings to every segment of society a wide range of products and services in the fastest, most effective way through its extensive network of branches and alternative distribution channels; a bank that operates with sustainable profitability and productivity at global standards by recognizing its ethical values and social responsibility; a bank that holds customer satisfaction to be more important than anything else.



THE PRIDE OF BEING THE OFFICIAL SPONSOR OF THE TURKISH CUP FOR THE 13TH YEAR

Many of large-scale banks in our country and in the world support different sporting events in order to establish an emotional bond with their customers and to facilitate product/service marketing.

To this end, our Bank has purchased the naming rights of the Turkish Cup since 2009, which has brought the Bank the ability to advertise and promote more effectively, while increasing effectiveness of football among the masses.

Ziraat Bank's sponsorship of the Turkish Cup in this period attracted wide attention in national and local media, with excitement continuing to mount right up until the final matches.

This positive process reinforced the establishment of the Ziraat Bank brand in the public memory, especially among younger generations, while also positively supporting the morale and motivation of our employees.



MILESTONES IN THE HISTORY OF ZIRAAT BANK

As one of the most rooted and strongest institutions in Turkey, Ziraat Bank has always stood by its customers since its establishment, transferred resources, created value and pioneered the economic development of our country.

1863-1888

- On 20 November 1863, Mithat Paşa spearheads the establishment of Memleket Sandıkları (Homeland Funds) in the town of Pırot, which later served as the core from which Ziraat Bank grew.
- Turkey’s first statutorily regulated credit system is launched.
- Mithat Paşa’s Homeland Funds are reconstituted as Menafi Sandıkları (Benefit Funds) to become stronger and more sustainable.
- Ziraat Bank’s Headquarters are opened in İstanbul.

1889-1913

- Ziraat Bank extends credit to the Imperial Treasury for the first time.
- Ziraat Bank supplies credit to supply grain to needy refugees and others in drought-stricken İzmit.
- A project to fund purchases of European agricultural equipment using Ziraat Bank’s capital is studied.
- Ziraat Bank offices are opened in Kerek, İpek, Prizren, Timișoara and Karacasu.
- Ziraat Bank provides drought-stricken Kosovo farmers with low-cost credit on convenient terms.
- Ziraat Bank opens a branch in Medina.
- Ziraat Bank branches open in Baghdad and Basra.
- Ziraat Bank branches provide earthquake-stricken farmers with loans.

1914-1938

- Ziraat Bank begins lending to commercial enterprises.
- The Ziraat Bank Banking School begins instruction in order to keep the Bank supplied with the qualified human resources that it needs.
- The first seed-finance loans are provided.
- First general deferment is granted on agricultural loans.
- With the opening of the Grand National Assembly in Ankara, the city’s Ziraat Bank branch is made responsible for the administration and oversight of all Bank branches and offices in localities controlled by the Nationalists.
- Control of Ziraat Bank’s İzmir and İstanbul operations are given to Ankara.

1939-1963

- Work is completed on the set of operational regulations called for by Statute 3202. Consisting of 198 articles, the regulations governing the operations of Ziraat Bank go into effect.
- Ziraat Bank becomes a member of Confédération Internationale du Crédit Agricole (CICA), a non-profit worldwide association of banks and other entities interested and involved in rural financial processes.
- Under Statute 7052, Ziraat Bank is authorized to restructure agricultural loan repayments.

1964-1988

- Ziraat Bank’s representative office opens in Hamburg.
- Ziraat Bank opens its Lefkoşa, Gazi Mağusa and Güzelyurt branches in the Turkish Republic of Northern Cyprus.
- Ziraat Bank’s representative office in New York is transformed into a branch while new offices are opened in Duisburg, Berlin, Munich, Stuttgart and Rotterdam.
- Under the Ziraat Bank 86 project, the first steps to adapt improvements in technology to banking services so as to deliver them faster, more efficiently and at better quality are taken with the automation of a total of 7 branches located in Ankara and İstanbul.
- Ziraat Bank ranks 452nd among “The World’s 500 Biggest Banks as Measured by Equity” according to Euromoney, a magazine.

A LONG PAST, STRONG FOUNDATIONS

THE FOUNDATION OF OUR BANK

Foreign banks had started to operate on our country’s soil during the era of the Ottoman Empire in the first half of 19th century with the adoption of western models in commerce and finance. At that time, capital accumulation had not yet reached a level sufficient to establish a national banking system, and national banks had not yet reached the position of being an instrument to create resources.

AN INCREASING NUMBER OF BRANCHES

Established with the “Homeland Funds” in a unique cooperation system established by Mithat Pasha during the Ottoman period, Ziraat Bank started to rapidly increase its number of branches throughout the country during the Republic period.

A PIONEER IN AGRICULTURE

Developing rapidly in every field, Ziraat Bank retains its long-held position of being the biggest supporter of our farmers to this very day.

DIGITALIZATION

Spreading its services in order to be the bank of every segment of the society over time, Ziraat Bank leads the sector in terms of its number of digital banking customers, exceeding 16 million today.

MILESTONES IN THE HISTORY OF ZIRAAT BANK

GRI 413-1, 413-2

As Ziraat Bank, we continue to provide uninterrupted service with our synergetic structuring, unrivaled market knowledge and experience, human resources and strong financial structure.

1989-2012

- The first investment fund (Fund I) was established.
- Gold sales were initiated under the name of Ziraat Gold. The first consumer loan was issued, along with the first credit card. The Bingöl-Muş Rural Development Project was initiated.
- As well as ATM machines, foreign currency exchange machines were brought into service for the first time in Turkey, along with self-service information terminals, voice messaging systems and the Bingöl-Muş Rural Development Project, which included a branch not requiring human staffing, aiming to provide uninterrupted 24-hour service.
- Ziraat Bank Moscow, Kazkommerts Ziraat International Bank (KZI Bank), Turkmen Turkish Commercial Bank (TTC Bank) and Uzbekistan Turkish Bank (UT Bank) were established and entered operation.
- Ziraat Bank was ranked 202nd in Euromoney's "Top 500 Banks", 41st in terms of net profit, and the world's first in terms of its return on equity. Moreover, the Bank ranked 12th in the "World's 50 Most Rapidly Developing Banks" listing.
- The Sofia Branch entered operation.
- The Stuttgart, Hannover, Frankfurt and Duisburg representative offices began to operate as branches. Newly-launched banking software makes it easier to create and offer new products and services.
- Turkish-Ziraat Bank Bosnia DD receives Visa and Europay International licenses and begins processing Visa acquiring and issuing transactions for the first time in Bosnia- Herzegovina in coordination with Ziraat Kart A.Ş.
- The Law numbered 4603 passed on 25 November 2000 paved the way for Ziraat Bank to be transformed into a joint-stock company.
- The scope of the banking software centralization project (Fin@rt) is expanded.
- In Greece, the Athens and Komotini branches entered operation.
- The Bank announced TL 3,511 million net profit, the highest profit ever announced by a Turkish company until 2009.
- Branches were opened in Baghdad, Erbil and Jeddah.
- Ziraat Bank purchases the rights to the Turkish Cup name.
- Ziraat Bank launches its "Together, to a Better Future" Change & Transformation Project.

2013-2016

- Ziraat Bank celebrates its first century and a half in business with its employees.
- On 30 September 2014 the Board of Directors approved and announced the Sustainability Policy which summarizes Ziraat Bank's sustainability vision, goals and approach and defines the Bank's stance on the pillars of the environment, society and products and services.
- Ziraat Bank published its first sustainability report, which was GRI rated at A+ standards.
- Ziraat Bank tops the 2014 corporate income tax league table.
- Ziraat Participation commences operations.
- The Bank's Pristina Branch opens in Kosovo.
- Ziraat Bank Azerbaijan ASC commences operations.
- Ziraat Bank is designated "Europe's 2nd Most Robust Bank".
- Ziraat Bank Montenegro AD commences operations.
- In keeping with its principle of sustainable profitability, Ziraat Bank reports 2015 profits amounting to TL 5,162 million, the highest of Turkish banking sector.
- The Marneuli Branch in Georgia and the Bahrain Branch in Manama/Bahrain were opened.
- Ziraat REIT joined the Ziraat Finance Group and began operations.

GRI 413-1, 413-2

- Ziraat Bank wrote a net profit of TL 6,576 million in 2016, while reporting TL 358 billion of assets at the end of 2016.

2017

- In 2017, the Georgia branch was restructured into a new bank and JSC Ziraat Bank Georgia was established.
- The name of the subsidiary bank in Uzbekistan, in which Ziraat Bank's share in the capital increased to 100%, was changed to Ziraat Bank Uzbekistan JSC.
- Ziraat Bank was awarded in the "Best Use of Data Analytics" category in the "2017 Global Retail Banking Awards" organized with the participation of more than 200 banks worldwide.
- Ziraat Bank was again named the top brand in the banking category in 2017 in Turkey's Lovemarks 2017 survey.

- Ziraat Bank reached an asset size of TL 434 billion in 2017.
- Ziraat Bank achieved the biggest increase its brand value of any Turkish bank in the "World's Most Valuable 500 Bank Brands 2017" survey conducted by Brand Finance.
- Ziraat Bank received five awards at the Stevie Awards, the world's most prestigious business award program.

2018

- The Bank's own brand Bankkart was launched in the first quarter of 2018.
- Ziraat Bank was selected the "Most Loved Bank of 2018" at Turkey's Lovemark Survey, receiving the same award for three consecutive years.
- Ziraat Bank has been the bank which increased its brand value most among Turkish banks for the second time.

- Young Farmers Academy project, which was developed by the Bank to bring a new perspective to agricultural production and agricultural banking, was launched with the objectives of increasing young population's interest in farming, teaching specific topics in agricultural production and investment, raising conscious young farmers and creating an awareness of agricultural entrepreneurship.
- Ziraat Girişim Sermayesi Yatırım Ortaklığı Anonim Şirketi (Ziraat Venture Capital Investment Trust) has been established as a subsidiary of the Bank and transactions related to establishment were completed with its registration notice published in the Turkish Trade Registry Gazette on November 14, 2018.
- The asset size of Ziraat Bank reached TL 537 billion in 2018 exceeding the half trillion mark.

A WIDE PRODUCT AND SERVICE NETWORK

With our wide product range, we serve our customers in the fields of payment systems, loans, deposits and investments. We offer the most optimal products and services with the most appropriate maturity and price options. Periodically, we carry out promotions and campaigns to support to our customers with preferential conditions.

Backed by our comprehensive and diverse range of products and services, the synergy-based structure we have created with our subsidiaries, our unrivalled market knowledge and experience, our human resources and our strong financial structure, we unwaveringly provide the energy and motivation needed by our Bank in its continuous growth process. Just as it has in the past, Ziraat Bank will continue to shape Turkey's banking sector in the present.

MILESTONES IN THE HISTORY OF ZIRAAT BANK

With the new organizational structuring carried out at the Bank, work on the coordination and development of sustainability activities in the environmental, social and governance area were initiated under the Project Finance and Sustainability Department.

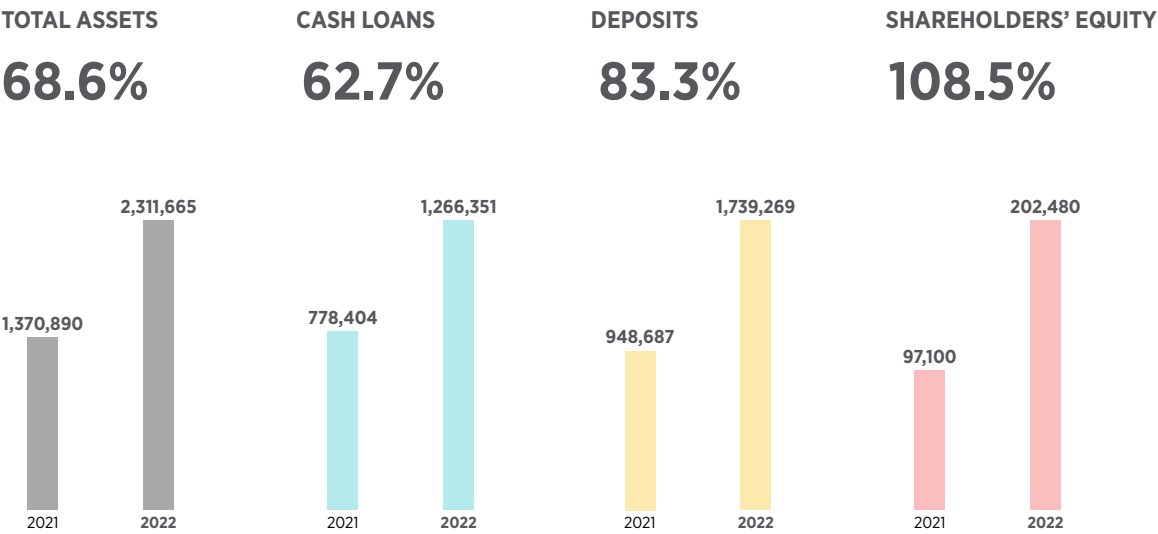
<p>2019</p> <ul style="list-style-type: none">· Ziraat Bank's asset volume increased by 21% compared to 2018 to reach TL 650 billion.· Ziraat Bank became the bank to have the highest brand value in Turkey.· Ziraat Bank was named as the most loved bank brand in Turkey for the fourth time in a row.· Ziraat Leasing was merged with Ziraat Participation Bank.· Asset management companies owned by three state banks merged under the name Ziraat Portföy Yönetim A.Ş.	<p>2020</p> <ul style="list-style-type: none">· Ziraat Bank's paid-in capital raised to TL 13.1 billion from TL 6.1 billion.· Ziraat Bank's asset volume grew by 45% compared to its 2019 level to reach TL 943 billion.· The number of locations providing services abroad reached 113.· Within the scope of the project to bring insurance/life-pension companies owned by public banks under a single roof, Ziraat Sigorta A.Ş. (Insurance) and Ziraat Hayat ve Emeklilik A.Ş. (Life and Pension) were transferred to the Turkey Wealth Fund.· The Bank continued to provide financing support for the agricultural sector under the project "Köyümde Yaşamak İçin Bir Sürü Nedenim Var (I Have Many Reasons To Live In My Village)", which it put into practice in September 2020.· Ziraat Bank was selected as the Most Valuable Banking Brand and the second most valuable brand of Turkey in the study conducted by Brand Finance.· Ziraat Bank was selected the "Most Loved Bank" in Turkey's Lovemark Survey, receiving the award for a fifth consecutive year.· The Green, Social, Sustainable Finance Framework was prepared and published on the Bank's website.	<p>2021</p> <ul style="list-style-type: none">· Ziraat Bank's asset volume reached TL 1,371 billion, an increase of 45% compared to 2020.· Turkey's real estate giant, Ziraat GYO (Real Estate Investment Trust), was offered to the public.· Ziraat Bank issued its first Sustainability Bond in international markets.· Ziraat Bank's 5th branch in Bulgaria was opened in Burgas, while its subsidiary, Ziraat Bank Uzbekistan JSC, opened its 5th branch in Fergana. Ziraat Bank Azerbaijan ASC's 6th branch opened in Azadlık.· Ziraat Bank was selected as Turkey's Most Loved Bank in 2021 in Turkey's Lovemarks Survey, the sixth year it was deemed worthy of the award.· Ziraat Bank was selected as the most effective bank in social media for the 5th time, winning the Gold Award in the Banks category at the Social Media Awards Turkey.	<p>2022</p> <ul style="list-style-type: none">· Ziraat Bank's asset volume increased by 68.6% compared to 2021 to reach TL 2,312 billion.· The seventh branch of Ziraat Bank Azerbaijan ASC opened its doors in Baku and the sixth branch of Ziraat Bank Uzbekistan JSC entered service in Andijan.· Ziraat Bank secured the first sustainability themed syndicated loan, with the USD 1.3 billion loan being the largest sustainability themed syndicated loan provided by a bank in a single tranche.· Within the scope of "Financing the Agricultural Ecosystem", the Young Farmer's Loan, the Women Farmer's Loan, Gold Hive Loan, Loan for Solar Powered Agriculture, Producer Cooperative Loan and Agricultural Transfer Loan were offered to customers.· With the new organizational structuring carried out at the Bank, work on the coordination and development of sustainability activities in the environmental, social and governance area were initiated under the Project Finance and Sustainability Department.· Within the scope of Zero Waste Project, the Zero Waste Certificate was obtained for 1,365 facilities from the Ministry of Environment, Urbanization and Climate Change.· Ziraat Bank obtained the international I-REC certificate by procuring 50,000 MWh of its 2022 electricity consumption from renewable energy sources.· Ziraat Bank's success with its "Data-Driven Organizational Transformation" project was recognized with the "Banking Innovation" award, given by the EFMA, one of the leading institutions in the financial sector in Europe.· In a special study carried out by the Fast Company Magazine, Ziraat Bank was ranked among Turkey's 50 Most Innovative Companies with its "Data-Oriented Organizational Structure" project.· Ziraat Bank received the "Best Bank" award in Data Quality Management by the Global Banking & Finance Review Company.· A financing transaction which Ziraat Bank participated in was awarded first prize in the "Infrastructure Finance of the Year" category at the "2022 Bonds, Loans & Sukuk Turkey Awards".· Ziraat Bank received the Golden PSM award in the "Digital Security" category at the PSM Awards 2022, in recognition of its "IP Based Digital Security" project, the Golden PSM award in the "Best Promotion, Marketing Success" category with its "Artificial Intelligence Supported Ziraat Assistant" project, and the Golden PSM award in the "Corporate Customer Experience" category. The Bank received the Silver PSM award in the "Innovative Customer Interaction and Experience" category in recognition of its project.· Ziraat Bank was also handed the Productive Project Award in the "Best Digital Customer Experience" category in recognition of its project "Improving the Remote Customer Acquisition Process" at the CX Awards Turkey.· Ziraat Bank initiated its Open Banking activities, with the Ziraat Super Branch commissioned as Ziraat Bank's Digital Branch service model.
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KEY INDICATORS (ECONOMIC, ENVIRONMENTAL, SOCIAL)

GRI 2-7, 201-1, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

Registering a growth of 68.6%, Ziraat Bank’s total assets reached TL 2,312 billion.

ECONOMIC INDICATORS (TL million)

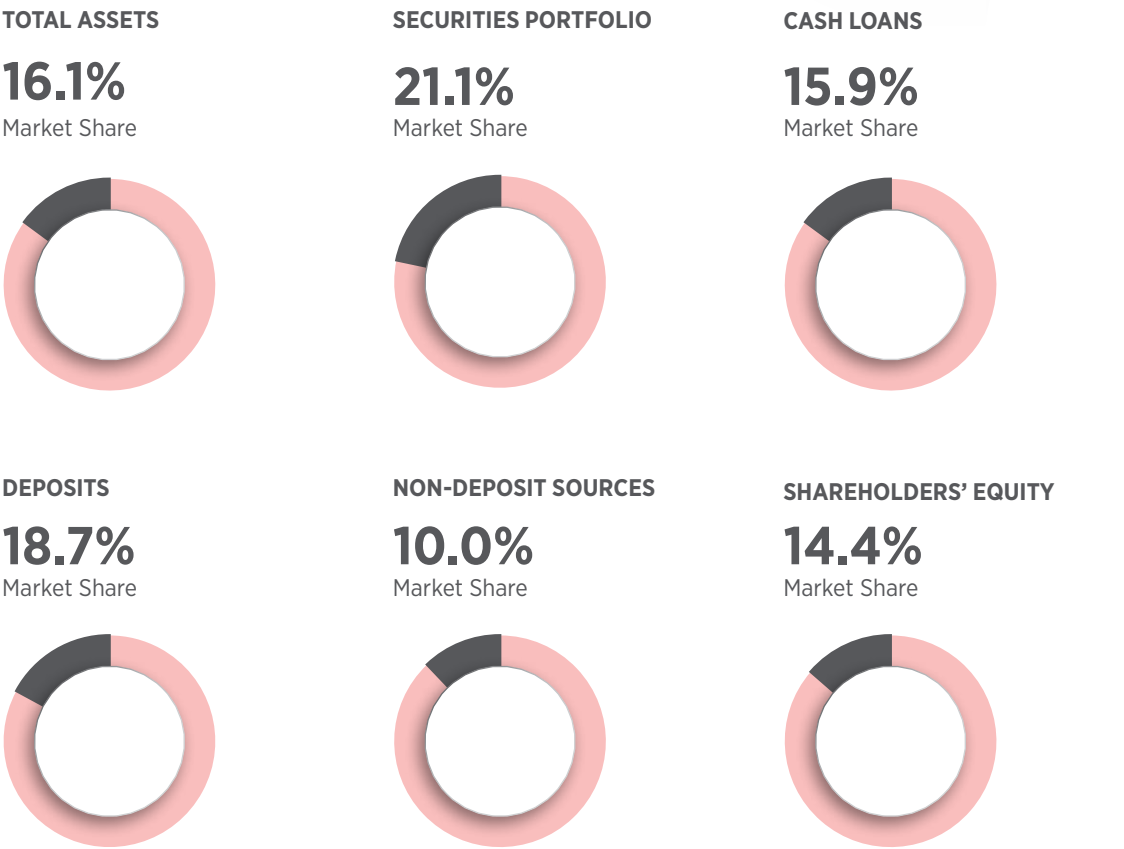


(TL million)	2021	2022	Change (%)
Liquid Assets	222,061	391,244	76.2
Securities Portfolio	341,401	588,320	72.3
Cash Loans*	778,404	1,266,351	62.7
Deposits	948,687	1,739,269	83.3
Non-deposit Sources	283,605	251,986	-11.1
Shareholders’ Equity	97,100	202,480	108.5
Interest Income	101,998	220,630	116.3
Interest Expense	62,230	99,147	59.3
Net Profit	6,291	41,092	553.2
Total Assets	1,370,890	2,311,665	68.6

*Excludes anticipated loss provisions.

GRI 2-7, 201-1, 401-1, 401-3, 402-1, 404-1, 404-2, 404-3

ZIRAAT BANK’S MARKET SHARES



Market Share (%)	2021	2022
Total Assets	14.9	16.1
Securities Portfolio	21.7	21.1
Cash Loans	14.9	15.9
Deposits	17.1	18.7
Non-deposit Sources	12.1	10.0
Shareholders’ Equity	13.6	14.4

KEY INDICATORS (ECONOMIC, ENVIRONMENTAL, SOCIAL)

GRI 2-7, 201-1

ENVIRONMENTAL INDICATORS

GHG EMISSIONS INTENSITY
(tCO₂e/ TL million Turnover)

0.038

GREENHOUSE GAS EMISSIONS
(tCO₂e)

Scope 1

31,864.08

Scope 2

27,671.90

Scope 3

30,469.42

CHANGE IN TOTAL GREENHOUSE
GAS EMISSIONS

SCOPE 1 AND 2

-18.19%

TOTAL EMISSIONS

5.4%

SCOPE 3

Differently from previous years, Ziraat Bank calculated its Scope 3 emissions in 2022. See the Ziraat Bank and Environment section for details.

WASTE PAPER SENT FOR
RECYCLING
(tons)

945

WASTE IT PRODUCTS SENT FOR
RECYCLING
(tons)

73

PROJECT FINANCE WHICH
MEETS ENVIRONMENTAL AND
SOCIAL CRITERIA

Ziraat Bank takes account of environmental and social risks in its project finance evaluations. In this context, the Bank adds project specific IFC Performance Standards, EBRD Performance Standards and/or Equator Principles Compliance Commitments to its loan agreements. Loan requests for projects with an investment amount exceeding USD 50 million are evaluated in terms of their environmental and social aspects within the scope of the Bank's "Environmental and Social Impact Management Policy in Lending Activities", and all loan requests are tabled in accordance with the Unfinanced Activities List included in the specified policy.

ZERO WASTE MANAGEMENT

In accordance with the Zero Waste Regulation, all service buildings of Ziraat Bank throughout the country are defined as separate "Facility" in the Integrated Environmental Information System (ECIS) of the Ministry of Environment and Urbanization. As part of the Zero Waste Project, T.C. Zero Waste Certificate was obtained for 1,365 facilities from the Ministry of Environment, Urbanization and Climate Change.

GRI 2-7, 2-26, 201-1

SOCIAL INDICATORS

HUMAN RESOURCES AND
TRAINING

EMPLOYEES

24,484

FINANCE GROUP EMPLOYEES

34,190

NEW HIRES IN 2022

685

UNIONIZATION RATE

90%

AVERAGE CLASSROOM
TRAINING PER PERSON (Hour)

18.8

AVERAGE TRAINING PER
PERSON (Hour)

30.1

DIGITAL CATALOG CONTENTS

over 4,000
e-learning contents

CORPORATE SOCIAL RESPONSIBILITY

NUMBER OF ARTWORKS IN
ZIRAAT BANK'S PAINTING
COLLECTION

+2,500

ZIRAAT BANK BANKING
MUSEUM

ZIRAAT BANK ART MUSEUM

MEDENİYET UNIVERSITY
ZIRAAT BANK LIBRARY

ZIRAAT TURKISH CUP

ZIRAAT VOLLEYBALL TEAM

BRAND AND REPUTATION
MANAGEMENT

Numerous Corporate and
Thematic Advertising Films

Customer Satisfaction Survey

ZIRAAT BANK ON SOCIAL
NETWORKS
(as of 2022)

More than 2,300,000 likes and
followers on Facebook

More than 455,000 followers on
Twitter

More than 233,000 followers on
Instagram

More than 84,000,000 views on
YouTube

THE ZIRAAT BANK SPORTS CLUB



OUR SPORTS CLUB WAS ESTABLISHED IN 1981 TO PROVIDE FOOTBALL, BASKETBALL, WRESTLING, TABLE TENNIS AND VOLLEYBALL ACTIVITIES.

After the General Directorate of Youth and Sports removed the obligation for participation in five different sport activities, our club chose to focus on volleyball. As befitting a bank of Ziraat Bank's size and vision, the club has become a principled, striking and successful club in Turkish Volleyball, in line with the aim

of training athletes for the top teams by placing importance on infrastructure and by prioritizing the principles of being serious, responsible and ethical in sports.

Proud of the young players it has brought to our national teams, our club continues its mission to achieve results befitting our



Bank in Turkish leagues and European cups and to contribute to Turkish volleyball. Since its establishment, our Sports Club has won one Balkan Cup, one Turkish Cup, two Super Cups and two Efeler League Championships. Our team has been taking part for the last two

seasons in the CEV Champions League, where Europe's biggest teams play. A total of 17 players trained by our club have had the opportunity to play in the Efeler League. In addition, in the last season, 21 players wore the National Team shirt in the National Team and other infrastructure categories.

In order to train the star players of the future, our club adds league experience to its 2nd league players with the team it has established under the name of Ziraat Bankkart. Our young and star team players are playing hard for their team.

OUR AWARDS

- **PSM Awards**, Gold Award in the “Digital Security” category with “IP Based Digital Security” project
- **PSM Awards**, Gold Award in the “Best Promotion, Marketing Success” category with “Artificial Intelligence Supported Agricultural Assistant” project
- **PSM Awards**, Silver Award in the “Innovative Customer Interaction and Experience” category with “Improving the Corporate Customer Experience” project
- **PSM Awards**, Gold Award in the “Digital Transformation” category with “Remote Customer Acquisition” project
- **PSM Awards**, Silver Award in the “Best Promotion Marketing Achievement” category with “Ziraat Mobile Story Implementation” project
- **LACP Vision Awards**, 2 Gold and 2 Platinum Awards in Banking and Financial Services Segments
- **Bonds, Loans&Sukuk Turkey Awards**, Winner Prize in the category of “Financial Institutions Deal of the Year”
- **Bonds, Loans&Sukuk Turkey Awards**, Runner-Up Prize in the category of “FI Funding Team of the Year”
- **Alfa Awards**, “Credit Card” category, Consumer Brand of the Year Award with “Bankkart”

- **Global Banking & Finance Review**, Bronze Award in the category of “Personal Information-Regulatory Compliance Solution”
- **Global Banking & Finance Review**, Gold Award, “Best Bank in Data Quality Management”
- **Brandverse Awards**, Golden Award in the “Banks” category for the 6th time in a row as “The Most Effective Bank in Social Media”
- **Brandverse Awards**, Bronze Award with “Bankkart” in the “Credit Cards” category
- **Globe Business Awards**, Award in the category of “Best Information Technology Projects and Initiatives of the Year” with “ZFG Mobile Application”
- **Globe Business Awards**, Silver Award in the category of “Human Resources Achievement/Project of the Year-AYNA”
- **Turkey Youth Awards**, “Best Bank” Award for the 5th time in a row, in the “Best Bank” category
- **EFMA**, “Banking Innovation of the Month” Award for April with “Data Driven Organizational Transformation” project
- **Tech Brands Turkey**, “The Most Technological Bank” Award in the “Bank” category
- **TITAN Awards**, Platinum Statue Award in “Best Business Technology, Governance, Risk and Compliance Solution” category with “Information Technologies Risk Management” methodology

VALUE GENERATION AND STRATEGY

GRI 2-6, 2-12, 2-14, 2-18, 2-22, 2-23, 2-25, 3-1, 3-2

THE SUSTAINABILITY APPROACH AT ZIRAAT BANK

SUSTAINABILITY VISION

To use the unrivaled experience and knowledge that we have built up over 159 years and to utilize our resources efficiently within the framework of responsible banking principles, for the benefit of the economy, the environment, and the community; to produce enduring value for our stakeholders; to be a bank which embraces all parts of the society by improving our customer-oriented business model.

ZIRAAT BANK HAS ESTABLISHED ITS SUSTAINABILITY STRATEGY ON THE PILLARS OF MULTIFACETED EFFICIENCY AND EFFECTIVENESS. IT HAS BEEN GRADUALLY BUILDING ON THE ADDED VALUE IT OFFERS TO THE TURKISH ECONOMY WITH ITS BUSINESS PRACTICES, THE SCALE OF ITS SERVICES AND THE DIVERSITY OF ITS PRODUCTS.

SUSTAINABILITY GOALS

To further develop the Bank’s strong position in the national market and its global competitiveness with corporate, environmental and social sustainability practices to be implemented within the scope of this policy.

SUSTAINABILITY APPROACH

Ziraat Bank’s sustainability approach is shaped in light of its responsibilities as a financial services provider, of its obligations to the environment and the community, and of its duties as an employer.

- Ziraat Bank is a strong, leading, and trusted bank. We desire to perpetuate our existing success in economic sustainability into the future by supporting it with long-term corporate, environmental and social sustainability perspectives.
- In our decision-making processes, we take a careful and thoughtful approach when dealing with environmental and social issues and the potential risks associated with them in the management of our resources and our service infrastructure.
- We regard environmental sustainability including climate change and the transition to a low-carbon economy as an important item on our agenda.
- As an employer, we believe in the importance of humane working conditions. In our business model, we attach importance to opportunity equality and to build up a

ZIRAAT BANK’S CURRENT POLICIES

Sustainability Policy



Disclosure Policy



Anti-Money Laundering, Countering the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction Policy



GRI 2-6, 2-12, 2-14, 2-18, 2-22, 2-25, 2-26, 3-1, 3-2, 204-1, 308-1, 308-2, 414-1, 414-2

Ziraat Bank’s sustainability approach is shaped in light of its responsibilities as a financial services provider, of its obligations to the environment and the community, and of its duties as an employer.

learning organization structure by providing chance of self-improving among all of our employees: we target to increase employee motivation and corporate loyalty by continuously advancing human resources practices.

- As a service provider, we regard behaving customer-oriented and ensuring customer satisfaction as fundamental to everything. By constantly improving our processes, our goal is to offer banking products and services to all of our customers in practical, intelligible and accessible ways and also to enrich the banking industry through innovative and exemplary practices.
- As a business partner, we are committed to develop our relationships with suppliers on the grounds of mutual respect, responsibility, and fairness. We support our suppliers’ success through cooperative projects that we carry out together.
- We are committed to continuously develop and implement projects with the purpose of integrating universally-accepted sustainability principles into our business model.
- We attach importance to having a presence and playing an active role in multilateral sustainability initiatives and collaboration platforms both at national and international level.

Based on these fundamental points, Ziraat Bank is focused on promoting, developing and maintaining sustainability throughout its value chain.

ZIRAAT BANK’S SUSTAINABILITY PLAN, STRUCTURED UNDER THE AUSPICES OF THE ZIRAAT BANK BOARD OF DIRECTORS, HAS BEEN PUT INTO PRACTICE WITHIN THE SCOPE OF A LEAN AND EFFECTIVE ORGANIZATIONAL STRUCTURE.

SUSTAINABILITY STRUCTURE

Ziraat Bank’s sustainability plan, structured under the auspices of the Ziraat Bank Board of Directors, has been put into practice within the scope of a lean and effective organizational structure.

Sustainability activities are coordinated by the Project Finance and Sustainability Department.

The sustainability activities at Ziraat Bank are executed under the leadership of the Bank’s CEO.

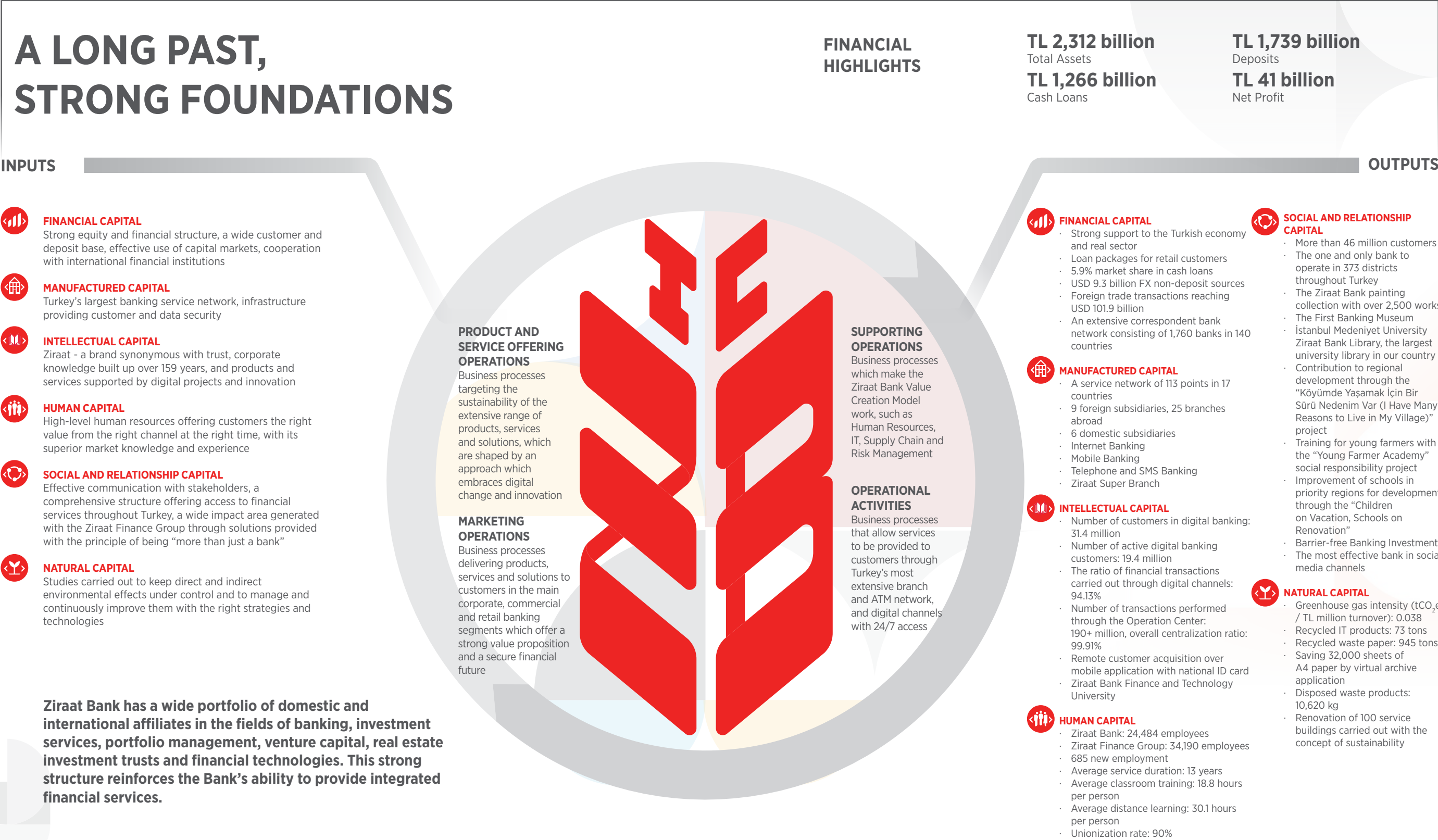
POLICIES APPLIED AT ZIRAAT BANK

Disclosure Policy
<https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Corporate-Governance/Documents/DisclosurePolicy.pdf>

Anti-Money Laundering, Countering the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction Policy
<https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Corporate-Governance/Documents/AMLPolicy.pdf>

Sustainability Policy
<https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Corporate-Governance/Documents/Sustainability-Policy.pdf>

Environmental and Social Impact Management Policy in Lending Activities
<https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Corporate-Governance/Documents/esimp.pdf>



STRATEGIES							
<div>THE DRIVING FORCE</div> <div>AS TURKEY’S MOST DEEPLY ROOTED BANK, ZIRAAT BANK’S ROBUST FINANCIAL STRUCTURE, VAST EXPERIENCE, QUALIFIED HUMAN RESOURCES AND ITS ABILITY TO PROVIDE INTEGRATED FINANCIAL SERVICES ENSURE THAT ITS STRATEGIES ARE IMPLEMENTED SEAMLESSLY AND FLAWLESSLY ACROSS THE ENTIRE VALUE CHAIN, AND THAT THE BUSINESS MODEL DELIVERS SUCCESSFUL RESULTS.</div> <div>ADDITIONAL VALUE</div> <div>STRONG BRAND VALUE</div> <div>A SOUND EQUITY STRUCTURE</div> <div>A WIDESPREAD LOCAL AND GLOBAL SERVICE NETWORK</div> <div>A VAST PORTFOLIO OF DOMESTIC AND INTERNATIONAL SUBSIDIARIES</div> <div>MORE THAN 24,000 COMPETENT EMPLOYEES</div> <div>SUPERIOR QUALITY DIGITAL INFRASTRUCTURE</div>	<div>STABLE GROWTH</div> <div>To remain a pioneer in the sector with a selective credit policy and effective use of resources</div> <div>While Ziraat Bank makes its balance sheet increasingly customer-focused, it proactively manages loan quality through effective loan processes, prioritizes effective use of resources and cost control. Ziraat Bank continues to support the agricultural manufacturing, export, energy, technology investments with its selective credit policy and optimal resource cost.</div> <div><ul style="list-style-type: none">TL 2,312 billion asset sizeTL 1,266 billion cash loansTL 1,739 billion deposits63% increase in cash loansUSD 1.24 billion syndication loanBilateral loans and post-financing with a total amount of USD 1.5 billion from correspondent banksLoans extended to Agriculture, Manufacturing, Export, Energy, Investment and Technology Sectors within the scope of selective loan policy</div>	<div>THE BUSINESS MODEL OF FUTURE</div> <div>Continuous improvement of our business model to offer our customers the most advanced technology-oriented solution proposals</div> <div>Ziraat Bank constantly renews and develops its business model in line with the developments in the digital world. The Bank continues its efforts to provide the best digital experience and financial consultancy services to its customers. By using data analytics effectively in its work, it proactively determines the needs of its customers and develops its solutions according to customer segments. Ziraat Bank offers its customers a new digital banking experience with its digital branch.</div> <div><ul style="list-style-type: none">19 million active Digital Banking customers31 million Internet and Mobile Banking customersTL 17 billion of Digital Consumer Loan disbursementAgricultural Assistant supported by Artificial IntelligenceFinancial Agenda added to Ziraat Mobile and Internet BankingPayment systems improvementsIntegrating data governance into the business modelFIDE Fintech Acceleration Program</div>	<div>ADVANCED TECHNOLOGICAL INFRASTRUCTURE</div> <div>To continue to work with an advanced technological infrastructure</div> <div>Ziraat Bank continuously strengthens its technological infrastructure with flexible software development and high information security processes implemented at all stages of the banking lifecycle.</div> <div><ul style="list-style-type: none">State-of-the-art Data Center enhancementsObtaining Uptime Tier 3 “Operational Sustainability” certificate for Data CenterEndpoint Security ProjectCompletion of Cyber Security Center works</div> <div>EFFICIENT AND LEAN PROCESSES</div> <div>Continuous improvement of business processes by integrating with the latest technologies</div> <div>Ziraat Bank continuously improves its business processes by integrating it with the latest technologies in order to provide an excellent customer experience.</div> <div><ul style="list-style-type: none">Number of processes being performed by robotic software: 124OPI (Innovation in Operations) application that enables customers to send transaction orders directly to the Operations Center via the Internet and Mobile</div>	<div><ul style="list-style-type: none">System integration with 1,900 institutionsZFG Mobile Application with more than 30 applications used by 24 thousand employeesIn-house virtual assistant application “BİLGE” integrated with the Human Resources SystemMobile Approval ApplicationIntegration of card access device into banking processes</div> <div>DEVELOPING ORGANIZATION AND SATISFIED EMPLOYEES</div> <div>Continuously increasing our organizational efficiency with happy employees who have a strong corporate culture by constantly improving our employee experience by focusing on our Development-Oriented Career and Talent Management approach</div> <div>Ziraat Bank invests in the professional development of its employees with its Development-Oriented Career and Talent Management approach and constantly improves its employee experience through performance evaluation processes based on equal opportunity and practices that increase employee motivation. The aim of the Bank is to ensure corporate loyalty with happy employees who have internalized a strong corporate culture for over a century.</div> <div>A GLOBAL BANK</div> <div>Maximizing customer satisfaction by creating integrated financial solutions in all countries where the Ziraat Finance Group operates</div> <div>In order to offer a complete package meeting the financial requirements of Ziraat customers, the Group generates high-technology integrated solutions with its domestic and international banking subsidiaries, branches</div>	<div><ul style="list-style-type: none">E-education catalog with over 4,000 contentGraduate training programs for Banking School Experts and Assistant Inspectors within the scope of the protocol signed with Ankara UniversityData Science and Artificial Intelligence Certification Program and FRM Certification Program carried out to deepen the competencies of employees to perform their jobs.The “Ziraatli-comment” application, implemented so employees could share their wealth of knowledge and experience with other employees.Digital education platform for university students doing internship at the BankExecutive School programs that train executive candidates from within the bankExecutive Development Journeys specially prepared for executives</div> <div>PLATFORM BANKING</div> <div>To offer customers services which will be available to them at every moment and on every platform, within the framework of the service models of future</div> <div>Ziraat Bank offers new products and services in cooperation with the entire ecosystem in order to provide its customers with better banking and financial opportunities whenever they need it.</div> <div>and finance entities, offering these solutions to its customers in the most efficient way by taking advantage of the economies of scale provided by being a finance group.</div> <div><ul style="list-style-type: none">Overseas service network created with branches and subsidiaries abroadThe Key Global Project, launched to align the main banking applications used by the units abroad with the Ziraat Finance Group standardsInternet and Mobile Banking investments in branches abroadInfrastructure projects carried out to monitor the continuity of information systems in branches and subsidiaries abroad</div>	<div><ul style="list-style-type: none">Access to many applications from a single point, such as Member Business Platform, e-Government gate, the Turkey Life Pension PlatformWork on Open Banking activitiesPlatform infrastructure works for Ziraat Super Branch</div> <div>RESPONSIBLE BANKING</div> <div>To integrate the principles of environmental and social risk governance into the business model</div> <div>Ziraat Bank aims to generate added value with its banking principle which respects people and the environment in line with its Sustainability Policy.</div> <div><ul style="list-style-type: none">As an integral part of the Sustainability Policy, environmental and social risk assessment is carried out in investment projects within the scope of the policy which determines environmental and social impact management principles.Sustainability themed syndicated loanSustainable credit productsZero Waste Management SystemContribution to Responsible Banking through the development of business processes</div>	

THE SUSTAINABLE DEVELOPMENT GOALS AND ZIRAAT BANK

GRI 3-1, 3-2, 3-3, 203-1, 203-2



Adopted by 193 UN-member countries on 25 September 2015, the convention entitled “Transforming our World: The 2030 Agenda for Sustainable Development” covers 17 Sustainable Development Goals and 169 sub-headings.

Setting out a sustainability agenda which is far more

comprehensive, the 17 Sustainable Development Goals (SDGs) went beyond the UN Millennium Development Goals.

The SDGs are aimed at eradicating poverty and at realizing development for all as a universal necessity. The global consensus achieved around the SDGs marked a major turning

point for shifting the world onto a more inclusive and sustainable growth path.

The Bank’s activities which are considered to contribute to the SDGs within the scope of its service cycle are addressed in detail in various sections of this report.

SDGs	Ziraat Bank’s Operations Which Directly/Indirectly Contribute to the SDGs
1 2 5 8 10 12	SME finance and collateral products, inclusive banking services, sustainable agriculture finance
3	Measures to protect employee and customer health
4 8	Training and development programs offered to Ziraat Bank’s human resources, supporting training projects which raise enterprise awareness for customers, financial literacy training programs
7 12	Financing provided to renewable energy and energy efficiency projects, efficiency investments in the service building
8 9	Financing to infrastructure, SME and industrial investments, digital banking products and solutions, consumer-friendly financing and savings products, barrier-free banking
5 8 10 16	Corporate governance practices, human resources management, remuneration policies, equality of opportunity implemented in Ziraat Bank
11 17	Financing provided to development and investment projects of a national-scale and to the housing sector, support for the green economy, contribution to cultural heritage
9 17	Financing provided to different sectors from thematic sources, bilateral and multi-collaborations, operational activities, corporate governance practices and reporting studies
1 8	Loan projects special to priority regions for development
12 13	Carbon footprint measurement activities, waste management practices, environmental and social impact management system

STAKEHOLDERS OF ZIRAAT BANK

GRI 2-12, 2-29, 3-1, 203-1, 203-2, 204-1, 308-1, 308-2, 413-1, 413-2, 414-1, 414-2

The Bank’s shareholder, employees, customers and suppliers constitute Ziraat Bank’s main stakeholder group. The Bank carries out its operations in constant communication and cooperation with its stakeholders in this group.

Stakeholder communication, most of which continues within the scope of the daily service cycle, provides an extremely valuable platform for Ziraat Bank to correctly understand and evaluate demands and expectations.

In addition to its main stakeholder group, Ziraat Bank is also in close contact with its other stakeholders including regulatory bodies, international banks, investors and credit rating agencies, the media, unions in various sectors, organizations and the broader society.

	STAKEHOLDER GROUP	INTERACTION FREQUENCY	INTERACTION CHANNELS
Main Stakeholders	Employees	As part of the business cycle - daily	Employment process, training programs for employees, performance evaluation meetings, internal communication channels, executive interviews and informing/sharing meetings.
	Customers	As part of the service cycle - on a 24/7 basis	Ziraat Bank branches, alternative distribution channels (ATM, internet banking, mobile banking, call center), customer relations representatives, customer visits.
	Suppliers	As part of the business cycle - daily	The procurement process of all services outsourced by Ziraat Bank.
	Shareholder	Annual General Meeting and in other necessary situations	General Assembly Meeting (annual). Ziraat Bank also conducts studies to enlighten the public through the Financial Institutions and Investor Relations Unit. Annual reports and other presentations and statements posted on the Public Disclosure Platform come under this scope.
Other Stakeholders	Regulatory bodies	As part of the business cycle - when deemed necessary	Reports, correspondence and related meetings made in accordance with the legislation
	International banks and investors	As part of the business cycle - daily	Meetings and contacts held with World Bank, European Investment Bank etc. and other financial institutions which the Bank is in cooperation with.
	Credit Rating Agencies	As part of the business cycle - when deemed necessary	Meetings, reporting, presentations, correspondence.
	Sectoral unions and organizations	As part of the business cycle - daily	Meetings, presentations and daily communication actions.
	Media	As part of the business cycle - when deemed necessary	Actions to enlighten the public with a transparent and quick approach (press meetings, press bulletins, interviews, responding to questions etc.).
	Society	As part of the social responsibility projects	Corporate social responsibility projects and donation activities.

IMPACT FRAMEWORK OF STRATEGIES

GRI 2-25, 2-29, 3-1, 3-3, 203-1, 203-2, 405-1



Ziraat Bank boasts the largest and most extensive service network of any bank in Turkey. The Bank generates value by offering its financial products, services and solutions to a wide range of customers.

The Bank uses six capital items in the value generation process. Ziraat Bank needs different amounts of input from each capital item in order to implement its strategies and generate value for its stakeholders.

Strategies, the Bank’s approach, and relations between the relevant stakeholders and items are taken into account in the use of capital items. On the other hand, increasing efficiency in operations and reductions in the direct and indirect negative impacts on the environment are considered cyclically.

Strategies	Ziraat Bank’s Approach	Associated Stakeholder	SDGs Which Have Been Contributed to
Stable Growth	While Ziraat Bank has made its balance sheet increasingly customer-focused, it proactively manages loan quality through effective loan processes, prioritizes effective use of resources and cost control. Ziraat Bank continues to support the agricultural manufacturing, export, energy, technology investments with its selective credit policy and optimal resource cost.	Customers	1
			2
			7
			8
			9
			11
			12
The Business Model of the Future	Ziraat Bank constantly renews and develops its business model in line with the developments in the digital world. The Bank continues its efforts to provide the best digital experience and financial consultancy services to its customers. By using data analytics effectively in its work, it proactively determines the needs of its customers and develops its solutions according to customer segments. Ziraat Bank offers its customers a new digital banking experience with its digital branch.	Customers	1
			2
			8
			9
			17
Advanced Technological Infrastructures	Ziraat Bank continuously improves its business processes by integrating it with the latest technologies in order to provide an excellent customer experience.	Customers, Employees	8 9 10 17

GRI 2-25, 2-29, 3-1, 3-3, 203-1, 203-2, 204-1, 308-1, 308-2, 414-1, 414-2

Strategies	Ziraat Bank’s Approach	Associated Stakeholder	SDGs Which Have Been Contributed to
Efficient and Lean Processes	Ziraat Bank continuously improves its business processes by integrating it with the latest technologies in order to provide an excellent customer experience.	Customers, Employees	8 9 10 17
Developing Organization and Happy Employees	Ziraat Bank invests in the professional development of its employees with its Development-Oriented Career and Talent Management approach and constantly improves its employee experience through performance evaluation processes based on equal opportunity and practices that increase employee motivation. The aim of the Bank is to ensure corporate loyalty with happy employees who have internalized a strong corporate culture for over a century.	Employees	3 4 5 8 10 16
A Global Bank	In order to offer a complete package meeting the financial requirements of Ziraat customers, the Ziraat Finance Group generates integrated solutions with its domestic and overseas banking subsidiaries, branches and finance entities, offering these solutions to its customers in the most efficient way by taking advantage of the economies of scale provided by being a finance group.	Employees, Customers, Suppliers, Shareholder	8 9 10 11 12 16 17
Platform Banking	Ziraat Bank offers new products and services in collaboration with the entire ecosystem to provide its customers with better banking and finance opportunities at any time they need.	Customers	9 17
Responsible Banking	Ziraat Bank aims to generate added-value with its banking principle that respects people and the environment in line with its Sustainability Policy.	Customers, Society, International banks and investors, Regulatory bodies, Sectoral unions and organizations	10 11 12 13 16 17

THE FIRST BANKING MUSEUM



WITNESS TO NEARLY EVERY ERA OF THE REPUBLIC, THE ZIRAAT BANK MUSEUM WAS TURKEY'S FIRST BANKING MUSEUM.

Ziraat Bank Museum was opened in 1981 in the Hall of Honor of Ziraat Bank Headquarters, located in Ankara's Ulus district. It is one of the structures of the First National Architecture Period, designed by Italian Architect Giulio Mongeri in 1929 in order to convey the Bank's knowledge and experience to

the future. Ziraat Bank Museum, which sets out the commercial, economic, political, cultural, artistic and educational change and development of the Turkish banking system from its inception to the present, exhibits a wide range of antique objects which were used in the banking system in a historical setting.

The museum, which was closed to visitors for a period of time due to the pandemic, was reopened on 18 May 2022 and welcomed approximately 2,500 visitors in the last three months of the year. In addition, with the Ziraat Bank Museum Virtual Tour, which was prepared by

transferring all sections and details to digital media with three-dimensional imaging technology and can be accessed via the Bank's website, also offers the chance to visit the Museum step by step in a virtual setting from a computer or mobile phone.

With the app prepared using special techniques, the virtual tour includes information and visuals of objects and historical documents exhibited in the museum, as well as works belonging to the Ziraat Bank Art Collection, including the option to zoom in to the smallest detail in ultra-high resolution.



RISKS, OPPORTUNITIES AND DEVELOPMENTS IN THE MARKETS

Ziraat Bank may be exposed to risks, market developments and uncertainties which may affect its short, medium and long-term performance, liquidity, brand value, growth potential, sustainability performance and corporate reputation. In this context, risk management goes far beyond being a legal obligation for the Bank; it is a fundamental function and one of the foundations of the decision-making process.

Ziraat Bank monitors megatrends and market developments in order to minimize their possible effects on its activities and stakeholders, and develops policy and action plans and implements them within the scope of its daily business cycle.

The rapidly developing energy crisis and the ongoing climate crisis were among the main issues closely followed by global and national markets during 2022. At the same time, the Bank closely followed developments in the global economy and the Turkish economy as external factors, and necessary measures were taken under a proactive approach.

Detailed information on risk management activities and processes at Ziraat Bank is presented in the FINANCIAL INFORMATION AND RISK MANAGEMENT section of the report.

ZIRAAT BANK MONITORS MEGATRENDS AND MARKET DEVELOPMENTS TO MINIMIZE THEIR POSSIBLE IMPACTS ON ITS OPERATIONS AND ITS STAKEHOLDERS, AND DEVELOPS POLICY AND ACTION PLANS WITHIN THE SCOPE OF ITS DAILY BUSINESS CYCLE.

GRI 201-2

Developing and underdeveloped economies, whose economic cycles depend on imported energy, were forced to compete with developed economies in the race for more expensive energy.

ENERGY CRISIS

The energy crisis has emerged as one of the most far-reaching economic consequences of the war between Russia and Ukraine, which has been continuing since last year.

After Russia's attempt to invade Ukraine, the European Union (EU) and the United States (USA) started to impose harsh sanctions against Russia, a major producer and exporter of energy. This situation precipitated interruptions to the energy supply and paved the way for a rise in prices.

In 2021, Russia provided more than 40% of the EU's gas, 27% of its oil and 46% of its coal.

The International Energy Agency (IEA)'s World Energy Outlook 2022 report, published in October, alluded to the fragile state of global supply chains, pointing out that Europe, which increased its liquefied natural gas (LNG) imports in the face of the sharp decline in gas transferred from Russia through pipelines, lacked sufficient LNG storage capacity.

Developing and underdeveloped economies, whose economic cycles depend on imported energy, were forced to compete with developed economies to access high-priced energy. In this process, while US energy exporters recorded substantial profits, regions with vast natural gas reserves such as North Africa focused on increasing their exports. As a result of the energy

crisis, volatility in commodity and food prices has increased with many countries entering a cycle of high inflation.

High energy prices to ratchet up inflationary pressure further in the coming period

In the absence of any change in geopolitical conditions or the global supply-demand balance, energy prices are predicted to remain high with energy supplies coming under strain in the short term. According to the Oil Market Report released by the IEA in December, there could be a crude oil shortage in the third quarter of 2023.

In its Commodity Market Outlook Report published in October, the World Bank predicted that energy prices would decline by 11% in 2023 and by 12% in 2024, but remaining 50% higher than their 5-year average throughout 2024. According to the report, the combination of high energy prices with increased transportation and electricity costs will affect businesses and production through secondary channels, sustaining inflationary pressures.

According to the S&P Global Commodity Insights 2023 Energy Outlook Report, although average natural gas, coal and crude oil prices are expected to edge lower in 2023, the European gas and electricity markets will remain dogged by difficult conditions unless structural reforms to reduce dependence on natural gas are taken.

Despite being affected by the global repercussions of the energy crisis, Turkey is presented with opportunities to draw on the advantages of its geopolitical position.

Beyond providing energy supply security with its international natural gas pipelines, four LNG power plants (of which two are floating) and two underground natural gas storage facilities, our country stands to be of key importance in overcoming the crisis for Europe, which has suffered from bottlenecks in gas supply due to the Russia-Ukraine war.

THE CLIMATE CRISIS

Efforts to tackle climate crisis being closely followed, with new decisions taken accordingly

The climate crisis is closely monitored with the participation of governments at the annual COP (UN Conference of the Parties) meetings, and new decisions are taken in tackling the climate crisis. However, the COP27, held in Egypt in the autumn of 2022, took place in the shadow of a negative geopolitical and economic global backdrop, and its results were limited.

The EU, Turkey’s largest export market, announces EU Green Deal in a bid to make Europe the world’s first carbon neutral continent by 2050.

The most tangible result of COP27 was the agreement of the parties to establish a Loss and Damage Fund for countries most vulnerable to the climate crisis. The fund is intended to help developing countries, which are exposed to the adverse effects of climate change, to compensate their losses and damages.

At COP27, countries also initiated a process that includes 25 new actions of cooperation in the fields of energy, road transport, steel, hydrogen and agriculture.

In the UN Intergovernmental Panel on Climate Change held at the COP27, it was noted that greenhouse gas emissions would need to be reduced by 45% by 2030 in order to limit global warming to 1.5°C.

On the other hand, on the subject of transition financing, which is one of the most important issues in the transition to a low-carbon economy, it was emphasized that the global transformation would require between USD 4-6 trillion in annual investment. At this point, the joint action and synergetic cooperation between all national and international financial institutions will be of tremendous importance.

Turkey expected to be affected by the “green transformation” in the EU, which accounts for around half of Turkey’s exports.

The EU Green Deal aims to put Europe, Turkey’s largest export market, in the position of being the world’s first carbon neutral continent by 2050. As the EU moves towards a zero-carbon economy, it plans to put the Border Carbon Regulation mechanism in place in order to eliminate the negative effects of the process on its economy.

Under this mechanism, duties will be levied on countries which do not have carbon pricing for exports to the EU. With the EU accounting for around half of Turkey’s exports, Turkey stands to be affected by the EU’s green transformation.

The Border Carbon Regulation will come with a burden on Turkey’s GDP and increase costs in energy intensive and high carbon emission sectors. One implication is that unless Turkish companies establish permanent policies and practices to tackle the climate crisis, they may experience difficulties in accessing finance.

In order to mitigate the possible negative effects of the regulation, an Action Plan containing 32 objectives and 81 actions under nine basic criteria was announced under the leadership of the Ministry of Commerce with the coordination of both the public and private sector. The plan, which is a

roadmap, aims to strengthen Turkey’s competitiveness in exports while attracting green investment into our country.

Although the Border Carbon Regulation will present a burden to Turkish exporters, it is important that our country sees this situation as an opportunity in the transition to a circular economy. This point will provide an important opening for the banking sector, both by increasing the share of green finance in loan portfolios and benefiting from know-how in the field of sustainability and ESG in the transformation of the real sector.

THE GLOBAL ECONOMY

The year 2022 was a year in which the negative impacts of the Covid-19 pandemic were alleviated with the support of the vaccination rollout, but the ongoing war between Ukraine and Russia weighed down on global economic growth.

Although the global economy started 2022 with hopes that pandemic-related restrictions would be eased and the central banks of developed countries could gradually normalize their monetary policies, the black swan of geopolitical risks dramatically increased uncertainty.

Increasing commodity prices, mounting food security concerns and disruption to the supply chain, along with geopolitical

Turkey aims to strengthen its competitiveness in exports and attract more green investment to our country.

risks, led to higher and persistent inflation, while also bringing the need to tighten financial conditions to tackle inflation.

The tightening in global financial conditions over the last year, combined with a sharp tightening in policy implementations among countries, the effects of the war on economies through a variety of different channels, strict pandemic measures in China and the problems facing the real estate sector all increased the risk of global recession.

In the light of these developments, the IMF revised its growth forecasts for the global economy downwards with its updated Global Economic Outlook Report published in January 2023. The IMF announced a global growth forecast of 3.4% for 2022, with growth projections of 2.9% for 2023 and 3.1% for 2024.

European economies struggle with headwinds in 2022.

The Ukraine-Russia war increased risks regarding commodity prices, the supply chain and energy supply, depressing expectations, especially in the Euro Zone. The sanctions imposed against Russia set the stage for a surge in natural gas prices in Europe during the summer months, raising concerns over mounting problems in energy supply in 2023.

However, these concerns were somewhat alleviated by milder than expected weather later in the year, with leading data releases in the last months of the year suggesting that the European economy had bottomed out, helping calm fears of an impending deep recession in Europe.

Tightening in financial markets and repercussions of the war usher in a slowdown in the US economy.

While impact of the interest rate hikes on the US economy was more evident, especially in the PMI data, confidence indices and the housing market, the slowdown in the employment market remained quite limited. Helped by tight monetary policies and, in particular, declining energy prices, inflation slowed in the second half of the year to end the year at 6.5%.

Central Banks left with a dilemma in 2022 amid the worsening inflationary environment and risks to the growth.

The US Federal Reserve (Fed) followed an aggressive policy of increasing interest rates to tackle inflation. The European Central Bank (ECB), on the other hand, was somewhat late to the party, delaying its rate hikes due to the European economy’s dependence on Russia for energy.

While the Fed raised interest rates by a total of 425 basis points in 2022, it sticks to its guidance that it will not lower interest rates in 2023, contrary to market expectations. The ECB also raised interest rates by a total of 250 basis points last year in a bid to bring down CPI inflation, which had reached double-digit levels in the Euro Zone. Standing apart from its peers and maintaining its expansionary stance in monetary policy, the Bank of Japan staged a surprise intervention in the Yen in the last month of the year, its first such intervention since 1998, widening the yield target band in the mechanism by which it controls long-term bond rates. Developments in the UK in 2022 also led to an intensification of the discourse regarding the country’s financial stability.

Ultimately, although we may have seen the peak in global inflation in 2022, inflation is expected to remain above the tolerance ranges for central banks in 2023.

The Turkish economy recorded a relatively buoyant 7.6% rate of growth in the first six months of 2022.

China’s economy still under the shadow of the Pandemic in 2022

A significant slowdown in growth was recorded last year due to China's insistence on maintaining its zero-Covid strategy in tackling the coronavirus pandemic as well as the problems in the housing sector. Although Chinese officials adopted an expansionary policy to alleviate the vulnerabilities in the economy, marking a decoupling from other countries, the 3% growth in the country's economy in 2022 was the slowest rate of growth since 1976, excluding the pandemic period.

Global economy starts what is expected to be a difficult year with a better than feared outlook.

The IMF had been shaping its expectations for 2023 on the expectation that the slowdown in economic activity would continue, mainly with the effect of developed countries, both due to the repercussions of the tightening process and the ongoing conflict in Ukraine. The IMF predicts that the global growth will come in at 2.9% in 2023.

A slowdown of this extent would mark the weakest growth outlook for the world since 2001, excluding the years most impacted by the global financial crisis and the pandemic. However, it is considered that the world economy started the year 2023, which is expected to be a difficult year, with a better outlook than the projections.

With the fall in energy prices in Europe easing concerns of recession and the opening of the Chinese economy potentially being a factor which could support global growth, especially in the second half of the year, there is a sense of renewed optimism.

THE TURKISH ECONOMY

Despite the challenging global conditions, the Turkish economy demonstrated a strong growth performance in 2022 with the contribution of domestic and foreign demand.

The Turkish economy posted a relatively strong growth rate of 7.6% in the first six months of 2022. This was followed by a slowdown in growth in the third quarter with the rate of growth for the first three quarters of the year slowing to 6.2%. Despite some softening in industrial production in the last quarter of the year, GDP ended 2022 with 5.6% growth on the back of increased private consumption expenditures.

In this period, financial and insurance activities posted a 21.8% contribution to added value, service activities with a 11.7% contribution, with professional, administrative and support service activities contributing 9.9%, information and communication activities 8.7%, other service activities 5.8% and public administration, education, human health and social service activities contributing 4.8%, followed by

real estate activities (4.3%), industry (3.3%) and the agricultural sector (0.6%).

It is thought that supportive fiscal policies, additional credit support in selective sectors and the increase in the minimum wage increase could support growth through the domestic demand channel, especially in the first half of 2023. Although the slowdown in global growth left exports at risk from volatility in foreign demand, a positive trend in tourism receipts may help limit the slowdown in growth. Ultimately, the positive performance in growth is expected to continue in 2023 as well.

Tourism revenues exceed projections in 2022 despite repercussions of war in Ukraine.

With the support of long-postponed holidays and the diversification of tourism activity in many fields and on a country basis, tourism revenues demonstrated a strong performance in 2022, exceeding projections despite the repercussions of the war in Ukraine. Tourism receipts surged by 53.4% YoY in 2022 to reach USD 46.3 billion, exceeding the USD 39 billion recorded in 2019, which is often viewed as the golden year for tourism. The positive trend in early reservations indicates a positive start to 2023 for tourism, with tourism income of USD 56 billion targeted for 2023.

The positive budget performance in 2022 is expected to offer additional room for maneuver for fiscal policies in 2023.

The widening in the current account deficit became more evident in 2022 due to energy and gold imports.

The record level rise in service revenues with the contribution of tourism and transportation revenues and the positive course of exports despite the challenging conditions were the main factors limiting the increase in the current account deficit. The 12-month cumulative current account surplus excluding gold and energy in 2022 remained significantly higher than in 2021 - an indicator of how energy prices could actually affect the current account balance.

The current account deficit ended the year 2022 at USD 48.8 billion. The main factors behind the increase in the current account deficit were the low level of energy prices and the increase in gold imports. The current account deficit is expected to approach its historical averages in 2023 on the expectation of an easing in energy imports and stronger support from tourism receipts to the current account balance than in previous periods, despite risks related to domestic demand.

Continuing to diverge positively from peer countries in terms of employment

The strong course of economic activity in the past year led to an improvement in employment with a positive divergence from peer countries continuing with the developments recorded after the pandemic

period. Total employment recorded a significant increase with the support of the industrial and construction sectors, led by employment in services supported by a positive performance in the tourism sector. The rate of unemployment, which stood at 11.2% in the last quarter of 2021, declined to 10.2% in 2022.

In 2023, the expectation of a slowdown in foreign demand and hike in the minimum wage indicate that there may be a weakening in employment. However, both the preservation of the strength of service employment and the decrease in the labor force participation rate are considered to be factors that may limit the rise in unemployment.

Higher than expected revenues on back of strong economic activity limit budget deficit.

Government spending increased in 2022 in a bid to alleviate the fallout of the geopolitical risks and inflation on the economy. However, a combination of buoyant economic activity and the positive course in revenues kept the budget deficit under control, with revenues exceeding the projections set out in the government's Medium Term Plan while spending remained below projections, and the budget deficit decreased by 31% compared to the previous year to be realized at TL 139.7 billion in 2022, significantly lower than the budget deficit forecasted in the Medium Term plan. As a result, the budget performance

maintained its robust performance in 2022 when compared to peer countries. The budget deficit/GDP ratio also fell within the Maastricht Criteria, which is taken as a basis for international comparisons.

This positive budget balance performance in 2022 is expected to help provide additional room for maneuver when it comes to the 2023 fiscal policies.

Inflation records sharp decline in the last month of 2022 on the back of the base effect.

Inflation dominated the agenda both in the world and in Turkey in 2022 with energy, food and agricultural commodity prices all surging on the back of geopolitical developments and supply constraints in various sectors. In the last month of the year, a sharp decline in inflation was observed with the base effect, while the annual rate of CPI inflation is set to decline, especially in the first half of 2023, on the back of the base effect.

The Central Bank reduced interest rates by 500 basis points in total, citing that with uncertainty continuing to hang over global growth and heightened geopolitical risks, supportive financial conditions would be critical in ensuring the continuity of the structural gains in supply and investment capacity obtained after the surge in industrial production and the rising trend in employment.

IN OUR 159TH YEAR... MOVING FORWARD TO THE FUTURE

OUR STRATEGIES STABLE GROWTH

TURNING ITS BALANCE SHEET TO A CUSTOMER-ORIENTED STRUCTURE, ZIRAAT BANK UNWAVERINGLY CONTINUES TO FINANCE AGRICULTURE AND MANUFACTURING, EXPORTS, ENERGY INVESTMENTS AND TECHNOLOGY WITH ITS SELECTIVE LOAN POLICY.

RESPONDING TO THE NEEDS OF THE REAL SECTOR AND HOUSEHOLDS WITH ITS PRODUCTS, SERVICES AND SOLUTIONS THROUGHOUT THE YEAR, ZIRAAT BANK USHERED IN A NEW ERA OF SUCCESS IN ITS JOURNEY OF SUSTAINABLE AND PROFITABLE GROWTH.

GRI 3-1, 3-3

Working in synergy with the Ziraat Finance Group, which it leads, the Bank has implemented a host of innovative applications and further strengthened the added value it produces.

STABLE GROWTH

Continuing to be a pioneer in the sector with its selective credit policy and effective use of resources

Ziraat Bank, which has gradually transformed its balance sheet into a customer-oriented structure, proactively manages credit quality through effective loan processes and always prioritizes effective resource use and cost control. Within the framework of its selective credit policy, the Bank continues to finance the agricultural, manufacturing, export, energy investment and technology sectors while optimizing resource costs.

Attaching importance to supporting growth with sustainable profitability, Ziraat Bank recorded a Return on Equity of 26.4% and Return on Assets of 2.3% in 2022.

The Bank's total deposits expanded to TL 1,739 billion in 2022, with deposits comprising a 75% share of liabilities. Ziraat Bank maintained its leadership in the sector in terms of total deposits in 2022 as well.

Bolstering a strong funding structure with new collaborations in 2022

Ziraat Bank realized its first sustainable themed syndicated loan in 2022. The 367-day, USD 1.24 billion loan is the tenth borrowing transaction provided by the Bank from international markets through syndication.

Reinforcing its strong funding structure with new collaborations it entered into in 2022, Ziraat Bank continued to use alternative sources such as bilateral loans and post financing from correspondent banks, in addition to syndication loans. The total volume of funds provided by the Bank through these resources had reached USD 1.5 billion by the end of 2022.

Ziraat Bank maintains its efforts to diversify its resources and provide cost-effective, long-term resources. In this context, the USD 7 billion GMTN (Global Medium-Term Notes) program, which involves borrowing from international capital markets, was updated on 5 May 2022. In addition, the Bank continued to obtain foreign resources through private placement issuances.

Offering products and services which bring ease to peoples' lives with the right solutions

Continuing to meet the financial needs of its customers with the right solutions in 2022, Ziraat Bank recorded a 63% expansion in its cash loans while the share of cash loans in the Bank's balance sheet stood at 55%.

In a bid to protect customers vulnerable to exchange rate volatility from exchange rate risk and encourage them to place their investments in Turkish lira terms, Ziraat Bank launched TL Currency Protected Time Deposits, FX Converted Currency Protected TL Time Deposits, YUVAM TL Time Deposits, Quarter Gold Coin Time Deposit Accounts and Quarter Gold Coin Demand Deposit Accounts.

With its selective loan policy aimed at increasing employment, achieving growth in the real economy and contributing to our country's development, Ziraat Bank continued to support the agricultural, manufacturing, export, energy, investment and technology sectors with the loans it provided in 2022, within the framework of this policy.

Supporting the agricultural sector with Ziraat Bank's "Financing the Agricultural Ecosystem" strategy

Ziraat Bank's strategy in the agricultural sector, which it classes as a priority area, is "Financing the Agricultural Ecosystem". This strategy is built on four main headings; "solution orientation", "strong communication", "sustainable financing" and "accessible financing". In this vein, the Bank has determined value-added production, economies of scale, cooperative banking, technology-intensive agriculture, integration of industry in agriculture, environmentally friendly loans and areas specific to women and the young as its main targets.

Ziraat Bank plays an important role in bringing out our country’s tremendous potential in agriculture.

Ziraat Bank plays an important role in releasing our country’s tremendous potential in agriculture.

In 2022, the Bank aimed to finance the Agricultural Ecosystem through the following products;

- Young Farmer Loan
- Female Farmer Loan
- Gold Hive Loan
- Solar Agricultural Irrigation Loan
- Producer Cooperative Loan
- Agriculture Transfer Loan
- Grain Support Advance Loan
- Fisherman Support Loan
- I Have Many Reasons to Live in My Village-Cattle.

In addition, the Bank has introduced a wide array of products specific to financing modern pressurized irrigation and cooperatives, and aims to raise awareness in society with these products.

Ziraat Bank signed protocols with four more governorships in 2022 as part of the “I Have Many Reasons to Live in My Village” project. This took the number of governorships with which protocols had been signed to 40 by the end of 2022, the number of producers benefiting from the project to 7,314, the volume of loans extended within the scope of the project to TL 1.1 billion and the number of livestock received with these loans to 702,000.

On the other hand, the “I Have Many Reasons to Live in My Village - Cattle” project, which was aimed at expanding the scale of the enterprises operating in cattle dairy farming with qualified animal breeds, diversifying the range of financial solutions available for small enterprises, bringing idle operating capacity into production and increasing demand for domestically born female livestock while creating a market for excess capacity of female livestock in existing dairy farms, was implemented to support efforts to reduce imports of livestock, to attract new customers to the Bank’s portfolio and to increase efficiency, productivity and profitability in this area by directing cash flows related to the work carried out within the scope of the project to the Bank. Work on the implementation of the project will continue in 2023.

The Bank’s agricultural loans doubled in 2022 when compared to the previous year, with the number of farmers using loans within the framework of “Achievable Financing Strategies” reaching 1 million.

As of the end of 2022, the combined volume of loans extended from Ziraat Bank’s own resources for the financing of the agricultural sector and the funds originating from its intermediation had reached TL 233.7 billion, with a total of 1,078,519 customers with loans.

Ziraat Bank’s support for SMEs has gained continuity with the collaborations it has developed.

Within the scope of the ongoing cooperation between Ziraat Bank and the KGF, the use of Investment Support, Export Support and Operational Expenditures Support Packages and Manufacturing Based Import Substitution Support Packages continued in 2022 as well. The Construction Services Financing Support Package was brought into use in order to meet the expenditures of SME and non-SME construction companies for the completion of ongoing housing projects.

Within the framework of Ziraat Bank’s protocol with the KGF, the KGF Support Loan-2 (Second Period) was introduced to meet the needs of SMEs for guarantee limits and thus ensure the continuity of the support provided to SMEs.

The Central Bank Investment Committed Advance Loan (YTAK), which has been made available only to non-SME companies through the Development and Investment Bank of Turkey (TKYB) has also been made available to public banks, and became one of the important loans commissioned by Ziraat Bank in 2022.

With the protocol signed between KOSGEB and KGF, Ziraat Bank implemented the KOSGEB Employment Contracted SME Financing Support Package to finance the capital for

Ziraat Super Branch customers are offered preferential interest rates, lower fees and limit advantages on a wide range of banking products such as deposits, loans, money transfers, investments and credit cards.

customers who are committed to creating and maintaining formal employment for citizens of the Republic of Turkey and Syrians under Temporary Protection (GKAS) or Persons Granted International Asylum (UKSK) in selected provinces affected by migration.

Within the scope of the loan guarantee protocol signed between the Export Development Inc. (İGE) and the Bank, the second HDI Equity Guarantee Support Package was offered to businesses which are exporters or have potential to be exporters and real or legal person businesses involved in services and activities which earn foreign currency.

THE BUSINESS MODEL OF THE FUTURE

Continuously improving of our business model to offer our customers the most advanced technology-oriented solution proposals

Ziraat Bank constantly renews and develops its business model in line with the needs of the digital world. Working tirelessly to provide its customers with the best digital experience, the Bank proactively identifies its customers’ needs and differentiates its solutions according to customer segments, using data analytics effectively.

Ziraat Bank considers digitalization as a whole in order to carry out the entire banking process digitally with

the ecosystem logic. In line with this, Ziraat Super Branch, which was commissioned in 2022 as the Bank’s Digital Branch service model, aims to provide the best customer experience by allowing retail customers to benefit from banking services through digital channels without going to the branch.

The Bank offers Ziraat Super Branch customers a wide array of banking products including deposits, loans, money transfers, investments and credit cards with preferential interest rates, lower fees and increased limits.

AI-supported Ziraat Virtual Assistant served 7.8 million customers in 2022.

Supported by Artificial Intelligence, the Ziraat Assistant works as a customer representative, not only improving the channel experience of customers by answering questions quickly but also directing customers to relevant screens in financial transactions such as bill and tax payments, foreign exchange purchase and sale, and money transfer, ensuring that transactions are carried out quickly and easily.

Ziraat Bank established the Financial Agenda, designed as part of its efforts to increase the variety of products and services offered through digital channels, where customers may easily and practically monitor all financial transactions, account movements and expenditures on their

accounts on a daily basis, on a consolidated or account basis, on a single screen.

With the developments it has achieved in card systems, customers may use the Bankkart Lira they earn through the Bank’s digital channels, from the moment of shopping to the cut-off date, at any time through the applications launched by the Bank such as Agricultural Support Payments and KGF Secured Loans via cards, Mobile Contactless Payment with Debit Card and the Pay with Bankkart Lira feature.

Other developments in 2022:

- It became possible to carry out Foreign Currency Transfer Entry (SWIFT) and Import File Opening and Transfer transactions over the Ziraat Mobile app,
- Export Acceptance Certificate transactions (IBKB) could be carried out through Internet Banking,
- With the “Show All My Taxes” option added to the E-Government Transactions menu, all taxes can be brought and paid easily with a single click,
- Corporate Internet Banking, which can only be defined to legal customers, can also be defined to real customers with the definition of a sole proprietorship or farmer.

Ziraat Bank has integrated data not only into its business processes but also into its organizational structure, in line with its strategy of “Being a Data-Driven Company”.

Integrating data governance and data analytics into the Bank’s future business model strategy

Ziraat Bank established data governance processes to ensure end-to-end corporate management of data. In this vein, the Bank determined strategies aimed at being a data-oriented company, creating a corporate culture for data value, ensuring that data is managed with common terminology and developing a proactive approach to data security.

Ziraat Bank has integrated data not only into its business processes but also into its organizational structure, in line with its strategy of “Being a Data-Driven Company”.

By ensuring the integration of data governance and data analytics into business processes with superior data quality, a relational structure has been defined between the Bank’s strategy, business, application, data and technology layers.

Data governance and data analytics, which support the decision-making mechanism, have become the common language for the Bank, enabling branches to offer the right product recommendations to customers by directly benefiting from analytical data.

Continued support for initiatives which develop innovative and innovative solutions

Ziraat Bank supported initiatives to develop innovative and innovative solutions in 2022 as part of its strategy of establishing cooperation with fintechs and start-ups and implementing new business models.

In 2022, the Bank implemented the FIDE Fintech Acceleration Program in conjunction with Yıldız Technical University.

The Program was created for entrepreneurs seeking to develop products or services in their fields as listed below:

- Innovative Digital Banking/ Mobile Banking Solutions,
- Blockchain Based Financial Applications,
- Online Payment Systems,
- Innovative Products and Services with Data Analytics Platforms and Artificial Intelligence Entry,
- Open Banking/Platform Banking,
- Digital Solutions for SMEs,
- Solutions for Customer Experience,
- Financial Data Analytics Solutions with Machine Learning,
- Robotic Process Automation Tools.

More than 15 training programs on important topics and over 100 hours of one-to-one mentoring were provided to 11 entrepreneurs selected within the scope of the program. The program provided the entrepreneurs with the opportunity to promote their ventures at the Fide Demo Day event held on 28 September 2022.

The Istanbul Finance Center - an integral part of Ziraat Bank’s changing business model

The Istanbul Finance Center, a major national project, has reached the completion stages. Ziraat Bank continues its work to contribute to the future of our country by taking its place in the financial center, which is at the heart of the financial sector, as rapidly as possible.

ADVANCED TECHNOLOGICAL INFRASTRUCTURE

Continuing to work with comprehensive technological infrastructures integrated into all stages of the Banking Life Cycle

Ziraat Bank continuously strengthens its technological infrastructure with flexible software development and high information security processes implemented at all stages of the banking lifecycle.

By accessing Big Data sources with Artificial Intelligence, Machine Learning and Deep Learning methods and algorithms, Ziraat Bank has ensured the establishment of an end-to-end analytical software

Ziraat Bank continuously improves its business processes by integrating them with the latest technologies in order to provide excellence in the customer experience.

platform that can perform structured and unstructured data analysis quickly and effectively. The related platform targets the more effective use of the analytical models implemented at the Bank.

During 2022, the Bank, which ensures efficiency in its business processes through the effective use of technology, supported the Data Center with active backup devices and received the Uptime Tier 3 “Operational Sustainability” certificate for the Data Center and completed the Cyber Security Center studies. In addition, the Endpoint Security Project paved the way for an increase in the rate of pre-detection of advanced threats on client computers and servers at the Bank.

Integrating Artificial Intelligence/Machine Learning based models into its internal audit activities

Within the scope of its internal audit activities, Ziraat Bank effectively uses Artificial Intelligence and Machine Learning-based models and business intelligence tools, the infrastructure of which has been prepared in the field of instant credit control and information systems controls.

The use of Artificial Intelligence and Machine Learning models is aimed at increasing the effectiveness and efficiency of monitoring activities as well as detecting new areas of risk in advance by performing anomaly analysis.

EFFICIENT AND LEAN PROCESSES

Continuous improvement of business processes through integration with the latest technologies

Ziraat Bank continuously improves its business processes by integrating them with the latest technologies in order to provide excellence in the customer experience.

Continued efforts focused on the development and automation of operational processes

Ziraat Bank unwaveringly pressed ahead in its work to develop and automate the operational processes of the Head Office and branches in 2022.

More than 190 million transactions were carried out through the Operations Center in the 2022 operating period, with employee productivity increased by reducing the operational intensity in the branches.

With the development studies in robotic process automation applications, the total number of processes increased to 124.

Ziraat Bank continues its work to expand the new version of the OPI application, which allows customers to directly transmit their transaction instructions in Foreign Trade Transactions to the Operations Center through the Internet and Mobile channels, offering a more functional user experience with priority on security.

Streamlining its business processes through systematic integrations with institutions

Ziraat Bank accelerates its business processes by increasing efficiency through system integrations with various institutions. By the end of 2022, the Bank had secured integration with a total of 1,900 institutions.

Through the integration with the Revenue Administration, it has become possible to automatically retrieve balance sheets, income statements and trial balances directly from the system.

Thanks to the integration between the Public Oversight and Accounting and Auditing Standards Authority and Ziraat Bank, it is possible to obtain customers’ independently audited financial statements and audit reports in all branches of the Bank through the Bank’s system.

The integration of the State Accounting Information System for the electronic transmission of the instructions sent by public institutions to the Bank was completed and brought into use.

The integration between Ziraat Bank and KOSGEB enables queries of the status of customers as SMEs and customer information is recorded in the database. In addition, the integration allows the Bank’s branches to query customers’ SME characteristics, their scale and the dates their statutes as an SME are valid.

Ziraat Bank started work to establish the Ziraat Bank Finance and Technology University, backed by the technical knowledge and experience it has gained in the Banking School for more than 100 years.

With the power of attorney inquiry integration provided with the Notaries Union of Turkey (TNB), signature circulars issued on and after 1 March 2016 may be instantly queried, and the accuracy of the signature circular can be checked by comparing the information on the document with the information in the TNB system.

Bringing ease to the lives of employees with Mobile Applications and “Bilge”, the in-house Virtual Assistant

Ziraat Bank simplifies the daily banking transactions of its employees through its ZFG Mobile platform, providing instant access to Ziraat Finance Group corporate applications and information on a 24/7 basis. The platform includes more than 30 applications which continued to be developed in 2022, and new applications are constantly being added in accordance with employee feedback.

The In-house Virtual Assistant, “Bilge”, can answer questions from the Bank’s employees in 25 different subject areas such as Personnel Information, Branch and ATM Address, Directory Information, the Legislation Information Bank, Basic Banking Information and around 200 subtitles. Bilge, the Virtual Assistant which can be accessed via the portal and ZFG Mobile, is being developed with the addition of new areas with the support of the employees.

With the Mobile Approval app, which was developed to facilitate business processes with mobile solutions, both branch managers and employees authorized to issue approval may quickly terminate transactions from their mobile devices. This contributed to the prompt delivery of customer approvals and the continuity of business processes. Work continues on expanding the variety of transactions and including new screens in the application.

Authentication and transaction approvals performed by customers through Card Access Devices (KEC)

As part of its efforts to Integrate the New Identity Card into the Banking System, Ziraat Bank enabled customers to perform identity verification and transaction confirmations when contacting branches through Card Access Devices (KEC) located in branches.

DEVELOPING ORGANIZATION AND HAPPY EMPLOYEES

Ziraat Bank is continuously increasing its organizational efficiency with happy employees with a strong corporate culture by constantly improving the employee experience with the focus of our Development-Oriented Career and Talent Management approach.

Ziraat Bank invests in the professional development of its employees in line with its Development-Oriented

Career and Talent Management approach and continuously improves its employee experience with performance evaluation processes based on equal opportunity and motivation-enhancing practices. With these efforts, the Bank aims to ensure corporate loyalty with happy employees who are integrated with the strong corporate culture that has left their mark for centuries.

Work gets underway on the Ziraat Bank Finance and Technology University.

Ziraat Bank took measures to establish the Ziraat Bank Finance and Technology University with the support of the more than 100 years of technical knowledge and experience it has gained in the Banking School. Carrying its experience in banking education to its peak with this initiative, the Bank also aims to contribute to shaping the future of our country.

The university, designed as a Business School, will have many different features including three faculties, a Vocational School, a Technopark and a Financial Behavior Laboratory. The aim of the university is not only to train the bankers of tomorrow, but also to ensure the formation of new companies that will shape the future.

In line with its “Digital Solutions” strategy, Ziraat Bank also follows the latest technologies and applications in the field of education and quickly puts them into use.

Ziraat Bank attaches importance to training and development activities within the framework of its “Developing Organization and Happy Employees” strategy. Ziraat Bank tirelessly pushed ahead with its training and development activities in 2022 with the aim of improving the professional knowledge and skills of its employees as well as developing their personal abilities.

Providing continuous professional and personal development opportunities to its employees, the Bank provided an average of 18.8 hours of in-class training and 30.1 hours of e-training per person in 2022.

The “Branch Manager Development Journey” program for bank managers, Coaching and Mentoring training and practices, “On-the-Job Trainer Training” program and “Executive Manager Development Journey” program continued throughout the year.

Moreover, “First Step Training” is provided for new employees who have just joined Ziraat Bank, to help them get to know the Bank, adapt to the corporate culture and acquire the basic knowledge and skills necessary for their position, with the “Executive School Program” offered to employees who are candidates for management positions based on the information in the Individual Performance and Competency Evaluation System.

“Licensing/Certificate Training” were provided in order to prepare personalized training for national and international licenses and certification exams.

Graduate education programs were initiated with Ankara University, one of our country’s well-established universities, in 2021 and continued with a new intake of participants in 2022, in order to improve the academic aspects of Banking School Specialists and Assistant Inspectors who had just joined Ziraat Bank, and to support them in their postgraduate education.

Certificate Programs for Artificial Intelligence and Data Science as well as FRM-Risk Management are provided to help employees advance the competencies they use in their current positions. A total of 127 employees completed their training on Artificial Intelligence and Data Science and received their certificates. The FRM-Risk Management Certificate Program, which started in December 2022, continues to be offered to employees.

Introducing the latest technology and applications in the field of education

In line with its “Digital Solutions” strategy, Ziraat Bank also keeps its finger on the pulse of the latest technologies and applications in the field of education and quickly brings them into practice.

The Bank’s e-training catalogue provides a wide array of absorbing distance learning, videos, audio files and documents for all employees who are seeking to develop themselves in a professional or personal capacity. In addition, the Digital Catalogue, which contains over 4,000 volumes, is available for all employees.

The “Ziraatli-comment” block, which increases in-bank sharing and allows their employees to share their knowledge and experience with each other, was used by 18,278 employees in 2022 with 663 articles added to the blog.

A new program has been put into practice in order to contribute to the development of young university students carrying out internships at the Bank and to help them make efficient use of the time they spend in the internship program. With the “Customer Experience” approach in the program, every day of the students’ program is planned down to the smallest detail, from the welcome step on the first day to their farewell.

More than 100 videos, items of e-learning content and reading materials covering a wide array of different topics are available to students on the digital platform which has been opened specifically for students. Competitions are held to increase participation and encourage learning, and every step of the program can be followed on a daily basis from the mobile app.

Ziraat Bank’s corporate participation strategy is designed to generate integrated solutions to meet the financial needs of Ziraat Finance Group customers as a whole.

A GLOBAL BANK

Working to maximize customer satisfaction by producing integrated financial solutions in all countries where Ziraat Finance Group operates

Ziraat Bank’s corporate participation strategy revolves around the Ziraat Finance Group producing integrated solutions in order to meet the financial needs of its customers as a whole.

In addition to its domestic subsidiaries, the Bank works in cooperation with foreign subsidiaries operating in Germany, Bosnia and Herzegovina, Montenegro, Russia, Azerbaijan, Georgia, Uzbekistan, Kazakhstan and Turkmenistan within the framework of its participation policy built on the basis of efficiency.

In this context, Ziraat Bank sets out to carry out the following;

- In line with the vision of the Ziraat Finance Group, to create a dynamic and effective synergy between its domestic subsidiaries, which is complementary to its financial activities, and its foreign subsidiaries spread over a wide region,
- To ensure the continuation of sustainable profitability with a healthy and efficient balance sheet structure,
- To contribute to the development of commercial and economic relations between Turkey and other countries of operation, playing a strong role in the financing

of foreign trade and capturing a high market share in this area thanks to its wide foreign subsidiary network,

- To be the global financial contact point for customers by paving the way for foreign buyers and/or sellers of their customers in Turkey to also become customers in international service points, and to ultimately add value to the Ziraat Finance Group,
- To provide its customers with a variety of products and services, in addition to securing time and cost advantages at a global level thanks to effective communication and fast business processes by contributing financially to the transaction flows of its customers around the world,
- To continue activities focused on bringing new and pioneering financial technologies to the regions it is operating in.

Wide range of activities carried out by Ziraat Finance Group in 2022, including the Technological Infrastructure Project

Ziraat Bank has gradually expanded its work on the Key Global Project, which it embarked upon with the aim of developing the main banking applications used by foreign units and harmonizing these applications with Ziraat Finance Group standards.

Work at the Bahrain Branch has been completed while work continues on the software at the London Branch. The renewal of the main banking applications used by Ziraat Bank Uzbekistan JSC, the Bank’s Uzbekistan subsidiary, has got underway. Efforts are underway to expand the remittance infrastructure used jointly with foreign branches and subsidiaries, and the Finance Group Transfer System, which will enable safe and fast money transfers within the Ziraat Finance Group.

With the addition of Iraq in 2022, the system is now used in six countries (Azerbaijan, Bosnia, Kosovo, Georgia and Bulgaria, as well as Iraq). The Finance Group Transfer System is also scheduled to be implemented in Uzbekistan in the coming period.

The “Information Security Standardization Project”, initiated to comply with the security standards set for Ziraat Finance Group, was completed in Turkmenistan and Greece.

The project to “Transfer E-Mail Infrastructure to the Ziraat Data Center” project, which aims to maximize performance of services in the Ziraat Data Center, provide continuous accessibility, security and offer advanced messaging features has been completed in Georgia, Montenegro, Uzbekistan, Bosnia, London and Azerbaijan. The same work is planned to be carried out in Greece, Bulgaria, Iraq and Bahrain.

Ziraat Bank aims to create added value with its banking principle that respects people and the environment, in line with its Sustainability Policy.

Integration work carried out in Uzbekistan to bring the Monitoring and Warning systems of International Units to Ziraat Finance Group standards and to manage them from Turkey has been completed.

Ziraat Bank provided its customers with online access to financial products through Internet and Mobile Banking channels in its international units operating in Bosnia, Azerbaijan, Georgia, Russia, Turkmenistan and Uzbekistan, and through the Internet Banking channel in its international units operating in Greece, Bulgaria, Kosovo, Kazakhstan, Germany and Montenegro. The Mobile Banking app was launched in Iraq in 2022.

PLATFORM BANKING

To provide services to customers at any time and on every platform within the framework of the service models of the future

Ziraat Bank offers new products and services in cooperation with the entire ecosystem in order to provide its customers with better banking and financial opportunities to meet their needs.

In this context, the Bank has enabled access to a range of applications from a single point, in particular the Member Business Platform, where transactions and reports specific to member merchants are presented, the e-Government gateway and the Türkiye Hayat Emeklilik Platform.

Work completed on Open Banking services

Within the scope of its Open Banking activities, Ziraat Bank allows individual and corporate customers to view the balances of all of their TL, foreign currency and gold demand accounts in different banks, as well as their account activities on the Ziraat Mobile and Internet Branch, with their consent, in addition to the money transfer and transfers through their accounts in different banks while enabling them to complete payments.

Digital platform infrastructure work continuing at the Ziraat Super Branch

The Ziraat Super Branch aims to add value to the lives of its customers and create a positive customer experience by providing advantages to customers in non-banking product and service offerings through collaborations with companies from a range of different sectors over the platform infrastructure.

The Bank continues to expand and facilitate access to banking products and services by helping customers meet their needs instantly and through any channel with the new features and services which it has implemented.

RESPONSIBLE BANKING

Integrating environmental and social risk governance principles into the business model

Ziraat Bank aims to create added value with the principle of respecting people and the environment, in line with its Sustainability Policy.

Environmental and social risk assessment implemented in Ziraat Bank’s investment projects in 2022

From March 2022, Ziraat Bank started to consider loan applications for projects with an investment amount of more than USD 50 million from an environmental and social point perspective within the scope of its “Environmental and Social Impact Management Policy in Lending Activities”.

The assessment is carried out using the Environmental and Social Risk Assessment Model (ESRD). This model observes the Performance Standards set out by the International Finance Corporation (IFC) as well as local legislation. Customer risk and project risk are considered as a whole in the Environmental and Social Risk assessment. A total of 21 projects were evaluated on the basis of environmental and social aspects in 2022.

This sustainability-themed syndicated loan, in which 45 banks from 21 countries participated, was Ziraat Bank’s first to be linked to Environmental, Social and Governance (ESG) activities.

All loan requests are reviewed according to the Unfunded Activities List, which is an element of the Environmental and Social Impact Management Policy. Activities in this list are not financed under any circumstances. No projects were rejected due to their inclusion in the Unfunded Activities (FEF) list in 2022.

Ziraat Bank’s syndicated loan in 2022 connected to Environmental, Social, Governance (ESG) criteria

This loan, which was carried out with the participation of 45 banks from 21 countries, was Ziraat Bank’s first sustainability-themed syndicated loan.

The sustainability key performance indicators (ESG KPIs) of the loan provided within the framework of sustainable growth and the responsible banking approach included contributing to gender equality, equality of opportunity in production by offering favorable conditions for agricultural loans to be used by women and young farmers, offering employee training to increase sustainability awareness within the Bank and ensuring that branches and ATMs would provide greater ease for disabled citizens and help them access banking services.

In this context, Ziraat Bank prepared an “Sustainability E-Training” program and presented it to its employees in order to raise awareness of sustainability. Offering 270 ATMs specially designed for customers with orthopaedical disabilities and 5,352 ATMs for the visually impaired in its Accessible Banking business line, the Bank aims to increase the number of ATMs for the visually impaired with the purchase of new ATMs in the coming periods.

Ziraat Bank carried out a sustainability bond issuance of USD 600 million with a 5-year maturity in February 2021. It was Turkey’s first such issuance from a 100% state-owned financial institution. The resources obtained from this borrowing transaction, which is a successful application of sustainable finance, have been directed to environmental and social themed loans specified in the “Green, Social, Sustainable Finance Framework” where the loan areas which can be issued are determined.

The Allocation Report setting out the use of the said resources and the Impact Report stating the impact measurement of the loans and projects financed by the resource were prepared within one year following the issuance, as specified in the framework document, and published on the Ziraat Bank website in January 2022.

Continued diversification of sustainability loans

Ziraat Bank continued to provide “Green Home Loans” and “Green Vehicle Loans”, which are loan products within the scope of the green transformation and sustainability. In 2022, “Housing Heat Insulation Credit” and “Solar Power/Roof Solar Power/Licensed Solar Power Investment and Operational Credits” were added to this range of products.

Continued work to establish a Zero Waste Management System

In accordance with the “Zero Waste Regulation” dated 12 July 2019, all service buildings at Ziraat Bank throughout the country are defined as separate “Facilities” in the Integrated Environmental Information System (ECIS) as set out by the Ministry of Environment, Urbanization and Climate Change.

In this context, the Bank applied for a “Zero Waste Certificate” for a total of 1,827 service buildings throughout the country defined in the system as facilities and received certificates for a total of 1,371 service buildings in 69 provinces. Document applications submitted for the 438 service buildings in the remaining 12 provinces are expected to be approved by the Provincial Environment Directorates in due course.

In order to reduce environmental pollution and save paper, 1.7 million customers were informed in 2022 with the option to decline paper receipts, thus saving paper printing costs.

Contributions to responsible banking through improvements in business processes

In order to reduce environmental pollution and save paper, 1.7 million customers were informed of the option to decline paper receipts in 2022. Receipts can be accessed electronically by adding the option “send e-mail” to the ATM receipt preferences menu.

Enabling Export Acceptance Certificate transactions (IBKB) through Internet Banking did away with the need for using 26,227 sheets of paper over 6 months at the Bank’s branches.

While the reply letters regarding the lien, precautionary and deposit research transactions physically sent to Ziraat Bank Headquarters and sent to the head office by the branches are sent to the relevant institutions physically by cargo, the aforementioned letters are automatically sent via KEP. 252,000 shipments were transferred to the electronic environment each year, thus contributing to sustainability by saving approximately 504,000 sheets of paper and 252,000 post bags annually.

Documents and waste paper kept in the unit and branch archives and whose legal storage period has expired are forwarded to contracted authorized companies for recycling. Approximately 945 tons of waste paper was recycled in this context in 2022.

Ziraat Bank customers were able to obtain queue numbers by scanning QR codes with their mobile phones through the Queue Call System. When customers receive a queue number with a QR code, tickets are not physically printed, and the queue number is only displayed on the customer’s mobile phone. In view of the daily volume of queue numbers issued at the branches, digitalizing queue tickets also contributed to the Bank’s efforts within the scope of environmental awareness and sustainability, as well as the process of digitalization.

With the I-REC certificate, Ziraat Bank has documented that it meets the energy it consumes from Turkey’s renewable resources.

Renewable energy conversion is gaining ever greater importance for a sustainable future. The 24/7 digital services provided by the banking and finance sector to customers increase their electricity consumption.

The I-REC Standard, which documents the total amount of renewable energy produced and ensures that it is matched with consumers in order to expand energy investment and use, allows every MWh of electricity produced throughout the entire process starting from the source up to the final consumer. The I-REC Standard is a renewable energy registration system used in 44 countries in South America,

Asia and Africa and accepted by the European Union and the United States of America for carbon footprint measurement, serving as a source of proof in the international trade and finance sector.

Ziraat Bank attaches tremendous importance to Turkey’s renewable energy transformation in order to protect nature and future generations. In addition to the financing support which it provides for renewable energy and energy efficiency projects, the Bank has taken an important step for the national and international market in its sustainability efforts and transition to green transformation by meeting the 50,000 MWh consumption of its Head Office, subsidiaries and branches in 2022 from renewable energy sources.

Aiming to reduce the carbon footprint of its electricity consumption, Ziraat Bank has documented its efforts in this vein with the I-REC (The International REC Standard), which is world’s most widely used renewable energy certificate.

OUR BANK'S GALLERIES

GRI 2-6



ZIRAAT BANK MAINTAINS ITS SUPPORT FOR THE ARTS WITH ITS KUĞULU, TÜNEL AND ÇUKURAMBAR ART GALLERIES.

The Çukurambar Art Gallery and Ankara Kuğulu Art Gallery located in the Ankara Next Level AVM are open to art buffs. The Istanbul Tünel Art Gallery, on the other hand, is currently closed to visitors for renovations, but will open its doors again with its renewed interior the earliest possible date.

Located on Tunalı Hilmi Street in Ankara, the Kuğulu Art Gallery has been supporting art and artists for many years. With the exhibition calendar prepared every season, artists are given the opportunity to open exhibitions free of charge at certain times of the year. The works received from artists in exchange for opening an exhibition

GRI 2-6



are added to the Ziraat Bank Art Collection. With this systematic application, the content of the collection is enriched and growing and is set to become the most unique collection in Turkey.

The Tünel Art Gallery, located in Istanbul's Beyoğlu-Tünel district, has operated as a bi-floor gallery

for many years. While it was closed to the public during the pandemic, renovation work got under way. The renovated art gallery will open again with new exhibition programs.

The Çukurambar Art Gallery, located in the Next Level AVM in Ankara Söğütözü, was opened in

2019 and quickly became a popular destination for art lovers with its unique exhibition portfolio. The exhibition program prepared in the gallery continues without interruption throughout the year.

**AN ASSESSMENT OF 2022:
DEVELOPMENTS AND TARGETS FOR THE FUTURE**

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

**ZIRAAT BANK MAINTAINED ITS
POSITION AS TURKEY’S LEADING
BANK AS WELL AS ITS MOST
PROFITABLE BANK IN 2022.**

**THE BANK DEVELOPED ITS POSITION OF
BEING THE STRONGEST NATIONAL BANK IN
A YEAR WHICH WAS MARKED BY SWEEPING
CHANGES AND THE GLOBAL ENERGY CRISIS,
PROVIDED ITS RECOMMENDATIONS TO
ITS STAKEHOLDERS AND EXPANDED ITS
BUSINESS VOLUME.**

**AT THE END OF 2022, ZIRAAT BANK’S TOTAL
ASSET VOLUME STOOD AT TL 2,312 BILLION
AND ITS EQUITY AT TL 202.4 BILLION.
FOCUSING ON SUPPORTING ITS EQUITY WITH
SUSTAINABLE PROFITABILITY, THE BANK
PROVIDED A RETURN ON EQUITY OF 26.4% IN
2022 AND RETURN ON ASSETS OF 2.3%.**

**THE SHARE OF ZIRAAT BANK’S CASH LOANS,
WHICH STOOD AT TL 1,266 BILLION AT THE
END OF 2022, IN ITS ASSETS STOOD AT 55%.**

**THE BANK’S TOTAL DEPOSITS EXPANDED TO
TL 1,739 BILLION IN 2022, ACCOUNTING FOR
A 73% SHARE OF LIABILITIES. ZIRAAT BANK
MAINTAINED ITS SECTOR LEADERSHIP IN
TOTAL DEPOSITS IN 2022.**

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

**CORPORATE AND
COMMERCIAL BANKING**

Ziraat Bank’s strength in providing low-cost funding and its liquidity advantages stand out as the most important factors behind the Bank’s healthy growth in the Corporate/Commercial Banking business line.

With its wide variety of products and services and an extensive distribution network, the Bank meets all kinds of its customers’ financing needs with the most effective solutions and operates at every stage of the economic cycle.

Ziraat Bank continued to serve its Corporate/Commercial Banking customers with a comprehensive range of products in 2022.

The “Investment Support”, “Export Support” and “Business Expenditure Support” loan packages continued to be provided within the scope of ongoing cooperation between Ziraat Bank and the KGF. As of the end of 2022, the Bank had extended TL 3.5 billion in loans from the Investment Support Package, TL 4.2 billion in loans from the Export Support Package and TL 5 billion in loans from the Operational Expenditure Support Package.

The “Manufacturing-Based Import Substitution Support Package”, which was introduced in the third quarter of 2021, continued to be offered with the aim of financing the investments of enterprises holding the

investment incentive certificate issued by the Ministry of Industry and Technology at affordable rates and with KGF guarantee support. The total volume of loans extended through this package had reached TL 4.2 billion by the end of 2022.

In recent years, in view of the widespread use of solar power generation, the installation of licensed/unlicensed solar power plants and the increase in demand from companies for roof-top solar power plant investments in their facilities and factories, the “Solar Power Plant/Roof-top Solar Power Plant /Licensed Solar Power Plant Investment and Operational Loans” were added to Ziraat Bank’s range of environmental loan products within the scope of sustainability. A total of TL 8.5 billion had been disbursed through these loans as of the end of 2022.

“The CBRT Investment Committed Advance Loan (YTAK)” was introduced to increase exports by providing export support, to contribute to localization by reducing imports, to generate foreign exchange-earning service revenues and to support investments with high added value within the scope of sustainable development goals. This product, which had only been used by non-SME companies, was also been made available to public banks. As of the end of 2022, a total of TL 10 billion in loans had been disbursed through this package.

Support Packages for SMEs

With the protocol signed between Ziraat Bank, KOSGEB and the KGF, the “KOSGEB Employment Contracted SME Financing Support Package” was put into use for financing investment and/or working capital for customers officially committed to creating and maintaining registered employment for Turkish citizens and Syrians under Temporary Protection, or Persons under International Protection (UKSK) in selected provinces affected by migration. A total of TL 660 million in loans was disbursed through the loan package.

With the protocol signed between Ziraat Bank and the KGF, the “Construction Services Financing Support Package” was introduced in order to meet the expenditures of SME and non-SME construction companies to assist in the completion of their ongoing housing projects, and TL 1 billion in loans were made available.

The “KGF Support Loan 2 (2nd period)” was introduced in the 4th quarter of 2022 in order to meet SME needs for guarantee limits and thus ensure the continuity of the support extended to SMEs. A total of TL 471 million in loans was extended within the scope of the loan package.

AN ASSESSMENT OF 2022: DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

Ziraat Bank continuously contributes to the sector with the loans it has extended under favorable conditions and many new practices it has implemented.

Within the framework of the loan guarantee protocol signed between Ziraat Bank and the Export Promotion (HDI), the second “HDI Equity Guarantee Support Package” was offered to businesses which are exporters or have the potential to be exporters, and real/legal person businesses and sectors earning foreign exchange. A total of TL 823 million in loans had been extended in this context as of the end of 2022.

Loans for SMEs from International Financial Institutions
Since 2010, Ziraat Bank has been procuring sustainability-themed resources from various international financial institutions at preferential terms to be used in financing the working capital and investment loan needs of SMEs or larger companies.

With these funds, the Bank contributes to the protection and expansion of sustainable agriculture, energy efficiency, rural development and employment.

International Financial Institution	Project Topic	Amount	Maturity
World Bank (IBRD)	Financing for SMEs (SME II)	USD 200 million	25 years
World Bank (IBRD)	Financing for SMEs through leasing companies as an APEX loan (SME III)	USD 300 million	30 years
World Bank (IBRD)	Financing energy efficiency projects of SMEs	USD 67 million	30 years
European Investment Bank (EIB)	SME financing	EUR 100 million	10 years
European Investment Bank (EIB)	SME and MIDCAP financing (5 projects)	EUR 500 million	8 years
European Investment Bank (EIB)	Financing IPARD investments approved by the Agricultural and Rural Development Support Institution	EUR 100 million	14 years
German Development Bank (KfW)	Financing SMEs operating in the agricultural sector or rural areas	EUR 150 million	10 years
Council of Europe Development Bank (CEB)	Micro and SME business loan (to create employment or protect existing jobs)	EUR 100 million	7 years
French Development Agency (AFD)	Financing for SMEs which process agricultural products and food of animal origin	EUR 100 million	12 years

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

In 2022, Ziraat Bank provided 770 thousand customers with TL 205.3 billion in loans to finance the agricultural sector, adding 208 thousand new customers to the portfolio.



TL 232 billion in agricultural loans

The balance of agricultural loans provided from the Bank’s resources had reached TL 205.3 billion by the end of 2022, and the number of customers with loans was nearly 770,000. The number of new customers added to the portfolio exceeded 208,000.

As of the end of 2022, the balance of agricultural loans disbursed from our bank’s resources totaled TL 232 billion with more than 1 million loan customers.

35% of Ziraat Bank’s agricultural loan portfolio consists of investment loans while 65% of it consists of working capital loans.

On the other hand, the Bank also mediated in the payment of TL 434 million in loans from the funds provided by various institutions to a total of 2,402 individuals determined by the related institutions. As of the end of 2022, the balance of the fund-based loan payments included in this scope was TL 2.2 billion, and the number of customers was 77,000.

Overall, the total volume total of loans extended by Ziraat Bank from its own resources to finance the agricultural sector, together with the fund-based credits which it mediated in had amounted to TL 233.7 billion as of the end of 2022, and the number of loan customers reached 1 million 78 thousand people.

FINANCING OF THE AGRICULTURAL SECTOR

Ziraat Bank continues to support the development of the agricultural sector in our country with its “Financing the Agricultural Ecosystem” strategy.

Ziraat Bank, which has been the leading supporter and largest source of finance for the Turkish agricultural sector since its establishment, has unwaveringly contributed to the sector with the loans it has extended at preferential terms and through the range of new practices which it has implemented.

In addition to its uninterrupted financing support for the agricultural sector, Ziraat Bank also develops various projects aimed at resolving the sector’s structural problems and facilitating direct access to finance. These projects are implemented through joint work with the related ministries, institutions, establishments and agricultural organizations.

In this context, the Bank prioritizes diversification of credit products which will facilitate access to financing for small

business owner farmers, who constitute the most critical link in the agricultural value chain. Investments and operations aimed at increasing agricultural businesses’ storage, processing, packaging and marketing capacities for their own production are among the Ziraat Bank’s focus areas, with a special emphasis on the following areas in operations carried out in line with this objective:

- contracted production model,
- controlled undercover farming,
- increasing the production of products which will reduce reliance on imports,
- building agricultural enterprises up to an economic scale,
- use of idle operating capacities,
- increasing the agricultural mechanization of businesses,
- projects to encourage the use of technology to increase productivity in agriculture,
- investment projects which will create added value in agricultural production and respond to our country’s needs,
- licensed storage and cold storage depot investments.

AN ASSESSMENT OF 2022: DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

In 2022, TL 172.2 billion of subsidized loans were extended to 679 thousand producers and companies operating in the agricultural sector.

Low interest rates on agricultural loans

In line with the decree and communiqué on reduced interest rate loans, Ziraat Bank continued to extend loans to its customers operating in the sector at affordable interest rates within subsidized rates which are defined on the basis of production areas.

In 2022, TL 172.2 billion in subsidized loans, which carry preferential interest rates, were disbursed to around 679,000 producers and companies operating in the agricultural sector.

Ziraat Bank’s financial model contribution to agricultural-based cooperation between industrialists and producers

Contracted Production

Within the framework of contracts entered into with 33 firms operating in a number of areas including vegetable farming, seed farming, broiler breeding, pepper and tomato cultivation and sugar beet production, Ziraat Bank’s balance of contracted production loans extended to more than 22,000 contract producers stood at approximately TL 1.5 billion at the end of 2022.

Producer Financing System

The Producer Financing System was introduced in the second half of 2020 in line with Ziraat Bank’s strategy of “Financing the Agricultural Ecosystem”. This system was put in place to promote the development of direct product trade between

agricultural producers, notably producers of fresh vegetables, fruit and red meat, and buyers (such as chain markets, meat integrated facilities, canned food factories, ready-made food factories) without the use of intermediaries (such as brokers or merchants), while reducing the influence of intermediaries in the supply chain on the formation of the final product price and contributing to the formation of more reasonable product purchase prices and consumer prices by providing maturity advantages to buyers.

Within the scope of the system, approximately TL 1.5 billion of loans had been extended for the sale of agricultural products as of the end of 2022.

Crop production loans

In 2022, Ziraat Bank extended a total of TL 68.5 billion in loans to 496,000 customers for vegetative production. As a result of this lending under various areas, the balance of loans disbursed for crop production had reached TL 75 billion as of the year-end, with the number of customers receiving credit reaching 642,000.

Livestock loans

In 2022, Ziraat Bank extended a total of TL 78 billion in livestock production loans under various names to 271,000 customers. As of the end of 2022, the balance of loans disbursed for livestock production had reached TL 90.9 billion with the number of customers receiving credit reaching 341,000.



Aquaculture loans

During the same period, Ziraat Bank extended TL 1.7 billion in loans to 1,771 customers under various titles in the field of aquaculture. As of the end of 2022, the balance of loans disbursed in this area reached TL 2.4 billion and the number of customers receiving such credit was 2,713.

Support for modern pressurized irrigation systems

Ziraat Bank believes that the widespread use of modern pressurized irrigation systems in agricultural irrigation will reduce irrigation costs and increase productivity and profitability in agricultural production. In a bid to contribute to the effective and efficient use of our country’s water resources, the Bank offered “Saving Irrigation Loans” to producers in order to expand the loan volume and customer portfolio in this area.

In 2022, Ziraat Bank extended a total of TL 3.7 billion of loans for modern pressurized irrigation systems to 13,000 individuals. The loans extended paved the way for the irrigation of

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

Ziraat Bank disburses the tractor and agricultural mechanization loans in order to increase the mechanization level of agricultural businesses and to ensure high efficiency and profitability in production.

approximately 1.4 million decares of land with modern pressurized irrigation systems. These loans, which reduced the use of water by 30-40% with drip and sprinkler systems enabled significant water savings.

Agricultural mechanization loans

Ziraat Bank disburses the tractor and agricultural mechanization loans in order to increase the mechanization level of agricultural businesses and to ensure high efficiency and profitability in production. TL 26.2 billion in tractor loans were extended to nearly 70,000 customers, along with TL 32.9 billion in agricultural mechanization financing loans to 122,000 customers in 2022.

As of the end of 2022, the Bank had 186,000 customers using a total of TL 35.1 billion in tractor loans, and 271,000 customers using TL 43.7 billion in mechanization loans.

Limits for Small Equipment Loans, designed for the purchase of small agricultural tools

and equipment needed by agricultural enterprises owned by real or legal persons to continue their activities in efficiency and profitability, were increased from TL 50,000 to TL 100,000 in this period. A total of 41,000 customers benefited from Small Equipment loans in 2022 with approximately TL 2.7 billion in loans extended in this context.

I Have Many Reasons to Live in My Village-Small Cattle Project

Ziraat Bank launched the “I Have Many Reasons to Live in My Village” project in the last quarter of 2020 in order to increase the number of small cattle (sheep and goats) and develop small cattle breeding.

The “I Have Many Reasons To Live In My Village” project had the following aims;

- increasing the scale of enterprises operating in the field of small cattle,
- bringing idle operating capacity into production,
- providing regional development with local sheep breeding,

- increasing demand for domestic-born female livestock, creating a market as well as reducing livestock imports,
- diversification of financial solution alternatives for small businesses.

Under the “I Have Many Reasons to Live in My Village” project, the Bank signed a protocol with four governorships in 2022. In this period, the credit limits that can be used within the scope of the project were increased from TL 150,000 to TL 250,000, and the period of benefiting from the project was extended until 31 December 2023.

At the end of 2022,

- The number of governorships with which the Bank signed a protocol increased to 40,
- The number of producers benefiting from the project increased to 7,314,
- The volume of loans disbursed within the scope of the project reached TL 1.1 billion,
- The number of animals purchased with these loans amounted to 702,000 livestock.

The “I Have Many Reasons to Live in My Village-Cattle” Project

Ziraat Bank introduced its “I Have Many Reasons to Live in My Village - Cattle Breeding” Project for producers operating in cattle dairy farming at the end of October 2022.

AN ASSESSMENT OF 2022:
DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

Within the scope of the Women Farmer Loan, which was established to meet the financing needs of real and legal persons who will engage in agricultural production activities, TL 328.3 million in loans were extended to 1,169 producers in 2022.

The project set out with the following targets;

- to enlarge the scale of enterprises operating in cattle dairy farming with qualified animal breeds,
- diversification of financial solution alternatives for small businesses,
- bringing idle operating capacity into production,
- increasing demand for domestically-born female livestock, creating a market for the excess demand for female livestock on existing dairy farms, and supporting efforts to reduce imports of livestock.

The protocol signature processes continue between the central unions and head offices of agricultural producer organizations which will cooperate with Ziraat Bank in the project. The Bank plans to ensure producers benefit from the extensive use of the project in 2023.

Financing the Agricultural Ecosystem

Ziraat Bank offered the Young Farmer Loan, Women Farmer Loan, Gold Hive Loan, Solar Powered Agricultural Irrigation Loan, Producer Cooperative Loan and Agricultural Transfer Loan products in April 2022 within the scope of its new strategy in agricultural banking, “Financing the Agricultural Ecosystem”.

Young Farmer Loan

The Young Farmer Loan was established with the aim of increasing agricultural production, ensuring sustainability in the agricultural sector, supporting and developing agricultural enterprise, creating alternative business lines for young people in our country and attracting young people to a career in agriculture.

Within the scope of the loan aimed at meeting the financing needs of real and legal persons who will engage in agricultural production activities, TL 1 billion in loans were extended to 3,433 producers in 2022.

Women Farmer Loan

The Woman Farmer Loan aims to support entrepreneurship among women farmers, increase levels of income, create alternative sources of income and contribute to the employment of the rural female population.

Within the scope of the Women Farmer Loan, which was established to meet the financing needs of real and legal persons who will engage in agricultural production activities, TL 328.3 million in loans were extended to 1,169 producers in 2022.



Gold Hive Loan

The Gold Hive Loan was established to increase production and quality by increasing the number of enterprises operating in this field in Turkey, which ranks first in the world in beekeeping, to develop employment in rural areas and to provide regional development by creating alternative sources of income.

Within the scope of the loan, Ziraat Bank extended TL 527.4 million of loans to 4,050 producers in 2022.

Solar Agricultural Irrigation Loan

With energy costs high on the agenda throughout the country, the Solar Agricultural Irrigation Loan was established in order to expand the use of solar energy systems, reduce energy costs in agricultural production, increase efficiency and profitability and thus contribute to the effective and efficient use of renewable energy resources in our country.

A total of TL 879.8 million in loans were extended to 1,490 producers within the scope of the loan in 2022.

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

A total of TL 879.8 million in loans were extended to 1,490 producers within the scope of the Solar Agricultural Irrigation Loan in 2022.

Producer Cooperative Loan

Producer Cooperative Loan supports the transition from agricultural products to value-added products, encouraging clustering in accordance with the product pattern, developing a culture of doing business together, allocating long-term investment and business loans at preferential interest rates, supporting producers seeking to offer their products in the field or processed agricultural products directly to consumers - thus from the village to the city. The loan was established to contribute to agricultural employment in rural areas by reversing migration.

A total of TL 68.8 million in loans were extended to 28 producers in 2022 within the scope of the Producer Cooperative Loan.

Agricultural Transfer Loan

In order to enable agricultural enterprises to continue their activities and increase their repayment power, under the Agricultural Transfer Loan, all agricultural debts which producers has with other banks are closed and transferred to Ziraat Bank.

Within the scope of Agricultural Transfer Loan, TL 326.9 million in credit was extended to 1,773 producers in 2022.

Ziraat Bank’s other steps in Agricultural Banking in 2022

- Within the scope of the Agricultural Electricity Credit, which was established to contribute to agricultural production by providing irrigation unions, irrigation cooperatives and real or legal person agricultural producers with the opportunity to regularly pay their accumulated and/or current electricity bills, TL 611.9 million of loans were extended to 1,855 producers.
- The Cereal Support Advance was established in 2022 for producers of barley, wheat, rye, oats, triticale and paddy (cereals) to support them in their purchases of diesel and fertilizer. A total of TL 3 billion in loans were extended to more than 250,000 producers within the scope of this loan.
- A loan of TL 132.4 million was extended to 177 fishermen within the scope of the Fisherman Support Loan, which was established to support the financing of operating expenses in the 2022-2023 fishing season.

Agricultural Ecosystem Meeting

The “Ziraat Bank Agricultural Ecosystem Meeting”, held to mark World Farmers Day, was attended by the Minister of Treasury and Finance, Dr. Nureddin Nebati, the Minister of Agriculture and Forestry, Prof. Dr. Vahit Kirişçi, the General Manager of the Bank, Alpaslan Çakar, members of the Board of Directors and industrial stakeholders on 14 May 2022. The meeting, which hosted more than 750 participants, attracted significant media attention. The summit, which was covered by 16 television channels with live broadcasts and interviews, was also widely covered in the print and visual media.

A number of talks took place during the summit on subjects such as “The Future of Agriculture and Sustainability”, “Experience Speaks”, “Young Farmers” and “Women Farmers”, and panelists shared the developments and their experience in agriculture with the participants. The broad range of participants, coming from different cities and regions, proved beneficial in terms of the exchange of information and connecting businesses.

AN ASSESSMENT OF 2022: DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

Ziraat Bank’s Retail Banking business line meets the banking needs of a large consumer group spread across the country.

RETAIL BANKING

Ziraat Bank’s Retail Banking business line meets the banking needs of a large consumer group spread across the country. In 2022, the Bank continued to serve its customers, including students, pensioners, traders, entrepreneurs, housewives and farmers with a diverse range of products through electronic service channels as well as the branches.

Ziraat Bank provided TL 47 billion of housing loans in 2022 within the scope of housing finance, and the Bank’s total housing loan portfolio reached TL 112 billion.

Ziraat Bank’s consumer loan volume stood at TL 55 billion at the end of 2022 with TL 43 billion in loans being extended during the year, while vehicle loans totaled TL 7.8 billion with TL 8 billion in loans extended during the year.

Within the scope of its focus on supporting green transformation and sustainability, Ziraat Bank extended TL 353 million in Green Housing Loans and TL 36 million in Green Vehicle Loans in 2022. The Bank also extended TL 23 million in Housing Heat Insulation Loans, a product commissioned in 2022.

Within the scope of the revised protocol between the Social Security Institution and Ziraat Bank regarding the promotion payment to pensioners, 1.8 million people were paid TL 6 billion in promotions.

In 2022, Ziraat Bank continued to market the State Subsidized Dowry (Çeyiz) and the State Subsidized Housing Account products set out in legislation drawn up by the Ministry of Family, Labor and Social Services and the Ministry of Treasury and Finance to promote savings among the general public. Accordingly, the Dowry Account had 3,778 customers with a balance of TL 57 million, while

the Housing Account had 694 customers and a balance of TL 34.6 million as of the end of 2022.

The Bank transmits state subsidy applications from customers who have carried out payments regularly for three years to the Ministries, and state subsidies are deposited in the accounts of qualifying customers.

In order to meet the needs of customers who are sensitive to exchange rate movements, to protect customers concerned that their investments in Turkish Lira denominations from being adversely affected by exchange rate risk and to protect them from exchange rates volatility, the Bank offered the following products;

- TL Currency Protected Time Deposits
- FX Converted Currency Protected TL Time Deposits
- YUVAM TL Time Deposits
- Quarter Gold Coin Time Deposit Accounts
- Quarter Gold Coin Demand Deposit Accounts

TL Currency Protected Time Deposits Data for 2022

TL Currency Protected Deposits		Accounts Converted from FX		YUVAM Account		General Total	
Number of Accounts	Balance (TL billion)	Number of Accounts	Balance (TL billion)	Number of Accounts	Balance (TL billion)	Number of Accounts	Balance (TL billion)
376,307	83.3	150,320	83.8	18,491	16.2	545,118	183.3

Quarter Gold Coin Account Data for 2022

	Quarter Gold Coin Time Deposit Account	Quarter Gold Coin Demand Deposit Account
Number of Products	29	1,345
Number of Customers	29	1,345
Number of Quarter Gold Coins	1,054	39,920

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

Ziraat Bank develops and rapidly takes measures which will bring ease to the lives of its customers in payment and collection solutions.

Insurance Activities

As of 31 December 2022, Ziraat Bank had obtained TL 1.8 billion in commission revenues from agency activities.

Preparations for the issue of policies in Ailem Ziraat Assurance (AZG) through Internet Banking have been completed. Thus, in addition to issuing the policy, the policy fee will be paid and any previously issued policies will be cancelled.

Operational Activities

Ziraat Bank also develops and rapidly takes measures which will bring ease to the lives of its customers in payment and collection solutions. In 2022, the Bank continued its efforts to simplify and centralize its operational processes, digitize its back-office operations and develop digital channels.

In the 2022 operating period, more than 190 million transactions were carried out through the Operations Center. Some of the activities carried out during the year and the results obtained are provided below:

- While reply letters regarding lien, precautionary and deposit research transactions physically sent to the Head Office and the head office by the branches which were sent to the relevant institutions physically by post are also automatically sent via KEP. A total of 252,000 mails were transferred to the electronic environment annually, contributing to sustainability

by saving approximately 504,000 sheets of paper and 252,000 post bags per year.

- The integration of the State Accounting Information System for the electronic transmission of instructions sent by the public institutions (including the revolving fund enterprises and the youth and sports provincial directorates) to the Bank got underway.
- The new version of the OPI app, which allows customers to directly transmit their transaction instructions to the Operations Center via the Internet and Mobile channels was made available to customers. The new version of the app offers a more functional user experience and increased security. Efforts are underway to expand the app content with foreign trade transactions.
- The KMYTEFOL/E-Invoice Payment Transactions screen was opened for branches in order to pay PTT E-Invoices for mail, cargo and letter sending transactions which are automatically forwarded to branches and PGMs without creating a job request, thus simplifying the process.
- Within the scope of analytical modelling studies for OPI and customers that can be directed to collective transactions, customer variables and rule sets were created using Artificial Intelligence and machine learning, with statistical models running on analytical platforms determining the customer

base that could be directed to OPI and bulk transactions, which are more cost-effective and efficient for the Bank, and work was initiated for this audience.

- The integration between Ziraat Bank and Yapı Kredi Bank that receipts could be provided and promissory notes processed in an electronic environment, eliminating the need to send Yapı Kredi Bank bills to OPİM from the Job Request Entry screen.
- With the integration between Ziraat Bank and KOSGEB, it has been possible to query the status of customers as SMEs. Inquiries into the customers of legal entities and private companies have been completed and information pertaining to these individuals has been recorded in the database. With the integration, the “KOSGEB SME Inquiry” (MVTTKSGB) screen was put into use so branches could conduct inquiries regarding the characteristics of the SMEs, their scale and the SME validity dates of the customers. The integration is expected to provide added value in segmentation, lending, reporting and required reserve practices of SME real and legal customers.
- Work on the centralization of authorization requests has been completed, and the correspondence structure between units has been eliminated. The “Defining My Screen as a Role” and “Screen Request for My Role” options were created on the Key/

AN ASSESSMENT OF 2022: DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

Ziraat Bank aims to ensure that its banking products and services are able to compete with the sector and meet customer needs in all aspects and create cost-free sourcing and cross-selling opportunities with its activities in this field.

- OPCTITLP-Job Demand Entry screen and made available to all Head Office units. Under the new structure, Head Office units will be able to define their screens without correspondence with their desired roles, and the units which have roles will be able to request screens that are not under their ownership over the system.
- After the integration between the power of attorney inquiry and the Notaries Union of Turkey (TNB), the integration was also completed for the “Signature Circular Inquiry” procedures. The name of the current “Power of Attorney Inquiry (MVTTVEKS)” screen was changed to “Notary Public Document Inquiry”. With the integration, it was possible to instantly query the signature circulars issued on or after 1 March 2016, and to check the accuracy of the signature circular by comparing information on the document with the information in the TNB system.
- In line with the goals of digitalization transformation and continuity being pursued by Turkey and by the Bank, all applications for Scholarship and Loan processes with the KYK Yurt are carried out in a centralized structure, independent of location. Accordingly, students have been able to submit requests to the Bank without needing to go to the bank, and access financial services remotely and through digital channels.
- In line with a scenario of existing telephone operators being unavailable in the event of an emergency, satellite phones have been positioned in Ziraat Finance Group’s premises in order to ensure continuity in communication, allowing action to be taken rapidly in emergency situations.
- Effectiveness and efficiency in cash management applications**
Ziraat Bank aims to ensure that its banking products and services are able to compete with the sector and meet customer needs in all aspects and create cost-free sourcing and cross-selling opportunities with its activities in this field.
- Successfully fulfilling its role as a market maker in the sector with its rational pricing strategy, the Bank maintained its effective and efficient cash management activities in 2022 without any loss of momentum.
- The number of businesses covered under an agreement within Ziraat Bank’s Direct Debit System (DDS) stood at 1,141 at the end of 2022. The total collection volume reached TL 83.5 billion.
- In addition, the Micro DDS (MDDS) product was introduced in order to guarantee the receivables of small-scale parent companies with extensive

dealer and sales networks or to include dealers with relatively small volumes in the relevant sector into the system, allowing such companies to customarily take out instalment loans and offering them the opportunity to defer instalments. The number of companies, with which agreements were made within the scope of this product, increased to 746.

Ziraat Bank intermediates in invoice and other payments with hundreds of contracted organizations, and offers its customers the ability to carry out their payments through ATMs, Internet Banking, Mobile Banking and Automatic Payment channels in addition to the branches.

Within the scope of the Corporate Collection System, the Bank made 380 million collections making a total of TL 472.9 billion from contracted institutions in 2022. As of the end of 2022, the Bank had 14.4 million automatic payment orders for corporate payments. In addition to these, 57.7 million Tax and Customs collections amounting to TL 951.9 billion were performed.

In addition, in 2022 the Bank continued to offer customized payments, electronic cheques/ notes, accounting integrations, pool accounts and cash collection services to meet the needs of its customers.

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

Ziraat Bank continues to invest in modern infrastructure systems in order to intensively use technology in its business processes and to integrate technology into its products and services.

DIGITAL BANKING

Ziraat Bank continues to invest in modern infrastructure systems in order to intensively use technology in its business processes and to integrate technology into its products and services.

Ziraat Bank maintained its efforts to improve the quality and efficiency of its IT infrastructure in 2022, with the aim of bringing ease to the experiences of its customers in the digital channel experiences and offering fast and new solutions in different transaction sets.

As a result of the efforts to increase the diversity of digital services offered to customers, the number of active digital banking customers had increased by 14.1% as of the end of 2022 compared to the same period of the previous year to reach 19.4 million. In the same period, the number of internet and mobile banking customers increased by 14.8% to reach 31.5 million.

The ratio of financial transactions carried out outside the branch in total transactions stood at 94.1% in 2022.

In the last year, the number of customers who only performed transactions on the internet and through Ziraat Mobile, and never carried out any transactions in the branch, stood at 11.8 million, while the number of customers who only carried out transactions on the internet and mobile

channels, and through ATMs, but who never carried out any transactions at the branch was 14.6 million.

Internet Banking and Mobile Banking
Serving a wide individual audience spread throughout the country, Ziraat Bank effectively reaches its customers through electronic service channels as well as the branches. In 2022, the Bank maintained its innovative and pioneering practices aimed at increasing usage rates and raising the effectiveness of alternative channels.

Within the scope of its open banking activities, Ziraat Bank is preparing to offer its individual and corporate customers the opportunity to view their account movements and balances in other banks and institutions from Ziraat Mobile and the Internet Branch and to perform money transfers. With these services, the Bank aims to offer its customers preferential offers and campaigns which meet their needs. Customers will also be able benefit from banking services more quickly and efficiently.

Ziraat Assistant was commissioned with the aim of increasing the variety of products and services offered through Ziraat Bank’s digital channels. The application, which uses Artificial Intelligence, allows customers to meet their needs with instant solutions without needing to apply to the branch or the Customer Communication

Center. The virtual assistant, which is constantly trained in line with customer demands and questions, is able to offer more appropriate and accurate answers and direct customers to the right menus and screens. It is also possible to directly operate within the virtual assistant conversation window.

Another project being carried out by Ziraat Bank with the aim of diversifying and enriching its digital products and services is the **Financial Agenda**. Within the scope of this process, customers will be given the opportunity to follow all financial transactions, account movements and expenditures on their accounts easily and practically from a single screen every day on a consolidated or account basis. In addition, weekly and monthly money inflow, money outflow and net status information will be monitored.

Within the scope of other developments realized in 2022, the following steps were taken;

- Foreign Currency Transfer Entry (SWIFT) and Import File Opening and Transfer transactions could be performed from the Ziraat Mobile app,
- Within the scope of efforts to provide quick access to e-government transactions from a single point, all taxes can be viewed and easily paid with one click under the “Show All My Taxes” option added to the E-Government Transactions menu,

AN ASSESSMENT OF 2022: DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-16, 2-25, 2-26, 201-1, 3-2, 3-3, 203-1, 203-2

As of the end of 2022, there were a total of 11 million Ziraat Bank credit cards in circulation, with an 11.1% share in terms of the number of credit cards and a 9.9% market share in terms of monthly turnover.

- Customers may also pay bills which they do not owe over internet banking,
- A longer display of account transactions could be presented via digital channels,
- Closed time and demand deposit accounts were displayed through the internet and mobile banking channels.
- Address and identity information fields, where requested by the customer, could be shown in the account transactions menu of the Internet Branch and Ziraat Mobile applications or in the receipts shown in the transaction results,
- Corporate Internet Banking, which is available only for legal entity customers, may also be defined for real customers who meet the definition of a sole proprietor or farmer,
- Both main and sub-users of Corporate Internet Banking and Corporate Monitoring could renew their passwords through Ziraat Mobile with the new Turkish ID Cards, using biometric verification.

The introduction of remote customer acquisition processes saved paper and energy in the branch channel and reduced wastage. By carrying out this process through the Ziraat Mobile app, there was a reduction in environmental pollution and increase in customer satisfaction.

The introduction of Foreign Currency Transfer Login (SWIFT), Import File Opening and Transfer

transactions on the mobile channel allowed customers to carry out related transactions through digital channels, supporting customer satisfaction. As these transactions, which had largely been carried out in the branch, can now be carried out through digital channels, the amount of paper used in the processes was decreased, reducing the amount of energy used on completing the processes.

ATM
Ziraat Bank has a 14% share of all ATMs in the banking sector with a total number of 7,276 ATMs and a single location at 172 points. Approximately 22% of all transactions in the sector are performed through Ziraat Bank ATMs.

Ziraat Bank offers 270 ATMs configured for orthopedically handicapped customers and 5,352 ATMs for visually impaired customers within the scope of barrier-free banking. With the purchases of the new ATMs, the Bank plans to increase the number of ATMs for the visually impaired in the coming periods.

In order to reduce environmental pollution and save paper, 1.7 million customers were informed in 2022 and were given the opportunity to decline receipts in their preferences. Receipts may be accessed electronically by choosing the “send e-mail” option in ATM receipt preferences menu, an option selected by approximately 85,000 customers. This aims to

increase customer satisfaction by seeking to change the receipt preferences through mobile and internet banking.

Industry leadership in card systems
As of the end of 2022, there were a total of 11 million Ziraat Bank credit cards in circulation, with an 11.1% share in terms of the number of credit cards and a 9.9% market share in terms of monthly turnover. The Bank is expected to maintain its leadership in this area in the medium and long term. Having increased its number of debit cards to 45.3 million in the same period, the Bank also maintained its leadership in the sector in terms of its market share of monthly shopping turnover, with a 23.5% share.

As of the end of 2022, there were a total of 1.33 million Ziraat Bank member businesses and 699,000 physical terminals. With a total turnover of TL 197.7 billion in member businesses in the fourth quarter of 2022, the Bank commanded a 15.1% market share in turnover as of the end of 2022. In terms of member business, the Bank maintains its sector leadership in terms of the number of ÖKC (Payment Recorder Device).

In the field of card payment systems, Ziraat Bank introduced a number of products and services in 2022 which were tailored to market conditions and setting the Bank apart in the sector by offering a wide array of new features.

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

Using Agricultural Support Payments with the Card
In line with its strategies for sustainability in agriculture and a cashless society, Ziraat Bank has ensured that Agricultural Support Payments can only be used from member businesses on spending suitable for their purpose, and funds withdrawn by debit card rather than cash.

Using the KGF Secured Loans with the Card
By establishing an infrastructure so Credit Guarantee Fund-guaranteed loans could be used through Ziraat Bank cards and in certain sectors, the Bank supported the use of loans in accordance with their purpose, promoting cashless living and tackling the informal economy.



The TROY Credit Card
After its work on debit cards, Ziraat Bank completed preparations for the production of credit cards over the TROY scheme. In this way, the Bank aims to contribute to the sustainability of the Turkish payment ecosystem.

Mobile Contactless Payments
In line with its vision of digitalization and a cashless society, Ziraat Bank introduced contactless payments to its

credit cards as well as debit cards through NFC technology via mobile devices, eliminating the need for card plastic.

Payments with Bankkart Lira
With the Pay with Bankkart Lira feature, Ziraat Bank customers may use Bankkart Liras they have earned through digital channels whenever they wish, from the moment they carry out their shopping right up the closing date. This feature is aimed at encouraging customers to use digital channels.

The Business Model of the Future: Ziraat Super Branch
The Ziraat Super Branch service model has been designed in accordance with Ziraat Bank’s vision of automation and digitalization in banking processes. With this model, the Bank aims to provide its retail customers with the best customer experience by providing banking services through digital channels without needing to go to the branch.

Ziraat Bank plans to position its customers in the Ziraat Super Branch, which in contrast to a traditional branch does not need the physical space of the traditional branch and will completely eliminate the use of paper, as part of the work it has started in the second quarter of 2022 in line with environmental and social sustainability criteria. At the same time, the Bank aims to provide simple, reliable, fast and easier access to all banking transactions with its “Bank within

a Bank” approach by expanding the range of advantageous services and offers presented through digital channels.

The Ziraat Super Branch offers customers advantages related to interest, fees and limits in many banking products such as deposits, loans, money transfers, investments and credit cards. In addition, the Bank aims to bring value to customers and create a positive customer experience with the advantages to be provided not only in banking products, but also in cooperation with companies from an array of different sectors through the platform infrastructure and in non-banking product/service offerings.

The development and improvement work carried out for Ziraat Super Branch customers aims to achieve the following;

- Expanding customer acquisition through digital channels,
- Increasing product ownership and efficiency by activating bank pool customers,
- By conducting analytical studies, determining Bank customers as potential digital customers according to their digital usage intensity, and inviting them to become Ziraat Super Branch customers,
- Offering additional transaction sets and banking/non-banking products to increase transaction diversity in the digital channels.

AN ASSESSMENT OF 2022: DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2



Accessible Banking

Ziraat Bank supports the participation of those with disabilities in economic and social life through its systematic activities. Tactile surface materials can be found on the interior flooring and exterior surfaces of all branches of the Bank for the visually impaired, with a call button which disabled citizens may use for help when they come to the branch. Braille printed information boards are affixed to the outer doors with elevators offered for disabled customers in 51 branches and in the Head Office building.

Ziraat Bank aims to expand its efforts in this area to all branches, thus enabling disabled customers to access their products and services more easily and to use branch, ATM and internet banking services.

Future Technology Face Recognition

By activating the face recognition system in access checks, Ziraat Bank aims to provide high-level security which does not require physical contact in accordance with the contactless communication cycle that became part of our lives with the pandemic.

Ziraat Bank aims to expand its efforts in this area to all branches, thus enabling disabled customers to access ATM and internet banking services more easily.

Barcode Project

The Barcode project, work on which is ongoing at Ziraat Bank, is aimed at increasing security in cash operations within the Bank, saving time and labor by creating real-time accounting records and increasing its reporting and analysis capabilities.

Under the project, which is planned to be expanded in 2023 and whose pilot studies continue in three PGMs, the manual process of group transfers will be terminated in both PGMs and the branches, and instant follow-up of the cash in the transfer phase will be possible.

CRM Projects

Digital CRM

Within the scope of the digital analytics project, work on Channel Value Segmentation, Demographic Segmentation, Channel Behavior Segmentation, Customer Channel Trending, Channel Migration Modelling and Customer Channel Abandonment (Churn) Tendency Modelling was completed in order to create the concept of Digital Customer in line with sector trends, taking the channel habits of customers into account.

Individual CRM

The following phases have been completed within the scope of the individual CRM project:

- Non-Bank Value Segmentation: Customers who do not appear to be of high value for the Bank but have a high working size in other banks were identified.

- Customer Behavior Segmentation: Customers are segmented on the basis of all of their behaviors such as product preferences, communication preferences and campaign trends.
- Product Trend Modelling: Products which customers are most likely to use were identified.
- Customer Channel Abandonment (Churn) Tendency Modelling: Customers with a high tendency to move away from the Bank's products and the Bank were identified.

These completed phases of the individual CRM project are intended to pave the way for the "right" suggestions being presented to the "right" prospective customers through the "right" channel at the "right" time, to develop customer-oriented campaigns and ensure that the Bank's customers with a high tendency to leave the Bank and its products are persuaded to stay through various actions.

Ongoing phases of the Individual CRM project Modelling on the individual CRM project Customer Lifetime Value and Next Best Action phases is ongoing.

- Customer Lifetime Value Modelling allows the Bank to determine how useful customers will be during the process of becoming a customer of the Bank and the level of potential value they can bring to the Bank,

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

With artificial intelligence and machine learning technologies, Ziraat Bank aims to get to know customers better, design customer-oriented campaign processes and reach the most appropriate customer group at the lowest cost.

- Next Best Action Modelling is aimed at determining the product usage policies of customers according to the model results by using all analytical model outputs, optimizing product offers and determining how the next products should be used.

Setup of the Analytical Platform (DATA ROBOT)

The installation of the Data Robot, which will be able to perform structured and unstructured data analysis quickly and effectively by accessing internal and external Big Data sources using Artificial Intelligence, Machine Learning and Deep Learning methods and algorithms, was carried out in order to create an end-to-end analytical software platform.

With Artificial Intelligence and Machine Learning technologies, Ziraat Bank aims to get to know customers better, design customer-oriented campaign processes and reach the most appropriate customer group at the lowest cost. The relevant platform is expected to pave the way for the more effective use of analytical models implemented at the Bank.

Data Governance Project

Ziraat Bank has established data governance processes and determined the following strategies to ensure end-to-end corporate management of data:

- To be a data-driven company which gains value from data with data and analytics, which is able to make decisions based on data,

- To create a corporate culture which recognizes the value of data and places data at the heart of change,
- To ensure that data is managed with a common terminology between the Bank and Ziraat Technology,
- To develop proactive approaches to data security.

The Business Dictionary created within Ziraat Bank's data governance processes includes 3,500 business terms and 35 Data Clusters. In accordance with the Regulation on the Data Controllers Registry published within the scope of the Personal Data Protection Law No. 6698, the "Personal Data Processing Inventory" has been prepared and the entry of 900 processes containing personal data has been completed. In addition, in the field of data sharing, the Bank established an "Information Sharing Committee" in accordance with the BRSA's Regulation on Sharing Confidential Information and reached a total of 850 data sharing processes in the current Data Sharing Inventory.

Data Quality Project

The Data Quality Project, which Ziraat Bank carries out as a part of its data governance processes, aims to measure the quality of data in line with the quality dimensions determined in the Bank, to increase data quality and to correct data at the source in order to make decisions based on data.

With the work carried out within this scope, the occupational information of 650,000 customers was updated and the empty postal code information in 40 million address records was filled.

Recognition of work carried out in the field of digital banking

Ziraat Bank won a number of awards in the PSM Awards 2022;

- Golden PSM award in the "Digital Security" category in recognition of its "IP Based Digital Security" project,
- Golden PSM award in the "Best Promotion, Marketing Success" category in recognition of the Bank's "Artificial Intelligence Supported Agricultural Assistant" project,
- Silver PSM award in the "Innovative Customer Interaction and Experience" category with the project "Improving Corporate Customer Experience"

The Bank received the "Productive Project" award in the "Best Digital Customer Experience" category in recognition of its "Improving the Remote Customer Acquisition Process" project at the CX Awards Turkey.

In addition, Ziraat Bank won the "Best Mobile Application" award with its Ziraat Mobile Banking app at the award ceremony organized by the Ege University Management Club.

AN ASSESSMENT OF 2022:
DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

Currently, information security management at Ziraat Bank is carried out by the Audit Committee, which is under the Board of Directors.

INFORMATION SECURITY
MANAGEMENT

Currently, information security management at Ziraat Bank is carried out by the Audit Committee, which is under the Board of Directors. In this context, the Board of Directors is ultimately responsible for ensuring information security at the Bank.

The Information Security Committee (BGK) was established to coordinate work on information security within the framework of the Banking Law, the Articles of Association and other relevant legislation provisions and the policies and strategies determined by the Board of Directors.

The duties and authorities of the Information Security Committee are determined by the Board of Directors. The Committee is responsible for establishing, approving and periodically updating information security policies, as well as determining duties and responsibilities related to information security. The implementation of the strategic decisions taken by the Information Security Committee rests with all stakeholders in the organization within the scope of their duties.

An integrated IT Risk Management structure has been established in line with the implemented information security strategies and policies. IT Risk is a key component of Ziraat Bank's corporate risk and an integral part of its banking

operations. Data obtained from the IT Risk Management process outputs is integrated into the Bank's holistic risk management framework.

Accordingly, Ziraat Bank attaches special importance to work related to operational risks that may occur in order to ensure business continuity and data integrity, and manages, defines and measures operational risks related to information technologies in an integrated structure with Ziraat Technology, while performing monitoring, control and reporting activities.

The Risk Management Committee convenes at least once a year with the participation of business units which bear risk and the senior management in order to create a framework for IT Risk Management in line with the Bank's strategies, to determine strategies and plans and to regularly review realizations. The Committee supports the necessary activities in order to provide effective IT Risk Management and to reduce or prevent risk and conducts high-level monitoring of the activities of the units in relation to IT Risk Management.

Within the scope of the determined policies and the established IT Risk Management framework, risks related to the safety of employees are pre-emptively determined before they occur and are approached with sensitivity. All employees within the Ziraat Finance Group have responsibilities related to information security which

are defined in all situations of starting, leaving, and changing duties. With the systems automated with the Identity Management Application, access authorizations are determined and an Identity Management policy is created by taking into account the principle of least authority and separation of duties.

A comprehensive information security awareness program is carried out for all employees in the Ziraat Finance Group. In this context, newsletters are prepared regularly every month and internal exercises are held throughout the year in order to raise awareness of phishing attacks and how to avoid them, using the social engineering method. Depending on the results of the exercise, employee awareness is further enhanced with necessary training assignments. Face-to-face in-class information security training is organized, which is included in the orientation training employees undergo when they start working, and all personnel receive updated information security training assignments throughout the year.

All assets that are of value to the Bank and used for the processing, storage, transmission, protection and continuity of the generated information are considered information assets. In line with the Regulation on Banks' Information Systems and Electronic Banking Services published in 2020, all Information Assets are classified and an Information Asset Inventory is

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

IT Risk is a key component of Ziraat Bank's corporate risk and an integral part of its banking operations.

created, and the confidentiality, integrity and accessibility values of the assets are determined. The identifying characteristics of each information asset, such as its owner, custodian and location are recorded and appropriate protection methods are applied. Rule sets for the use of information assets are established and procedures are carried out for their physical transfer and destruction.

Anti-malware, blocking and detection to ensure operational security along with server installation, version migration and other important changes go through the approval process. The development, test and production environments are designed to be separate from each other.

A Cyber Security Center has been put in place at the Ziraat Finance Group. The Center examines the Bank's systems and alarm mechanisms, scans for deficiencies and vulnerabilities, gathers intelligence against cyber threats and can intervene seven days a week, without interruption.

Network and client security products and devices (DDOS, IPS, EDR/EPP systems, NAC and WAF systems, Firewall, E-mail Security Products), DLP systems and Web/DNS security systems to prevent data leaks, all security logs monitoring and alarming SIEM systems, software code review systems, penetration test systems and vulnerability management systems are

operating actively without interruption to ensure the security of the applications used. The traffic density of network devices is constantly monitored, and access rule sets are created according to user profiles by using Proxy for internet access.

Within the scope of compliance with national/international laws, regulations, regulatory board decisions and instructions affecting information security, a legal infrastructure has been established pertaining to each risk identified on information assets, in accordance with international standards. A procedure for intellectual property rights is currently being drawn up.

Some of the nationally and globally accepted standards and models used in creating of Ziraat Bank's compliance library are listed below:

- Banking Law No. 5411
- Regulation on Information Systems and Electronic Banking Services of Banks and various regulations published by the Banking Regulation and Supervision Agency.
- ISO 27001 Information Security Management Systems-Requirements Standard
- ISO 27005 Information Security Risk Management Standard
- Republic of Turkey Presidential Digital Transformation Office Information and Communication Security Guide
- COBIT (Control Objectives for Information and Related Technology) Standards
- NIST (US National Institute of Standards and Technology) Standards

Ziraat Bank takes all necessary technical and administrative measures to securely store personal data, prevent unlawful processing and to destroy such data in accordance with the law. In line with the obligation of disclosure, which is a mandatory provision in the Personal Data Protection Implementation Principles and Procedures legislation, the Bank places attention on obtaining the necessary explicit consents, while providing necessary information in all channels. In addition, both in-class and distance learning is provided in order to raise awareness of the protection of personal data, and all personnel are required to complete the training.

Within the scope of the BRSA's Circular on Penetration Tests Regarding Information Systems, independent companies which do not have executive duties are subjected to a penetration test at least once a year within the body of Ziraat Finance Group. These tests are aimed at detecting and correcting any security vulnerabilities in the Bank's information systems that may leave the Bank vulnerable to unauthorized access or access to sensitive information before such weaknesses are exploited. The findings of the penetration test are presented to the Board of Directors and necessary measures are taken.

AN ASSESSMENT OF 2022:
DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2, 204-1, 308-1, 308-2, 414-1, 414-2

Ziraat Bank implements policies which meet international standards for network access in the field of information security.

Network Security Control Systems are established throughout the Ziraat Finance Group to protect against threats which may arise from both its own corporate network and external networks. Within the framework of the policies regarding the use of network resources, rules are determined regarding the use of USBs, and the sharing of files outside the Bank, database and application access and for non-standard application uploading, with rules also determined for employees of third-party companies who will work at the Bank locations, consultants, employees of independent auditors and external auditors. Standards for computers to be provided to individuals and their access are also determined. The use of network resources is monitored with Data Leakage Prevention (DLP) Systems, preventing data leaks and creating trace records of transactions.

Ziraat Bank implements policies which meet international standards for network access in the field of information security. Users are only given access to the network and network services for which they are authorized and are removed when the business need ends. Access authorizations are checked regularly. Private channels are used to share confidential or sensitive information by creating a password policy. Additional restrictions are applied in data processing by using techniques such as masking, blocking, tracking, encryption.



Outsourcing of services such as information systems, which have the potential to compromise the confidentiality, integrity and accessibility of banking data and the continuity of banking services and which have access to or share banking data are defined as external services. Ziraat Bank includes information security requirements in the specifications and contracts for service procurement in order to minimize supplier risks. Supplier companies are evaluated, confidentiality agreements are signed with companies and the obligations in the terms of the agreements are checked periodically.

Ziraat Bank has established a Cyber Incidents Response Team (SOME) in order to respond quickly, effectively and regularly to cyber incidents within the scope of information security breaches and management. Information security events and vulnerabilities related to information systems at the Bank are monitored and recorded through central monitoring mechanisms. Information security incidents action planning is managed in accordance

with the rules determined within the framework of the Information Security Incident Management Plan with the aim of reducing security risks. This process involves the assigning of responsibilities for security incidents, taking measures in the fastest way and informing the units related to the incident, depending on the criticality and type of incident.

The information security checks and practices at Ziraat Bank, as well as the external audit activities determined by legal regulations and separate directorates within the framework of internal control and inspection of information systems in the Internal Systems Group Directorate, which operates under the Board of Directors, continues to be reviewed periodically. In this context, information security checks are carried out on a regular basis with reported findings shared with the business units, actions are taken and are followed up until their resolution.

GRI 2-6, 2-16, 2-25, 2-26, 201-1, 3-2, 3-3, 203-1, 203-2

Ziraat Bank’s share in the country’s foreign trade volume increased to 16.5% in 2022 as a result of the work carried out within the scope of its “Customer-Focused Foreign Trade Operation” strategy.

INTERNATIONAL BANKING

A ten-fold expansion in foreign trade volume in the last 10 years

Ziraat Bank’s correspondent banking network, which has been operating successfully for many years in order to meet the needs of its customers for foreign trade transactions and international payments, covers more than 1,700 correspondent banks in more than 140 countries.

With its specialized staff, Ziraat Bank strives to achieve sustainable customer satisfaction in the field of foreign trade and carries out activities aimed at facilitating access to a wide variety of financial products such as suitable foreign financing and discounted letters of credit, bills of sale/policy discounts in line with the needs of customers. Working in close cooperation with correspondent banks and export credit institutions such as Hermes, Serv, and Sace in order to meet its customers’ needs for foreign trade financing, the Bank provides its customers with sustainable medium and long-term country loans.

Ziraat Bank, which is one of the leading banks in the field of foreign trade, became one of the most popular banks among customers in foreign trade and foreign exchange transfer transactions in 2022. The Bank, which has achieved a ten-fold expansion in its foreign trade volume over the last ten years on the back of its successful activities, reached a foreign trade volume of USD 101.9 billion by the end of 2022.

Ziraat Bank’s share in the country’s foreign trade volume increased from 14.1% in 2021 to 16.5% in 2022 as a result of the work carried out within the scope of its “Customer-Focused Foreign Trade Operation” strategy.

In 2022, the Bank provided support focused on contracting firms and exporters, issuing 983 letters of guarantee, equivalent to approximately USD 2.8 billion, and 244 letters of guarantee pertaining to the counter-guarantees of other banks, corresponding to approximately USD 244 million.

Ziraat Bank supported the exports of 1,669 companies by extending 2,702 Central Bank rediscount credits in 2022, equivalent to approximately USD 1.2 billion, within the framework of special limits defined by the Central Bank of the Republic of Turkey. As of the end of 2022, the Bank’s Central Bank Rediscount Credit balance stood at approximately USD 782 million.

Increase in use of non-branch channels for foreign trade transactions

Ziraat Bank is able to offer its customers fast and more economical alternative solutions by drawing on the benefit of its extensive correspondent network in domestic and international foreign currency (FX) transfers, increasing the number and volume of FX transfers it mediates in every year.

As a result of Ziraat Bank’s efforts in line with its digitalization vision, 20% of FX transfers in 2022 were carried out through the internet and mobile banking channels.

With the aim of reducing the transaction density in its branches, the Bank also brought the foreign currency transfer transactions, cash and cash import transfers, and tracking of transfers with SWIFT GPI, which had been served through the internet channel, to the mobile banking channel.

AN ASSESSMENT OF 2022: DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

Ziraat Bank obtained the largest sustainability-themed syndicated loan ever provided by a bank in Turkey in 2022.

Customers are now able to select the expense (OUR, SHA, BEN) for foreign currency transfers carried out through corporate internet banking and mobile banking.

In 2022, the “Foreign Trade Transactions” menu in internet banking was offered to customers, and customers started to be served in this channel, which offered foreign trade files querying and monitoring functions.

The new Foreign Trade Transactions Regulation, under which all kinds of information can be accessed on foreign trade transactions, has been published on the website.

Ziraat Bank was one of the first banks in the sector to offer the process of creating and monitoring Export Value Acceptance Certificates (IBKB) in its internet branch. Within the scope of the application which started to be offered in the last six months of 2022, the number of IBKBs organized through the internet branch constituted 13% of the total IBKBs.

The completion time of each IBKB transaction, which is arranged through the Internet branch, was measured as 91 minutes. This therefore achieved 51 person/year in labor savings and TL 19.3 million/year in cost savings. In addition, approximately 26,000 sheets of paper were saved in the 6 months between the implementation of the application and the end of the year.

Ziraat Bank’s operational success in FX transfers in 2021 through its correspondent bank, Citibank N.A., and its error-free rate of 99.8% were deemed worthy of the Straight Through Processing Excellence Award in 2022.

The largest sustainability themed syndication loan provided by a bank in a single tranche

Undertaking an important mission in terms of Turkey’s sustainable development within the framework of its responsible banking approach, Ziraat Bank obtained the largest sustainability-themed syndicated loan ever provided by a bank in Turkey in 2022.

With a total of USD 1.24 billion, consisting of USD 352.5 million and EUR 814 million, with a maturity of 367 days, the loan was the tenth borrowing transaction that the Bank has obtained from international markets through syndication. This loan, which had the participation of 45 banks from 21 countries, was Ziraat Bank’s first sustainability-themed syndicated loan.

The key performance indicators of sustainability (ESG KPIs) for this resource, which reflects Ziraat Bank’s sustainable growth and responsible banking principles, included contributing to gender equality and equality of opportunity in production through agricultural loans to be provided to women and young farmers at favorable conditions, employee training to increase

in-bank sustainability awareness, and ensuring that the branches and ATMs would provide greater ease of access banking services for disabled citizens.

The syndication loan gained recognition as Ziraat Bank was ranked first in the “Financial Institutions Deal of the Year” category and second in the “FI Funding Team of the Year” category at the “Bonds, Loans & Sukuk Turkey Awards”, where it was received two major awards.

Reinforcing its strong funding structure with new collaborations in 2022, Ziraat Bank continued to provide alternative sources such as bilateral loans and post-financing from correspondent banks, in addition to syndication loans. As of the end of 2022, the Bank was managing a balance of USD 1.5 billion provided through these resources.

Increasing synergies with Ziraat Finance Group

Ziraat Bank maintains its work in line with its international banking strategy and vision with the aim of increasing the effectiveness of its foreign partnerships and branches in the countries where they operate, and contributing to the development of commercial and economic relations between Turkey and these countries.

The Ziraat Finance Group’s share in global foreign trade volume has grown as a result of these activities. The development of foreign trade between countries where the Ziraat Finance Group has a presence is a key priority for the Bank at all times.

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

Ziraat Bank completed the first sustainability bond issuance from Turkey 2021, with 100% of the capital provided by a publicly owned financial institution.

Continuous improvement in correspondent bank relations

Ziraat Bank’s wide correspondent bank network, which commands a very high level of recognition and prestige in the international financial markets, is constantly changing and developing in line with global trends, customer demands and the conjuncture in the world economy.

The creditworthiness of domestic and foreign correspondent banks is updated periodically with analysis carried out, with limits allocated in favor of these institutions using the internal rating model.

Strategies focused on the development of capital markets

Ziraat Bank aims to diversify its sources of funding and provide cost-effective, long-term funding. In line with this goal, the Bank’s USD 7 billion GMTN (Global Medium-Term Notes) program was updated on 5 May 2021 for the purpose of borrowing from international capital markets. In addition, the Bank continued to obtain foreign resources through private placement issuances.



Ziraat Bank completed the first sustainability bond issuance from Turkey in February 2021, with 100% of the capital provided by a publicly owned financial institution amounting to USD 600 million with a maturity of 5 years. The resource obtained from this borrowing, which was a successful application of sustainable finance, was directed to environmental and social themed loans specified in the “Green, Social, Sustainable Finance Framework” where the loan areas which can be issued are determined.

The Allocation Report, which sets out how this resource has been used, and the Impact Report, which sets out the impact measurement of the loans and projects financed by the resource, were prepared within one year of the issuance as specified in the framework document. The reports were posted on the Bank’s website.

Ongoing success as a market maker in government debt securities

In the government debt securities market determined by the Ministry of Treasury and Finance, Ziraat Bank successfully maintained its position as a market maker in 2022 as well, and played an active role in the secondary markets.

AN ASSESSMENT OF 2022: DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-16, 2-25, 201-1, 3-2, 3-3, 203-1, 203-2

Ziraat Bank meticulously evaluates potential business opportunities with the aim of being the strongest and most effective bank in all regions in which it operates.

INTERNATIONAL BRANCH BANKING

Ziraat Bank carries out detailed analyzes and studies to evaluate the environment and opportunities that will arise as a result of global changes and developments.

Ziraat Bank has developed its operations in the field of International Branch Banking in line with its international banking strategy and vision. The Bank undertakes successful International Branch Banking operations with the following main objectives;

- To provide fast, modern and high-tech and high-quality services to all stakeholders in all regions where the Bank operates, as well as Turkish entrepreneurs and companies,
- To secure a higher share in the financing of foreign trade between Turkey and other countries where it operates and to play a strong role in financing international trade,
- To ensure the sustainable profitability of international branches with a healthy and efficient balance sheet structure,
- To be the global financial contact point for customers by enabling foreign buyers and sellers for customers in Turkey to become customers at the service points abroad,
- To create effective synergies within the framework of the “Ziraat Finance Group” approach.

“Ziraat Is Always with You Wherever You Are in the World”

Ziraat Bank meticulously evaluates potential business opportunities with the aim of being the strongest and most effective bank in all regions in which it operates under the banner of “Ziraat Stands with You Wherever You Are in the World”. Some of the developments during 2022 in the international banking business line, which the Bank has structured with an integrated perspective in the regions it serves, are summarized below.

In its **London Branch**, in order to adapt to the dynamics of the London financial center, the Bank reshaped its products and services span in a way which would increase its effectiveness, particularly in the fields of structured finance and foreign trade finance. Serving as an important touch point in accessing international financial markets, the London Branch maintained its pioneering and advantageous position in terms of money market and treasury transactions in 2022.

In **Greece**, providing services through three branches in Athens, Komotini (Gümölcine) and Xhanti (İskeçe), Ziraat Bank plays an active role in developing trade between the two countries.

In 2022 the Bank carried out highly successful works with a focus on services such as corporate banking and foreign trade financing.

Ziraat Bank continues to provide services in the corporate and retail segments in **Bulgaria** as well as financial services and solutions to customers through non-branch channels such as ATM and internet banking.

The Bank operates in Bulgaria with five branches under the Bulgarian Directorate: Sofia, Plovdiv, Kardzhali, Varna, and Burgas opened in 2021.

In **Kosovo**, a wide range of products are provided in the corporate and retail segments with 4 branches operating in Pristina, Prizren, Peja and Ferizaj under the Bank’s Kosovo Directorate.

In the **TRNC** (Turkish Republic of Northern Cyprus), the Bank continues its activities with a focus on customers and the market, operating from eight branches. The Bank has diversified its product range and is continuously increasing its service quality. The TRNC branches offer their customers corporate and retail banking products to Turkish standards. The Bank has provided significant contributions to the economic development of the TRNC.

GRI 2-6

With the Internet Banking and Mobile Banking channels, customers were provided with online access to the Bank’s financial products globally.

In **Iraq**, the Bank supports the development of economic and trading activities between Iraq and Turkey with its two branches in Baghdad and Erbil. The branches play an important role in fulfilling the contracting firms’ requirements for letters of guarantee, in addition to serving as the financial solution point for international companies, organizations and institutions and, in particular, for Turkish and Iraqi corporate customers operating in the country.

In **Saudi Arabia**, the Jeddah Branch opened its doors in 2011. The Bank continues to expand the branch’s product and service range with the aim of meeting the banking needs of Turkish and Saudi corporate customers operating in the country, and in particular the letter of guarantee needs of Turkish contracting companies. The Bank also aims to act as a broker in foreign trade between Turkey and Saudi Arabia and developing the trade between the two countries.

Ziraat Bank’s second address in the Gulf region, the **Bahrain Branch**, plays an active role in accessing international financial markets.

Sustainability and Responsible Banking

The Bank continued to increase the financial support for direct investments conducted by Turkish entrepreneurs operating in **Bulgaria**.

Playing an important role in financing **Kosovo’s** infrastructure investments, primarily transportation infrastructure and renewable energy resources, Ziraat Bank continued to support the development of Kosovo’s economy.

The **TRNC** Directorate offers corporate and retail banking products at Turkish standards to its customers with 8 branches spread across the country, and continues to contribute significantly to the economic development of the TRNC.

With the mission of being an important financial solution and contact point of the Ziraat Finance Group in **Iraq**, the **Baghdad Branch** has played an active role in ensuring our

country’s access to international energy resources, with a high level of efficiency and speed manner under favorable conditions.

In **Saudi Arabia**, the foreign trade taking place between the two countries continued to be supported by non-cash loans in addition to cash loans. The Jeddah Branch is actively involved in the financing of foreign trade between our country’s importers and Saudi Arabia’s leading petrochemical companies.

Digital Channels

With the increasing importance of digital channels, Ziraat Bank focused on internet and mobile banking investments in its international branches. With the Internet Banking and Mobile Banking channels, customers were provided with online access to the Bank’s financial products globally.



AN ASSESSMENT OF 2022: DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-26

Ziraat Bank’s distinguished team with superior competencies forms the basis of customer satisfaction.

HUMAN RESOURCES PRACTICES

With an awareness that people are the main factor which make a difference in the competition, Ziraat Bank implements a modern human resources management system in line with the principles of transparency, participation, efficiency and compliance with banking ethics.

Ziraat Bank’s distinguished team with superior competencies forms the basis of customer satisfaction, an area which the Bank attaches great importance to.

Ziraat Bank aims to create a happy, productive, committed, successful and healthy workforce. Developing fair, transparent and integrated practices in line with global human resources trends in order to attract, train and retain the most valuable talent in line with this goal, the Bank acts with a management approach which constantly analyzes employee needs, creates value and enables rapid adaptation to changing conditions.



Career management applications

Ziraat Bank is aware that its high-level human resources play a large part in its special and distinguished position in the banking sector, where international competition is intensive. With this awareness, the Bank implements a number of employee-oriented projects which aim to further develop the modern human resources management system it has adopted.

During 2022, Ziraat Bank continued its efforts to meet the needs of and motivate its human resources which, with their unique market knowledge and experience, offer the right value propositions to the Bank’s customers at the right time and through the right channel.

Employee profile

Serving its customers with a total of 24,484 employees as of the end of 2022, the Bank provided jobs for 685 people in 2022. The average age of employees in the Bank stood at 38. Among the Bank’s employees, 85% had an associate, undergraduate, graduate or doctorate education. The average year of service is 13 years.

GRI 2-6, 2-7, 401-1, 401-3, 402-1, 404-1, 404-2, 404-3

Serving its customers with a total of 24,484 employees as of the end of 2022, the Bank provided jobs for 685 people in 2022.

BREAKDOWN OF ZIRAAT BANK’S HUMAN RESOURCES BY LOCATION, AGE GROUP AND EDUCATIONAL BACKGROUND

Breakdown by Head Office, Regions and Branches

Unit	Number of People	%
Head Office	5,424	22.2
Regions	267	1.1
Branches	18,697	76.3
International	96	0.4
Total	24,484	100.0

Breakdown by Age

Age	Number of People	%
30	1,401	5.7
30-50	21,746	88.8
51 +	1,337	5.5
Total	24,484	100.0

Breakdown by Educational Background

Educational Background	Number of People	%
Post-Graduate	47	0.2
Graduate	2,267	9.3
Undergraduate	16,328	66.7
Associate	2,346	9.5
High School	3,443	14.1
Secondary School	53	0.2
Total	24,484	100.0

Recruitment

In 2022, Ziraat Finance Group opened its doors to young people seeking to progress in a career in banking. In order to meet Ziraat Bank’s need for Assistant Inspectors and Assistant Specialists, Unit Officers and the needs at its subsidiary, Ziraat Participation Bank for Assistant Specialists and Unit Officers, applicants

were invited to attend an exam. Within the scope of “Candidate Satisfaction” pre-interview preparatory training including various training and tasks was provided in order to relieve the anxieties surrounding examinations among new graduates, with the selection and evaluation carried out afterwards for Unit Officers through a structured interview process.

Career management

Ziraat Bank, which has a transparent career management approach in the field of human resources, trains its own management candidates among its staff. Accordingly, 1,710 existing employees who were succeeded in the written promotion exams conducted in 2022 were promoted to a higher position.

AN ASSESSMENT OF 2022:
DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-7, 2-17, 401-1, 401-3, 402-1, 404-1, 404-2, 404-3

There are a total of 34,190 employees within the Ziraat Finance Group, including domestic and foreign subsidiaries.

In addition, more than 100 employees who successfully completed the Management School were appointed to management positions in the branches and units.

There are a total of 34,190 employees within the Ziraat Finance Group, including domestic and foreign subsidiaries.

Ziraat Bank has taken firm steps towards becoming a global brand in the banking sector in all countries where it operates, offering attractive career progression, pay, training and development opportunities to all employees working under the Ziraat roof.

In addition to the companies operating in Turkey, efforts continue to expand Ziraat HR practices among the subsidiaries located abroad.

The Ziraat Finance Group pays attention to the satisfaction and happiness of its employees, its most precious resource, and the effective management of their experiences in this context. The Group strengthens its communication channels in order to support its employees not only in managing their career, financial situation or working environment, but also their expectations and concerns regarding life.

Ziraat Bank carried out presentations to introduce the Bank and the School of Banking to foreign students at Middle East Technical University, Hacettepe University, Ankara University, Gazi University and the Turkish-German University for the open recruitment of Assistant Specialists for international units. In this context, for the first time, the Assistant Specialist recruitment examination was held with the participation of foreign candidates during 2022.

Ziraat Bank participated in career fairs in the UK, Germany and Uzbekistan as part of the TalentforBIZ-2022 event organized by the Presidential Career Office, and promoted the Bank and the Banking School.

Written exams and interviews for promotions were completed under the coordination of the parent bank for employees of foreign subsidiaries and branches, and employees found eligible for promotion were assigned a higher title.

Certification programs were organized for foreign branch and subsidiary managers in coordination with the Talent Management Department, thus strengthening cooperation between the main bank and the foreign units.

Ziraat Bank continued its efforts to expand the “Satisfaction Barometer” survey, which it

started in 2020, to foreign subsidiaries in 2022 as well. The survey offers the Bank a chance to gain feedback from employees on a daily basis, as well as to learn about any general causes of complaint, with the causes of employee-specific complaints determined through one-to-one interviews with the employees participating in the survey, and plans created to resolve any problems. In 2022, the option pool of the application was expanded and made available to foreign branches and subsidiaries.

Performance management

The personal achievements of employees are evaluated in the Individual Performance Management System and their rankings determined on the basis of objective and measurable criteria. The system, which mediates in the transfer of the Bank’s strategies to the field, has been designed in two basic dimensions: numerical-based and competence-based.

Indicators related to customer orientation, profitability, efficiency and risk management significantly affect the numerical performance score. The individual rankings, which are compiled by combining the numerical performance scores calculated with the measurements taken on the dimensions of targets, development and size, as well as the competency scores, form the basis of the performance bonus payments.

GRI 2-6, 2-7, 2-17, 2-19, 2-20, 2-30, 401-1, 401-3, 402-1, 404-1, 404-2, 404-3

Aiming to reward individual achievements aligned with the Bank’s corporate strategies, Ziraat Bank motivates employees towards increasing their corporate engagement.

The individual performance bonuses, which are determined and paid on the basis of periodically conducted individual performance reviews, are intended to strengthen the Bank’s customer-focused business model, to promote an approach to work which is focused on marketing and effectiveness, to increase company loyalty by motivating personnel and to provide tangible benefits to those whose individual achievements are compatible with the Bank’s corporate objectives.

The current bonus budget determined by the Bank’s Board of Directors is paid out to recipients as an individual performance bonus at three-month intervals together with their monthly salaries in the months of February, May, August, and November and is based on objectively defined and numerically expressible specific criteria.

In this system, which has been set up to focus mainly on marketing in line with the Bank’s strategies and targets, bonuses are paid to reward those who contribute more to the realization of the Bank’s strategies and targets.

While calculating bonuses, different coefficients are used according to branch segment and scale, individual performance ranking and job position criteria. Sales group personnel bonuses are calculated in direct

proportion to the individual performance points in each section.

Aiming to motivate employees towards increasing their corporate engagement and to reward individual achievements aligned with the Bank’s corporate strategies, Ziraat Bank included all other Head Office units within its performance management system in the second quarter of 2018, as well as the units subject to numeric performance measurement, taking into account the competence-based evaluation system.

On the other hand, within the framework of the fundamental Ziraat Finance Group concept, individual performance evaluation, competence evaluation and bonus system practices were carried on throughout the domestic subsidiaries.

Meanwhile, premium payments started to be offered to employees of subsidiaries operating in Azerbaijan, Georgia, Bosnia, Kazakhstan and Uzbekistan in 2022, as part of work to put performance management systems into operation in foreign subsidiaries.

Premium payments started to be offered to employees of foreign branches from the third quarter of 2022. The results in all subsidiaries and branches abroad will be followed closely in the coming period, and systematic improvements will be made.

Remuneration practices

The Remuneration Committee is responsible for overseeing and supervising Ziraat Bank’s remuneration practices on behalf of the Board of Directors. The Committee assesses the remuneration policy and practices within the framework of risk management to ensure that remuneration policies are aligned with the Bank’s ethical values and strategic goals, and shares its suggestions with the Board of Directors.

Within the context of the third term collective bargaining agreement signed between Ziraat Bank and Öz Finans-İş Trade Union to be effective from 1 January 2021 through 31 December 2023, union members were granted certain personnel rights including leave in addition to receiving additional monthly payments. In the Bank, which has a unionization rate of around 90%, adjustments to pay for 2022 were carried out in accordance with the Collective Labor Agreement.

Focusing on reducing overtime and taking care to maintain the balance between work and family life for employees, in 2022 Ziraat Bank continued to ensure the effective use of the system which was put into use to monitor overtime hours.

AN ASSESSMENT OF 2022: DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 2-7, 2-17, 401-1, 401-3, 402-1, 404-1, 404-2, 404-3

Ziraat Bank ensures that its employees who have served the Bank for a long time leave more satisfied when they retire.

Health benefits and practices

In addition to the health services provided by the Social Security Institution, Ziraat Bank provides benefits regarding health insurance to its employees and family members subject to the provisions of private law;

- Within the framework of the authorizations received from the Bank's Board of Directors, it provides treatment assistance for the members of the Health Aid Fund (Fund) within the framework of the authorization received from the Board of Directors of the Fund.
- The Bank also executes special agreements with healthcare service providers, under which its employees can obtain healthcare services, and announces these agreements to all employees.
- The Bank provided a gross amount of TL 3,750 for education to 267 children every month in order to increase its contribution to the education, care and development of the personnel's children which are recorded as having special needs as set out by the Report for children (SNRC) and the Report by the Guidance and Research Center, which operates under the Ministry of Education.
- Within the scope of Preventive Health Services, Mobile Health Screenings were carried out with a radiology doctor, ophthalmologist and health team for personnel

working in provinces which lack Private Health Providers. The examinations performed within the scope of the screening were examined by the company doctors and the Bank's workplace doctor, with the results of the examinations sent to personnel by post. Personnel with abnormal results were given necessary recommendations, and training programs were organized.

Social security applications

In 2022, Ziraat Bank continued to implement the measures it had in place to protect the health of its employees during the pandemic. The Bank provided employees in risk groups due to chronic diseases and eligible pregnant employees with the opportunity to work from home.

Ziraat Bank launched a new retirement project in 2022 in order to ensure that its employees who had served in the Bank for a long period would leave with a higher level of satisfaction when they retired, and to support them as they started their retirement.

Projections for 2023

The advance in technological developments, digitalization of work processes and the new generation's changing expectations of working life require new designs for the employee experience, especially in the recruitment, career management and talent management processes.

In this context, Ziraat Bank continues its activities to transform processes into an agile structure which is able to respond to changing needs more quickly, to create high employee satisfaction, to design processes to enhance the employee experience, to expand digitalization and to use data analytics. The Bank's priority projects in 2023 will be aimed at integrating employee experience and smart technologies into HR processes and implementing flexible working models.

Talent management practices

Ziraat Bank aims to maximize the motivation, knowledge and skill level of its employees. To this end, within the framework of its strategy of "Investing in Human Resources and being a Learning Organization", the Bank offers all its employees systematic training opportunities focused on career and development.

The Bank's training and development activities have been shaped on the basis of implementing programs that address different individual needs, guide career development and complement each other with educational activities and competencies over the years.

Training activities in 2022

Professional and personal development trainings offered by Ziraat Bank are diversified by considering different user needs and are conveyed through many channels. Ziraat Bank provided

GRI 2-6, 2-7, 2-17, 401-1, 401-3, 402-1, 404-1, 404-2, 404-3

Ziraat Bank follow the latest technological trends in the world in the field of education, and rapidly puts them into use.

an average of 18.8 hours of classroom training and 30.1 hours of online training per person in 2022.

The training activities which Ziraat Bank offered its employees in 2022 is provided below:

- The "Branch Manager Development Journey" program organized for Bank's managers, coaching and mentoring training and practices, the "On-the-Job Trainer Training" program, the "Development Journey of the Manager who switched to the Field" program,
- The "Educator Training" program in order to expand the Bank's internal trainer pool,
- "First Step Training" to help new personnel joining Ziraat Bank get to know the Bank, help them adapt to the corporate culture and acquire the necessary basic knowledge and skills,
- "Executive Candidate Program Training" for the preparation of supervisors working in authorized positions for management roles,
- "Career Training" is provided in accordance with the position of employees and aims to provide the basic knowledge and skills necessary for employees to fulfil their duties and responsibilities,
- "Competence Training" tailored to the individual, based on the data in the Individual Performance and Competence Evaluation System.

- "Development Training", to meet training needs in line with the Bank's goals and strategies or to transfer new products, services or information on legislation,
- "Legal Obligation Training" connected to legislation,
- "Licensing and Certificate Training" to prepare participants for national and international licenses and certification exams.

Within the scope of Ziraat Bank's "Data Science with Artificial Intelligence Certification Program", a total of 127 people completed their training and were awarded certificates. In addition, the FRM-Risk Management Certificate Program, which started in December 2022, continues with 12 participants.

A total of 13 "Certificate Programs" were introduced and made available to employees to help them determine their own career paths within the Bank and to prepare them for the units they will serve in the future.

Graduate programs have been offered in cooperation with Ankara University, one of our country's well-established and prestigious organizations, in order to improve the academic aspect of the educational programs and initiate the cooperation that will enable employees to obtain a graduate diploma at the same time.

State-of-the-art applications in education

Ziraat Bank follow the latest technological trends in the world in the field of education, and rapidly puts them into use.

The online training programs, which gained even greater importance during the three-year pandemic period, provided the opportunity to train more personnel in a short time at a lower cost continued throughout 2022, being accessible to employees whenever and wherever they wish,

The E-learning Catalogue, which contains a wide range of content including e-learning material, videos, audio files and documents, has been expanded with new content focused on professional development, with all units contributing to the catalogue. In addition, the Digital Catalogue, which contains over 4,000 items of content, was made available to employees.

The "Ziraatli-comment" forum, which enables employees to share their knowledge and experience with other employees, was used by 18,278 employees and 663 articles were added to the forum in 2022.

Through the mobile application, Ziraat Bank prepared journeys which are tailored to the position of each employee. This application allows information to be collected instantly from the field, in addition to ensuring

AN ASSESSMENT OF 2022:
DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 401-1, 401-3, 402-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 404-1, 404-2, 404-3, 410-1

Ziraat Bank carries out effective activities in order to provide a healthy and safe working environment within the scope of the Occupational Health and Safety Management System, which is based on continuous improvement.

permanence through micro-learning and reinforcement. The application, which is designed to offer the practicality of mobile learning by accompanying employees in the fast flow of life, elements such as questionnaire and exam questions, reminders, greetings and congratulatory messages can be performed daily within the framework of a planned calendar, in addition to micro-learning elements.

Educational activities which consider sustainability

Ziraat Bank carried out “Sustainability E-Training” in order to create and instill sustainability awareness among its employees, with 83.9% of the Bank’s employees completing the training program.

In 2022, 75% of Ziraat Bank employees participated in training on the “Prevention of Laundering Proceeds of Crime and Financing of Terrorism”, which is one of the training programs legally required in accordance with legislation.

There are training programs designed specifically for the customers and children on Ziraat Bank’s website. The training program, which is offered under the name of “Our E-Training Programs Specific to the Little Ones”, aims to raise awareness of the importance of saving among children and to introduce them to basic financial concepts. In this fun-packed program, children

learn about the relationship between money and the bank, the functioning of banks, internet and telephone banking, loans and credit cards, the efficient use of all resources from money to electricity and water with the themes of “Money-Bank Island, Savings Island, Loan and Credit Card Island, Budget Island”.

Within the scope of customer trainings on the website, there are trainings on secure credit card use and agricultural insurance.

A new program has been put into practice in order to contribute to the development of university students who carry out internships at Ziraat Bank and to help them use the time they spend in their internship efficiently. With its “Customer Experience” approach, the Bank has planned every day down to the smallest detail, from the welcoming step on the first day to the farewell. More than 100 videos, items of e-learning and reading materials on many different topics are available on the First Step Banking School platform, which was opened exclusively for intern students.

The training programs offered over the mobile application included topics such as basic banking, loan information from A to Z, digital literacy, correspondence techniques, corporate professionalism, resilience, information security and zero waste. The Bank also

organized small competitions to increase participation and encourage learning. The Bank monitored every step of the program on a daily basis through the mobile application.

Safe workplaces and a sustainable occupational health and safety culture

Ziraat Bank complies with the Occupational Health and Safety Law, which regulates the duties, authorities, responsibilities, rights and obligations of employers and employees in order to improve the existing health and safety conditions in the workplaces and to ensure occupational health and safety.

Ziraat Bank carries out effective activities in order to provide a healthy and safe working environment within the scope of the Occupational Health and Safety Management System, which is based on continuous improvement.

In this vein, the Bank organizes training activities to analyze and minimize health and safety risks that exist in or outside the working environment, and to create and develop Occupational Health and Safety awareness.

Within the scope of measures to prevent occupational accidents and occupational illness, services are received from the Joint Health and Safety units, which are established to provide occupational health and safety services and have the necessary equipment and personnel.

GRI 2-6, 404-1, 404-2, 404-3, 413-1, 413-2

Ziraat Bank, which has integrated the importance it attaches to art and artists with the motto “For Art in Art” since its establishment, fulfils its responsibilities to society through the projects it supports.



Maria Kılıçlıoğlu Baraz
Sculpture Exhibition
5 August 2022 - 31 October 2022



Mevlüt Akyıldız
“40 AMBAR” Painting and Sculpture
Exhibition
11 May - 1 August 2022



Teoman Südor
“EGE'NİN DÜŞLERİ” Painting Exhibition
4 February - 30 April 2022

SOCIAL RESPONSIBILITY AND PROMOTIONAL WORKS

Ziraat Bank focused its social responsibility activities in the fields of culture, the arts, education and sports, with the spirit of social sharing forming the basis of its activities. Implementing many long-term projects with the aim of developing individuals and society and creating social benefit in these areas, the Bank takes its social responsibility mission one step further every year.

Ziraat Bank strives to complete the transfer of our national values to future generations, especially with its work that contributes to the cultural accumulation of the society.

Activities in the area of Culture and the Arts

Ziraat Bank, which has integrated the importance it attaches to art and artists with the motto “For Art in Art” since its establishment, fulfils its responsibilities to society through the projects it supports, as well as its museums, cinemas and art galleries.

The Bank’s Ankara Kuğulu and Çukurambar Art Galleries and İstanbul Tünel Art Gallery have been serving art lovers for many years.

The Ankara Kuğulu Art Gallery opened its doors for the new season on 10 October 2022 and hosted three exhibitions in 2022. In the Ankara Çukurambar Art Gallery, the four exhibitions in 2022 attracted more than 4,000 visitors.

The İstanbul Tünel Art Gallery, which is still under renovation, is planned to open its doors to visitors following its revamp in the 2023 season.

The State Theatres Ziraat Stage, which was brought to life with the cooperation of Ziraat Bank and the General Directorate of State Theatres, continued to serve lovers of the theatre in 2022.

The Ziraat Bank Head Quarters Building, located in Ankara’s Ulus district, was built in 1929 with the design of Italian Architect Giulio Mongeri. The Ziraat Bank Museum is located in the Hall of Honor on the ground floor of the building, which is one of the structures of the First National Architecture Period of the Republic of Turkey. The museum was opened in 1981 with the aim of taking Ziraat Bank’s long-standing knowledge and experience to the future.

The Ziraat Bank Museum exhibits the commercial, economic, political, cultural, artistic and educational change which has taken place in the Turkish banking system since its beginnings to the present, and its development from past to present. The museum showcases many antique objects, which

AN ASSESSMENT OF 2022: DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 404-1, 404-2, 404-3, 413-1, 413-2

The Museum, opened its doors again on 18 May 2022 and had hosted 7,500 visitors as of the end of the year. It will be possible to visit the museum and experience the museum step by step from computers and mobile phones.



contain these features, used in the banking system in a historical atmosphere.

The Ziraat Bank Museum was expanded with the inclusion of a basement level in addition to the ground floor, following restoration work that started in the historical building in 2017. The Museum, which was temporarily closed to visitors due to the pandemic in March 2020, opened its doors again on 18 May 2022 and had hosted 7,500 visitors as of the end of the year.

In addition to physical visits, Ziraat Bank Museum also offers a virtual tour, which is prepared by transferring all sections and details to digital media with three-dimensional imaging technology and accessed via

the Bank's website. It will be possible to visit the museum and experience the museum step by step from computers and mobile phones.

The virtual tour includes information and visuals regarding the objects and ephemera (historical documents/ documents) exhibited in the museum. In addition, thanks to the application prepared using special techniques, works belonging to the Ziraat Bank Art Collection can also be examined in ultra-high resolution, zoomed down to the finest detail, on a virtual tour.

Ziraat Bank boasts one of Turkey's leading collections of sculptures and paintings. The Bank brings works of art in its collection to the public with its

collection and comprehensive exhibitions which it organizes. With more than 2,500 works, the Ziraat Bank Painting Collection continues to expand with the works of art purchased from artists exhibited in the Ziraat Bank galleries.

Ziraat Bank will maintain its support for art and artists with the "Ziraat Bank Art Museum" to be opened in its historical building in Alsancak, İzmir. Ziraat Bank started extensive restoration and restitution works to transform the historical İzmir Branch building into a museum in 2018. The Art Museum is planned to be opened to art lovers in April 2023.

GRI 2-6, 404-1, 404-2, 404-3, 413-1, 413-2

Within the scope of the social responsibility project "Children on Vacation, Schools in Renovation", efforts to improve schools in priority areas for development continued in 2022.

Social responsibility projects

Ziraat Bank, which has been providing uninterrupted support in the cultural and artistic fields for 159 years, contributed to the health, education, service and sports activities in 2022 in line with the requirements of its understanding of social responsibility.

The Ziraat Bank Library at Istanbul Medeniyet University, which is the largest university library in our country, was completed with the support of Ziraat Bank and opened in a special event on 12 August 2022 with the participation of our President, Mr. Recep Tayyip Erdoğan.

Within the scope of the social responsibility project "Children on Vacation, Schools in Renovation", efforts to improve schools in priority areas for development continued in 2022. In line with the requirements of the governorships, provincial and district national education directorates and NGOs, tools and equipment, education sets, classrooms, school renovation (such as sheathing, roof maintenance and repair, and paint) were provided for schools in different regions of our country, especially in the Eastern Anatolia, Southeastern Anatolia and Black Sea regions. Ziraat Bank carries out the project "Children on Vacation, Schools in Renovation" to meet their needs.

TalentforBIZ events are held by the Human Resources Directorate to raise awareness by bringing institutions and organizations together with the aim of offering career opportunities to young people. Ziraat Bank participated in these events held in London, Cologne in 2022 and in Tashkent on 17 September 2022.

In addition, the Bank supported State Incentives Promotion Days activities held in Gaziantep, Konya, Antalya, Adana, Kayseri, Malatya, Samsun, Diyarbakır, Van, İzmir, İstanbul, Eskişehir and Ankara in 2022.

Advertising and Communication Activities

The main advertising and communication activities carried out by Ziraat Bank in 2022 are listed below:

- The visual on the "Deed Trusted Account" application, which enables the transfer of property rights and cash as set out in the transfer price to change hands simultaneously during real estate purchase and sale transactions, was shared on social media accounts.
- The commercials and visual adaptations promoting the "Foreign Currency-Protected TL Time Deposit Account" product were announced to the public on national television channels and through social media accounts.

- Advertisements and visual adaptations of the "YUVAM Account" product, where our citizens living abroad may safely place their savings in Turkish Lira, were published on their social media accounts.
- Images depicting the "Quarter Gold Coin Deposit Account" product, which aims to bring the physical gold held by customers into the economy, were shared on social media accounts.
- The visual regarding the "KGF Covered Support Packages", which aims to provide support with investment, exports and operating expenses, was published on social media accounts.
- The commercial, "Modern Pressure Irrigation Systems Loan", specially prepared to mark World Water Day, was shared on social media accounts.
- Commercials prepared specifically to mark International Women's Day on 8 March and the Çanakkale Victory on 18 March were shared on social media accounts.
- Images prepared for Medicine Day on 14 March and World Down's Syndrome Awareness Day on 21 March were shared on social media accounts.

AN ASSESSMENT OF 2022:
DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 404-1, 404-2, 404-3

Ziraat Bank continued to carry out advertising and communication activities during 2022.

- A commercial promoting Bankkart’s Ramadan special campaign was shot and broadcast on national TV channels and social media accounts. A radio spot was also prepared for the same campaign and shared on national radio stations.
- In order to emphasize Ziraat Bank’s unwavering support for our country’s farmers to celebrate World Farmers Day on 14 May, while shooting for the “Yaşa Çiftçi” commercial has been completed. The commercial was shown at the Ziraat Bank Agricultural Ecosystem Meeting, held on 13 May with the participation of the Minister of Treasury and Finance, Nureddin Nebati. After the launch, the commercial was broadcast on national TV channels and social media accounts, attracting wide acclaim from the public.
- Online commercials prepared specifically to mark National Sovereignty and Children’s Day on 23 April and the day to mark the commemoration of Atatürk, Youth and Sports Day on 19 May were shared with the public through social media accounts.
- The process of shooting three commercials for the promotions of the new agricultural loan products, “Young Farmer Loan”, “Woman Farmer Loan” and “Solar Irrigation Loan” was completed in May 2022. Advertisements and radio spots depicting these loan products in an entertaining way were broadcast on national TV channels, radio stations and social media accounts. In addition, the Minister of Treasury and Finance, Nureddin Nebati, shared the commercials on his Twitter account. The commercials all gained a high level of appreciation from the public.
- Online commercials specially prepared for Mother’s Day and Father’s Day, the “Bankkart Mother’s Day Campaign” and the “Bankkart Father’s Day Campaign” for the Bankkart product, online commercials and radio spots were shared on social media accounts and national radio stations.
- An announcement of the “Bankkart Eid Al-Adha Campaign” was added to the advert, “Important Thinkers”, which entertainingly describes Bankkart’s card features, and the advert was broadcast on national TV channels and social media accounts. In addition, the radio spot prepared for the “Feast of Sacrifice Campaign” was broadcast on national radio stations.
- The promotional video for announcing the book-building process for the Income-Indexed Note (GES) issued by the Ministry of Treasury and Finance was shown on the Bank’s social media accounts and on national TV channels through sub-band screening.
- Online commercials prepared specifically for Democracy and National Unity Day on 15 July and Victory Day on 30 August were shared with the public on social media accounts.
- The internet commercial celebrating the new academic year for students was shown on social media accounts.
- Images prepared for the promotion of “Individual Energy Efficiency Loan”, “Green House Housing Loan”, “Green Vehicle Loan”, “GES/ROF SPP/LICENSED SPP Loans” and “Housing Heat Insulation Loan”, which support energy saving, were shared with the public on social media accounts. In addition, the online advertisement film promoting “GES/ROF SPP/LICENSED SPP Loans” was also shared on social media accounts.
- Promotional images of the “Subsidized Cold Storage Loan” product were shown on social media accounts.

GRI 2-6, 2-26, 404-1, 404-2, 404-3

- Images were prepared for the promotion of the “Fisherman Support Loan” product, which aims to finance operating expenses for fishermen, and shared with the public through social media accounts.
- Visual and radio spots for fuel and back-to-school campaigns were prepared and aired on national radio stations.
- The fourth of the commercials in the “Z-Mobile Generation” campaign, which started to be shown in 2021, reached their audience through national television channels and social media accounts.
- The “Bankkart Pay Later Campaign with Lira”, “Bankkart E-Trade Campaign”, “Bankkart Fuel Campaign” and “Bankkart New Year Campaign” radio spots were prepared and aired on national radio stations to promote the Ziraat Bank and Bankkart brands.
- The commercial titled “159th Year - A Museum”, under the banner of “Turkey’s past, present and future is here” was broadcast on national television channels and social media accounts, attracting wide acclaim from the public.

Other work

- Ziraatbank.com.tr is the Bank’s corporate website and was designed to be responsive and developed on the MS SharePoint 2016 infrastructure. The website provides easy access to Ziraat Bank’s services and functions. In 2022, new technological advances were integrated into the website and its functionality was improved.
- In accordance with the corporate identity principles of the Ziraat Finance Group, the websites of domestic and overseas subsidiaries were renewed in order to provide a common experience for the customers.
- Within the framework of Intellectual and Industrial Property Rights, all kinds of application, objection and registration transactions carried out by Ziraat Bank and the entire Ziraat Finance Group both domestically and abroad regarding trademarks, patents and registrations, as well as renewal procedures for registered trademarks, patents and design certificates were carried out.
- The html-based interactive magazine, 1iz (We Are One), was published on the Bank’s portal and the Ziraat Finance Group mobile application on a bimonthly basis, pursuing the goals of fostering a sense of belonging among Ziraat Finance Group

employees, informing them of developments in the Finance Group and the Bank, ensuring the continuity of corporate culture, creating an institutional memory and for creating a communication platform between Ziraat Family members.

- In order to meet the demands and expectations of customers in the most appropriate way, to provide information about the Bank’s products and services, and to ensure the highest level of customer satisfaction, the Bank maintained its position as the most effective bank in the sector in social media channels. The Bank’s effectiveness in social media is growing day by day with 2.3 million likes and followers on its Facebook page, over 455,000 followers on Twitter, over 233,000 followers on Instagram and more than 84 million YouTube views, along with shares on other platforms.
- The Visual Identity Inspection work carried out in order to use the corporate identity in accordance with Ziraat Bank standards, to correctly perceive the Bank’s brand image in the eyes of customers, to integrate corporate identity standards into all relevant environments and to prevent erroneous applications was completed.

AN ASSESSMENT OF 2022:
DEVELOPMENTS AND TARGETS FOR THE FUTURE

GRI 2-6, 201-2

Sponsorships

- With the sponsorship of Ziraat Bank and the vigorous support of the Bank's employees, the Volleyball Team, which maintained its success as the champion in the Efeler League for the last two seasons, won the Champions Cup and started the 2022-2023 season with a trophy. The Bank continues its sponsorship support for Ziraat Bank Sports Club, which represents our country in the CEV Champions League in the 2022/2023 season as well.
- In order to contribute to Turkish football, Ziraat Bank continues to support the Ziraat Turkey Cup in the 2022-2023 season, which it has supported for 13 years.
- Ziraat Bank attended the Economy and Climate Change Summit held at the Ankara Chamber of Commerce Congress between 30-31 March 2022 in order to contribute to the country's economy in the course of tackling climate change.
- With the contributions of Ankara Bilim University, the 4th Efficiency and Technology Fair was held at the Ankara ATO Congress between 18-21 May 2022. Many domestic and foreign companies took part in the fair with Ziraat Bank's support.
- Ziraat Bank provided support to the Agricultural Insurance Association Congress held in Istanbul between 13-15 June 2022 with the participation of over 100 member insurance companies from 30 different countries over five continents.
- The 4th World Nomad Games Event, which aims to keep traditional sports alive and is followed with great interest and admiration both in our country and in the international arena, was held in İznik, Bursa between 29 September and 2 October 2022, hosted by the Turkish Traditional Sports Federation Directorate. Visitors showed great interest in the Ziraat Bank event tent, where the art of marbling is explained practically.
- Many public institutions and organizations participated in the Barrier-Free Life Fair and Awareness Summit held in the Istanbul Expo Center between 1-4 December 2022. The Bank's stand attracted a great deal of acclaim in the event, which was also sponsored by Ziraat Bank.
- The 9th Türkiye Innovation Week was held at the Haliç Congress Center with the coordination of the Ministry of Commerce and the organization of the Turkish Exporters Assembly (TIM). Participating in the event that brought together the world of finance and focused on the themes of value-added production and technology enterprise, Ziraat Bank's stand attracted considerable interest from visitors.

In addition, Ziraat Bank participated in the following events in 2022;

- The 14th International Citrus Congress, which was held at the Mersin Atatürk Congress and Culture Center between 6-11 November 2022, with the participation of a number of academics and NGO representatives under the coordination of the Ministry of Agriculture and Forestry, the Mediterranean Exporters' Unions and Çukurova University,
- The Symposium on Drought and the Effective Use of Water Resources organized under the leadership of the Central Union of Turkish Irrigation Cooperatives,
- The Produce for Your Country Panel, where all stakeholders in the sector come together to seek ways of producing more in the field of agriculture.
- The Seed Workshop of Our Future, organized by the Sub-Association of Seed Industrialists and Producers (TSÜAB).

GRI 2-28

SOME INITIATIVES THAT ZIRAAT BANK IS A
MEMBER OR SUPPORTS

THE BANKS ASSOCIATION OF TÜRKİYE (TBB)
www.tbb.org.tr/en/home

FOREIGN ECONOMIC RELATIONS BOARD (DEİK)
www.deik.org.tr

INTERNATIONAL CHAMBER OF COMMERCE TÜRKİYE NATIONAL COMMITTEE (ICC)
<http://icc.tobb.org.tr/Index.php>

KREDİ KAYIT BÜROSU (KKB)
www.kkb.com.tr/en

TBB RISK CENTER
www.riskmerkezi.org/en/home

ECONOMIC RESEARCH FOUNDATION
www.iav.org.tr

INTERBANK CARD CENTER (BKM)
<https://bkm.com.tr/en/>

INVESTOR COMPENSATION CENTER
<http://www.ytm.gov.tr/>

TURKISH CAPITAL MARKETS ASSOCIATION
<https://tspb.org.tr/en/>

CALL CENTER ASSOCIATION
www.cagrimerkezleridernegi.org

BORSA İSTANBUL
<https://borsaistanbul.com/tr/>

ZIRAAT BANK AND THE ENVIRONMENT

GRI 3-3, 201-2, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

EVERY YEAR, ZIRAAT BANK INCREASES ITS CONTRIBUTION TO FIGHTING THE CLIMATE CRISIS AND GLOBAL WARMING. THE BANK WORKS WITH AN INSTITUTIONAL APPROACH BASED ON PROVIDING OPTIMAL EFFICIENCY IN THE USE OF RESOURCES AND REDUCING WASTE.

Ziraat Bank continues to support investment projects that will protect the environment and reduce the negative effects of climate change. Accordingly, the Bank has established an Environmental and Social Impact Management Policy with the aim of integrating the universally accepted principles of sustainability into its business model. With this policy, which determines the environmental and social impact management principles, Ziraat Bank prioritizes that the projects it finances include a high environmental and social contribution.

GREENHOUSE GAS EMISSIONS

Ziraat Bank completed its greenhouse gas inventory studies by collecting energy consumption data/statements of domestic branches, Head Office and money group centers for 2022.

In the Bank’s sustainability reporting, electricity consumption in the years before 2017 was calculated by considering the average prices over the invoices, while calculations were made by considering the actual consumption in 2017 and the average prices after 2018. The theoretical payment amounts and the unit electricity price of the relevant year are taken into account in the calculation of emissions from electricity consumption in 2022.

For the scope of greenhouse gas emissions, the considerations described in Scope 1 and Scope 2 of the GHG Protocol were used. In 2022, IPCC and Defra references and TIER-1 Methodology were applied for greenhouse gas calculations within the determined limits, and TIER-2 Methodology was applied for activity data with national data (electricity). The IPCC AR5 evaluation report was used for the KIP (Global Warming Potential) coefficients used in the calculations.

The graph on the next page shows the distribution of Scope 1 and Scope 2 greenhouse gas emissions by source. Emissions from electricity rank first with 47% (53.0% in 2021), while emissions from company vehicles rank second with 26% (19.5% in 2021), and emissions from natural gas consumption by 12% (6.9% in 2021). 9 - fuels used in buildings) is in the third place.

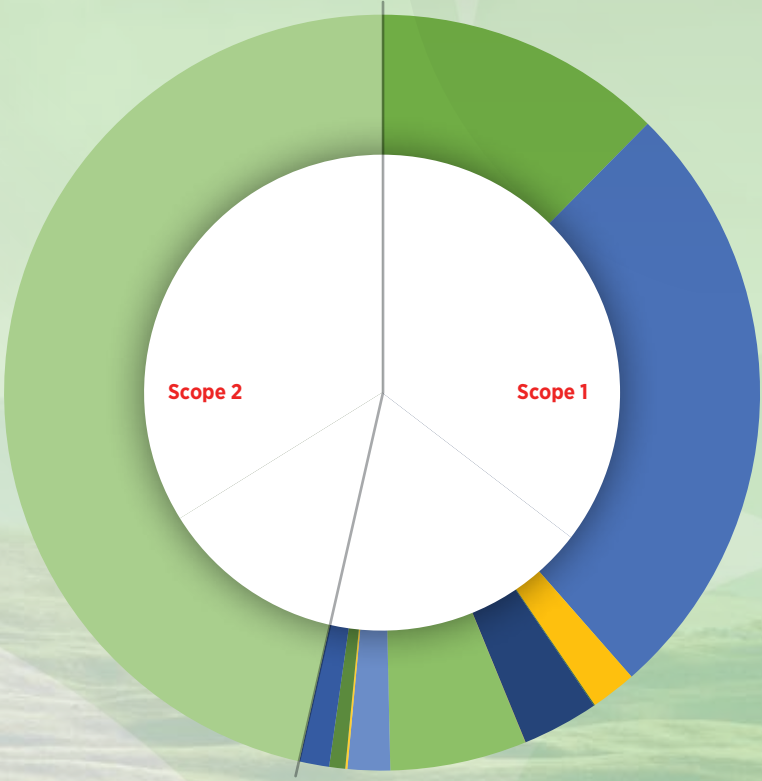
The theoretical payment amounts and the unit electricity price of the relevant year are taken into account in the calculation of emissions from electricity consumption in 2022.

Ziraat Bank 2022 Greenhouse Gas Emissions, Scope 1-2
Ziraat Bank also included business travels, personnel services, wastes, well-to-tank emissions and electricity transmission distribution categories, which are evaluated in Scope 3, in the 2022 carbon footprint calculations.

www.ghgprotocol.org

GRI 3-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

2022 GREENHOUSE GAS EMISSIONS, SCOPE 1 AND 2 DISTRIBUTION



Scope	Emission Source	Emission Result	In-scope Distribution
Scope 1	Natural Gas	7,383.82	12.40%
	Diesel	15,555.26	26.13%
	Gasoline	1,164.81	1.96%
	LPG	23.26	0.04%
	Coal	1,950.40	3.28%
	Biomass	9.65	0.02%
	Diesel (Heating)	3,474.99	5.84%
	Diesel (Generator)	1,078.64	1.81%
	Gasoline (Generator)	55.03	0.09%
	Fuel Oil	406.16	0.68%
	Refrigerant Gas Leaks	760.02	1.28%
	Fire Extinguisher	2.04	0.00%
Scope 2	Electricity	27,671.90	46.48%

ZIRAAT BANK AND THE ENVIRONMENT

GRI 3-3, 201-2, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

Ziraat Bank met the 50,000 MWh consumption of its Head Office, subsidiaries and branches in 2022 from renewable energy sources.

Ziraat Bank Distribution of Greenhouse Gas Emissions in 2022, Including Scope 3
Ziraat Bank met the 50,000 MWh consumption of its Head Office, subsidiaries and branches in 2022 from renewable energy sources, and took an important step towards reducing the carbon footprint caused by electricity consumption.

Ziraat Bank has documented its efforts in the field of sustainability and the transition to green transformation with the I-REC (The International REC

Standard), the most widely used renewable energy certificate in the world. Thus, the Bank achieved a 19.6% reduction in its 2022 emissions (according to the 2022 I-REC-free result).

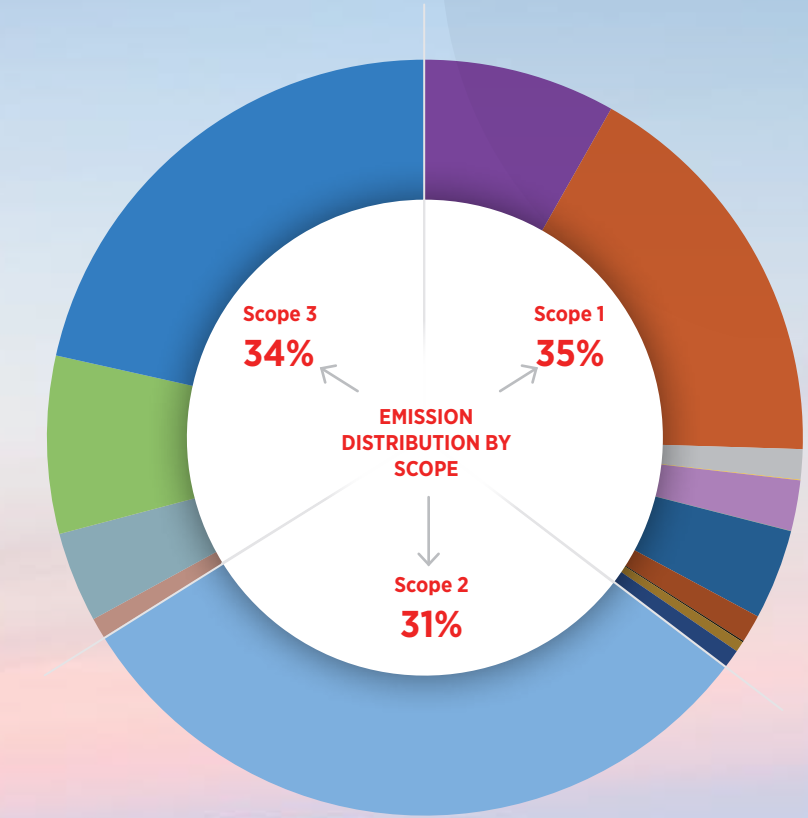
In 2022, Ziraat Bank's emissions increased by 5.4% compared to 2021. Among the reasons for this increase are the decrease in the effects of the pandemic and the expansion of the calculation scope by detailing the emission sources in the emission calculations for 2022.

Ziraat Bank has documented its efforts in the field of sustainability and the transition to green transformation with the I-REC (The International REC Standard), the most widely used renewable energy certificate in the world.

Change in Direct Greenhouse Gas Emissions

Direct GHG Emissions (Scope 1)	2021		2022		%
	Direct Energy Consumption MWh	Direct GHG Emissions (tCO ₂ e)	Direct Energy Consumption (m³, KWh, liter, kg)	Direct GHG Emissions (tCO ₂ e)	
Natural Gas	47,698	9,662	3,424,249.04	7,383.82	-24
Fuel Oil	339	92	151,618.54	406.14	341
Diesel (for heating in buildings)	1,710	381	1,272,924.53	3,474.99	812
Coal	6,936	2,175	1,611,947,482	1,950.4	-10
Pellet	301	4	87,901.31	9.65	141
Diesel	52,072	14,105	5,629,916.07	15,555.26	10
Gasoline	222	58	496,031.68	1,164.81	1,908
Leak Emissions	0	7,771	395.37	762.06	-90
LPG	-	-	7,785.04	23.26	-
Generator Diesel	-	-	395,117.00	1,078.64	-
Generator Gasoline	-	-	24,302.00	55.03	-

GRI 3-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5



Scope	Emission Source	Emission Result	In-scope Distribution
Scope 1	Natural Gas	7,383.82	23.2%
	Diesel	15,555.26	48.8%
	Gasoline	1,164.81	3.7%
	LPG	23.26	0.1%
	Coal	1,950.40	6.1%
	Biomass	9.65	0.0%
	Diesel (Heating)	3,474.99	10.9%
	Diesel (Generator)	1,078.64	3.4%
	Gasoline (Generator)	55.03	0.2%
	Fuel Oil	406.16	1.3%
	Refrigerant Gas Leaks	760.02	2.4%
	Fire Extinguisher	2.04	0.0%
Scope 2	Electricity	27,671.90	100.0%
Scope 3	Business Travels	790.55	2.6%
	Staff Service	3,482.95	11.4%
	Waste	0.63	0.0%
	Waste Transport	0.81	0.0%
	WTT	6,834.40	22.4%
	Electricity T&D	19,360.09	63.5%

ZIRAAT BANK AND THE ENVIRONMENT

GRI 3-3, 201-2, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

Ziraat Bank’s energy indirect greenhouse gas emissions decreased by 28.24% compared to 2021. Although electricity consumption has increased by approximately 34%, one of the reasons for the decrease in emissions is the decrease in the electricity emission factor of the country in 2022, with the decrease in fossil fuel use in electricity generation in Turkey compared to the previous year.

As seen in the table below, Ziraat Bank’s energy indirect greenhouse gas emissions decreased by 28.24% compared to 2021. Although electricity consumption has increased by approximately 34%, one of the reasons for the decrease in emissions is the decrease in the electricity emission factor of the country in 2022, with the decrease in fossil fuel use in electricity generation in Turkey compared to the previous year.

For the emission factor used in the calculation of the current year’s emissions from electricity consumption, the previous year is taken into account when the data on the energy resources used in Turkey’s electricity production are available. The second reason is that 50,000 MWh of the electricity consumed in the Bank comes from renewable energy with I-REC. The emission factor of electricity from renewable energy is zero.

Change in Indirect Greenhouse Gas Emissions

Indirect Greenhouse Gas Emissions (Scope 2)	2021		2022		%
	Indirect Energy Consumption	Indirect GHG Emissions (tCO ₂ e)	Indirect Energy Consumption	Indirect GHG Emissions (tCO ₂ e)	
Electricity Purchased (kWh)	84,403,363	38,564	112,890,687.28	27,671.90	-28.24

In the calculation of greenhouse gas emissions for the year 2022, Business Travels, Personnel Services, Wastes, Emissions from Well to Tank and Electricity Transmission Distribution emissions are taken into account within the Other Indirect Greenhouse Gas Emissions called Scope 3.



GRI 3-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

Other Indirect Greenhouse Gas Emissions (Scope 3)

Indirect Greenhouse Gas Sources	(tCO ₂ e)
Business Travels	790.55
Staff Service	3,482.95
Waste	0.63
Waste Transport	0.81
WTT	6,834.40
Electricity T&D	19,360.09

The greenhouse gas inventory for 2022 was realized as 90,005.4 tCO₂e.

In order to determine the difference compared to previous years, only Scope 1 and Scope 2 emissions have been included in the table below and a comparison has been made. In 2022, emissions increased by 5.4% compared to the previous year. In 2022, the intensity of greenhouse gas emissions according to Ziraat Bank’s net interest income is 0.000000741.

Ziraat Bank Greenhouse Gas Changes by Years

Greenhouse Gas Emissions (tCO ₂ e)	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Total tCO ₂ e (Scope 1 and 2)	Change in total tCO ₂ e %	Greenhouse Gas Density (tCO ₂ e/TL million revenue)
2022	31,864.08	27,671.9	59,535.9	-18.19	0,038
2021	34,335.9	38,564.1	72,900.0	1.35	0,053
2020	32,728.7	39,110.4	71,437.2	-11.89	0,076
2019	33,779.8	47,754.3	81,534.1	7.48	0,125
2018	29,015.4	46,841.5	75,856.9	-13.34	0,141
2017	33,428.6	54,234.3	87,662.9	3.14	0,202
2016	36,478.0	48,394.7	84,872.7	-5.27	0,237
2015	40,441.0	49,151.6	89,592.6	17.31	0,296
2014	36,060.5	40,311.2	76,371.6	-	0,308

Ziraat Bank’s greenhouse gas inventory uncertainty for 2022 is calculated as 3.74% for Scope 1 and 2. Scope 3 uncertainty calculation is 5.74%. In the uncertainty calculations, the uncertainty rates of fuels are taken as high due to the payment amounts of the data and the consumption statements of the branches. For Scope 1-2, this value is considered “reasonable” below the 5% value specified in the GHG Protocol Standard. Scope 3 uncertainty, on the other hand, is at the “limited” level with a value of 5.74%. In the coming years, significant improvements are expected in the uncertainty ratio and analysis with data collection on consumption data.

ZIRAAT BANK AND THE ENVIRONMENT

GRI 3-3, 201-2, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

GRI 3-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

SCOPE 1-2 ACCOUNT OF UNCERTAINTY

Greenhouse Gas Source	Activity Data	Unit	Activity Data Uncertainty (%)	EF	Unit	Emission Factor Uncertainty (%)	tons, CO ₂ e	Calculated Emissions Uncertainty (%)	External Variable 1	External Variable 2
Steady Burning	Natural Gas	2,739.40 tons	3.00	2.695	tons CO ₂ eq/tons	5.00	7,383.82	5.83	430.5470224	185,370.7385
Steady Burning	Biomass	87.90 tons	7.00	0.110	tons CO ₂ eq/tons	5.00	9.65	8.60	0.829774975	0.688526509
Constant Combustion Generator	Diesel	395,117.00 liter	7.00	0.003	tons CO ₂ eq/L	5.00	1,078.64	8.60	92.78819526	8,609.64918
Constant Combustion Generator	Gasoline	24,302.00 liter	7.00	0.002	tons CO ₂ eq/L	5.00	55.03	8.60	4.733717794	22.40808415
Constant Combustion Coal	Coal	1,611.95 tons	7.00	1.210	tons CO ₂ eq/tons	5.00	1,950.40	8.60	167.7793737	28,149.91824
Steady Combustion Kitchen Tube	LPG	7.79 tons	7.00	2.987	tons CO ₂ eq/tons	5.00	23.26	8.60	2.000516557	4.002066494
Fixed Combustion Heating Diesel	Diesel	1,272,924.53 liter	7.00	0.003	tons CO ₂ eq/L	5.00	3,474.99	8.60	298.930114	89,359.21304
Constant Combustion Fuel Oil	Fuel Oil	151,618.54 liter	7.00	0.003	tons CO ₂ eq/L	5.00	406.16	8.60	34.93893908	1,220.729464
Moving Combustion On Road	Diesel	5,629,916.07 liter	7.00	0.003	tons CO ₂ eq/L	5.00	15,555.26	8.60	1.338.114329	1,790,549.959
Moving Combustion On Road	Gasoline	496,031.68 liter	7.00	0.002	tons CO ₂ eq/L	5.00	1,164.81	8.60	100.2010004	10,040.24049
Leak Emissions	Gas Leaks	395.37 kg	7.00	1.922	tons CO ₂ eq/kg	5.00	760.02	8.60	65.37944106	4,274.471313
Leak Emissions	Fire Extinguisher	2,044.4 kg	7.00	0.001	5.00	5.00	2.04	8.60	0.175865938	0.030928828
Purchased Electricity		112,890,687.28 kWh	3.50	0.000	tons CO ₂ eq/kWh	5.00	27,671.90	6.10	1,688.893078	2,852,359.83

Total Emissions, tons CO₂ eq

59,535.98

Total Uncertainty

3.74%

ZIRAAT BANK AND THE ENVIRONMENT

GRI 3-3, 201-2, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

GRI 3-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

SCOPE 3 ACCOUNT OF UNCERTAINTY

Greenhouse Gas Source	Activity Data	Unit	Activity Data Uncertainty (%)	EF	Unit	Emission Factor Uncertainty (%)	tons, CO ₂ e	Calculated Emissions Uncertainty (%)	External Variable 1	External Variable 2
Electric T&D	112,890,687.28	kWh	7.00	0.00	tons CO ₂ eq/kWh	5.00	19,360.09	8.60	1,665.417686	2,773,616.07
Natural Gas	2,739.40	tons	7.00	0.43	tons CO ₂ eq/tons	5.00	1,190.07	8.60	102.3740579	10,480.44772
Heating Diesel	1,272,924.53	liter	7.00	0.00	tons CO ₂ eq/L	5.00	800.34	8.60	68.84772694	4,740.009505
Fuel Oil	151,618.54	liter	7.00	0.00	tons CO ₂ eq/L	5.00	105.71	8.60	9.093775649	82.69675555
Generator Diesel	395,117.00	liter	7.00	0.00	tons CO ₂ eq/L	5.00	248.43	8.60	21.37040075	456.6940281
Generator Gasoline	24,302.00	tons	7.00	0.00	tons CO ₂ eq/tons	5.00	14.65	8.60	1.260238472	1.588201006
LPG	7.79	tons	7.00	0.35		5.00	2.70	8.60	0.232390207	0.054005208
Coal	1,611.95	tons	7.00	0.39		5.00	633.72	8.60	54.51478476	2,971.861758
On Road Diesel	5,629,916.07	liter	7.00	0.00		5.00	3,539.75	8.60	304.5011037	92,720.92215
On Road Gasoline	496,031.68	liter	7.00	0.00		5.00	299.02	8.60	25.72291196	661.6681995
Staff Service	34,056,375.59	km	7.00	0.00	tons CO ₂ eq/km	5.00	3,482.95	8.60	299.6143035	89,768.73084
Business Travels	4,844.769.25	km	7.00	0.00	tons CO ₂ eq/km	5.00	790.55	8.60	68.00525534	4,624.714754
Waste	29,400.00	kg	7.00	0.00	tons CO ₂ eq/kg	5.00	0.63	8.60	0.053853209	0.002900168
Waste Transport	1,539.00	km	7.00	0.00	tons CO ₂ eq/km	5.00	0.81	8.60	0.069776214	0.00486872

Total Emissions, tons CO ₂ eq	30,469.42
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Total Uncertainty	5.67%
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ZIRAAT BANK AND THE ENVIRONMENT

GRI 3-3, 201-2, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

Emission Factors

	Unit	CO ₂	CH ₄	N ₂ O	kg CO ₂ e/unit
Diesel (mobile combustion)	liter	74.1	0.0039	0.0039	-
Gasoline (mobile combustion)	liter	69.3	0.025	0.008	-
Natural Gas	m ³	56.1	0.001	0.0001	-
Fuel Oil	kg	77.4	0.003	0.0006	-
Diesel	liter	74.1	0.003	0.0006	-
Coal (Lignite)	kg	101	0.01	0.0015	-
Pellet (Biomass)	kg	100	0.3	0.004	-
LPG	kg	63.1	0.001	0.0001	-
Diesel - Generator	liter	74.1	0.003	0.0006	-
Gasoline - Generator	liter	69.3	0.003	0.0006	-
Refrigerants - R134A	kg	0.000	0.000	0.000	1.300
Refrigerants - R600	kg	0.000	0.000	0.000	3
Refrigerants - R410A	kg	0.000	0.000	0.000	1.924
Fire Extinguishers - CO ₂	kg	1	0.000	0.000	-
Electricity (2014 grid)	kWh	0.49306	0.00019	0.00121	0.494
Electricity (2015 grid)	kWh	0.55036	0.00021	0.00139	0.552
Electricity (2016 grid)	kWh	0.48985	0.00018	0.00131	0.491
Electricity (2017 grid)	kWh	0.51047	0.00018	0.00147	0.512
Electricity (2018 grid)	kWh	0.50501	0.00018	0.00142	0.507
Electricity (2019 grid)	kWh	0.51200	0.00018	0.00156	0.514
Electricity (2020 grid)	kWh	0.47523	0.00016	0.00157	0.477
Electricity (2021 grid)	kWh	0.45531	0.00015	0.00143	0.457
Electricity (2022 grid)	kWh	0.44	0.000	0.000	-

Surveillance of environmental and social impacts in project financing

With the financing it provides, Ziraat Bank extends support to large infrastructure projects such as airports, highways, bridges and renewable energy projects, which generate added value for the country's economy and play an important role in job creation. In line with its Responsible Banking approach, the Bank also considers possible environmental and social impacts in the transactions it evaluates within the scope of project finance, and requests information and documents from investors that the projects meet environmental and social standards.

In loan agreements related to multilateral project finance transactions involving Ziraat Bank, the Bank aims to eliminate environmental and social risks and/or minimize their effects by evaluating each project on an individual basis. In this framework, the Bank ensures compliance with the environmental and social standards accepted by international financial institutions and recommended by project consultants.

In project finance contracts prepared by Ziraat Bank, the Bank receives statements and commitments from customers regarding environmental and social issues in accordance with the laws and regulations to which the customers are bound, as well as issuing notes of default in instances of failure to comply with the declarations and commitments. In this context, customer commitments are regularly monitored through periodic reports prepared by environmental consultants or investors.

GRI 2-3, 3-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

Ziraat Bank controls its direct and indirect environmental and social impacts through its Environmental and Social Impact Management Policy, which was formed with the aim of integrating the universally accepted principles of sustainability into its business model.

Environmental and Social Risk Assessment Model

Ziraat Bank controls its direct and indirect environmental and social impacts through its Environmental and Social Impact Management Policy, which was formed with the aim of integrating the universally accepted principles of sustainability into its business model. With this policy, which determines the environmental and social impact management principles within the scope of its lending activities, the Bank prioritizes that the projects it finances include a high environmental and social contribution.

Ziraat Bank rejects financing the activities which are included in the “List of Unfunded Activities” annexed to its Environmental and Social Impact Management Policy and which are prohibited/ restricted by national legislation and international agreements to which our country is a party, regardless of amount and without subjecting them any financial, technical, environmental and social impact evaluation.

The Bank subjects new/capacity-increasing investment projects and customers requesting loans, which are not in this list, to the Environmental and Social Risk Assessment Model established within the scope of the Environmental and Social Impact Management System.

Projects within the scope of Environmental and Social Risk Assessment Model are classified in 3 categories as high (A),

medium (B) and low (C) risk. Category A projects are potentially irreversible or have not been encountered before, with serious adverse social and environmental impacts. Category B projects are potentially few, only localized, largely irreversible projects with limited adverse environmental and social impacts for which measures have already been taken to mitigate their impact. Category C are projects with minimal or no social or environmental impact.

Actions and monitoring studies taken by Ziraat Bank for projects in high and medium risk categories:

- The investor must complete the project's documentation (EIA Report, Project Description File, opinion letters, decisions, etc.) within the scope of the Environmental Impact Assessment Regulation (EIA) and must have obtained all environmental and social temporary permits.
- During the investment, the investor will ensure that environmental and social measures are successfully implemented, as specified and approved in the EIA Report or Project Introduction File, and will demonstrate with supporting documents that these practices are carried out regularly.
- An Environmental and Social Due Diligence/ Action and Monitoring Plan will be prepared by an independent Environmental and Social Consultant/ Expert in accordance with the Performance Standards

of the International Finance Corporation (IFC) in order to monitor and regularly report all environmental and social aspects of the investment.

- The investment will be monitored by an independent Environmental and Social Consultant/Expert at least once a year with a site visit. After the investment is completed, the site will be visited once during the operation period and the investment will be monitored. A contract clause requiring the investor to comply with the Action and Monitoring Plans will be included in the loan agreement.
- Since there is no additional action to be taken to eliminate potential environmental-social risks in low-risk projects, monitoring is carried out within the framework of the Bank's procedures and principles for monitoring investment loans.
- The annual application results and annual monitoring results of the environmental and social risk assessment are presented to the Corporate Governance Committee at the annual environmental and social management system evaluation meeting, within the scope of the Bank's Sustainability Policy.

There were no projects rejected due to the Unfunded Activities (FEF) list in 2022, in which 21 projects were evaluated in terms of environmental and social aspects within the scope of Environmental and Social Impact Management Policy.

ZIRAAT BANK AND THE ENVIRONMENT

GRI 2-3, 3-3, 201-2, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

Ziraat Bank continuously improves its environmental performance in order to inherit a cleaner and more livable world for future generations.

The distribution of the projects evaluated in 2022 within the scope of the Environmental and Social Impact Management Policy according to their categories is as follows:

Risk Category- # of projects	
High risk (A)	7
Moderate Risk (B)	6
Low Risk (C)	8

Sectoral distribution of the evaluated projects (#)	
Manufacturing	16
Energy	2
Tourism	3

For Environmental and Social Impact Management Policy and List of Unfunded Activities: <https://www.ziraatbank.com.tr/en/our-bank/sustainability/our-policies/environmental-and-social-impact-management-policy-in-lending-activities>

Efficient use of energy resources
Ziraat Bank continuously improves its environmental performance in order to leave a cleaner and more livable world to future generations. In this context, the Bank has implemented many innovative practices regarding energy saving and the efficient use of energy resources.

Ziraat Bank realized the installation of 352 air conditioning systems equipped with high-efficiency inverter technology using ozone-friendly R410A coolant gas in 2022. A total of 62 of these air conditioning systems that were installed in order to reduce the cost of heating and increase energy efficiency were procured

in accordance with the next generation VRF system standard which maximizes both energy savings and comfort. A total of 2.34 tons of R410A coolant gas was used in the installed systems.

Effective waste management activities
Empty toner and drum units which are not used in Ziraat Bank branches are disposed of under the supervision of the manufacturer. In 2022, a total of 10.620 kg of waste products were accredited and disposed of by the responsible recycling company.

Within the scope of the practices undertaken to reduce the use of toner in the Bank, the number of dots used for each character and the optimal number of points are adjusted and dots which cannot be discerned by the user are not printed, thus resulting in a 20% saving in toner use. The savings achieved prevented carbon dioxide emissions totaling 545.650 kg in 2022.

In addition, the Bank's printer inventory is being replaced with new generation inkjet products which consume considerably less energy and minimize the harm to the environment in terms of waste.

Defective IT equipment in the Ziraat Bank units and branches is collected in Bank service centers and returned to use by carrying out repairs and renewals.

Waste IT materials, sheet metal materials such as system cabinets and air conditioning units, battery and scrap ATM devices are sold on to companies which hold transportation and processing licenses issued by the Ministry of Environment and Urbanization. Thus, waste is treated as a raw material through recycling, preventing such waste from harming the environment. In this framework, approximately 73 tons of waste material was sent to recycling in 2022.

Creating added value by saving paper
Ziraat Bank creates added value with its activities carried out within the framework of the banking principle that respects people and the environment, in line with its Sustainability Policy.

Sustainable Banking Process Audit was included in the audit plan in 2022 in order to evaluate Ziraat Bank's efforts within the framework of the concept of sustainability, which is one of the main agenda items of both governments and institutions in recent years.

In this context; In line with syndicated loan requirements, sustainability performance criteria (Key Performance Indicator (KPI)), environmental loan products included in the concept of sustainability, the Bank's general compliance level with the strategies and policies of national and international authorities in the field of sustainable banking were examined.

GRI 3-3, 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 304-1, 304-2, 304-3, 304-4, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

Ziraat Bank creates added value with its activities carried out within the framework of the banking principle that respects people and the environment, in line with its Sustainability Policy.

Within the scope of the audit model that Ziraat Bank implements, the practice of submitting physical documents and reports was discontinued, with branch reports instead being generated through the system. In addition to branch audits, audit reports for all head office units have been prepared and monitored through the system.

In addition, with the e-signature and virtual archive application in use throughout the Bank, all audit and review/investigation reports are archived digitally on the main banking software without the need for a physical document archive.

The transfer of audit and inspection and investigation reports to the system and the virtual archive application saved the need for 32,000 sheets of A4 paper. A4 paper consumption throughout the Bank stood at 248,000 packages in 2022.

Other environmental practices
Ziraat Bank aims to obtain LEED Certification by designing the Ziraat Towers to be built at the Istanbul International Finance Center campus, which is based in Ataşehir, İstanbul, in accordance with international environmental standards.

In the course of the continuous improvement work undertaken in physical service points, the materials used in construction projects such as installations, electrical components, equipment, furniture and furnishings are examined by Ziraat Bank within the scope of R&D work, and the functionality and recycling properties of the materials are taken into consideration with concepts which will minimize damage during the selection, with consideration given to the environmental impact. In line with the sustainability concept, 100 service buildings were renovated at the Bank in 2022.

The transfer of audit and inspection and investigation reports to the system and the virtual archive application saved the need for 32,000 sheets of A4 paper.



ZIRAAT BANK'S SUBSIDIARIES IN 2022

Ziraat Bank has an effective subsidiary strategy to meet the financial needs of Ziraat Finance Group customers with its integrated solutions.

In this context, the Bank aims;

- To create a dynamic and effective synergy between its domestic subsidiaries, which are complementary to its financial activities, and its increasingly expanding foreign subsidiaries, within the framework of Ziraat Finance Group's vision,
- To contribute to the development of commercial and economic relations between Turkey and the other countries in which it operates, to play a strong role in the financing of foreign trade and to capture a high share in this area thanks to its wide foreign subsidiary network,
- To ensure that foreign buyers and/or sellers of its customers in Turkey are also customers of international service points, to be the global financial contact point of all customers, ultimately adding value to the Ziraat Finance Group,
- To provide a variety of products and services at a global level, as well as time and cost advantages, thanks to effective communication and fast business processes by contributing financially to the transaction flows of its customers around the world,
- To bring new/pioneering financial technologies in its geographies.

Ziraat Bank maintains its activities with foreign subsidiaries operating in Germany, Bosnia and Herzegovina, Montenegro, Russia, Azerbaijan, Georgia, Uzbekistan, Kazakhstan and Turkmenistan, in addition to its domestic subsidiaries within the

framework of its participation policy built on the basis of efficiency.

INTERNATIONAL SUBSIDIARIES

Germany

Ziraat Bank International AG started its activities as a representative office in 1964 and turned into a branch in 1988. It has been operating as a bank since 2001. The Bank can offer all kinds of banking services to its customers.

Ziraat Bank International AG has branches in Berlin, Duisburg, Frankfurt, Hamburg, Hannover, Cologne and Munich.

Bosnia and Herzegovina

ZiraatBank BH d.d., which began its activities in 1997, was Bosnia and Herzegovina's first bank to be owned by foreign capital. ZiraatBank BH d.d. provides services through 32 service units made up of 18 branches and 14 offices throughout the country as of the end of 2022.

Montenegro

Ziraat Bank Montenegro AD started its operations in July 2015. The Bank continues its services with its Head Office in Podgorica and branches in Podgorica, Bar and Budva.

Azerbaijan

Ziraat Bank Azerbaijan ASC started its activities in 2015. The Bank continues to serve with its Head Office in Baku, Headquarters, Icherisehir, Gence, Sumgayit, Ahmed Reçpli, Azadlik branches, and Samed Vurgun branch opened in 2022. In addition to its wide

product range for corporate and individual segments, the Bank continues to play an active role in the development of trade between the two countries.

Russia

Ziraat Bank (Moscow) JSC was established in 1993. The head office and only branch of the bank is in Moscow.

Kazakhstan

Kazakhstan Ziraat International Bank (KZI Bank), established in 1993 and headquartered in Almaty; It continues to serve its customers with a total of 8 branches, two in Almaty and one in Astana, Shymkent, Aktau, Atirau, Karaganda and Turkistan.

Uzbekistan

UTBANK JSC, Uzbekistan's first bank with foreign capital, was established in 1993 in Tashkent, with the equal participation of Ziraat Bank and Agrobank (Uzbekistan). In 2017, all of Agrobank's shares in the Bank were transferred to Ziraat Bank, and 100% of UTBANK JSC's shares were registered in the name of Ziraat. The Bank continues its activities under the name of "Ziraat Bank Uzbekistan JSC" and with 6 branches: Corporate Branch/ Tashkent, Operu, Yunusabad, Samarkand, Fergana and Andican.

Georgia

In Georgia, where Ziraat Bank started to provide services in 1998, the banking activities carried out with branches in Tbilisi, Batumi and Marneuli were combined under the umbrella of the bank as of 2 May 2017, and

JSC Ziraat Bank Georgia was established. Tsereteli Branch in Tbilisi in 2018, Kutaisi Branch in 2019, Gldani and Varketili branches in 2020 started to operate, and the Bank continues to serve with 7 branches in total.

Turkmenistan

Turkmen Turkish JSC Bank was established as a Turkish and Turkmen partnership. The head office of the bank is in Ashgabat and has offices in Bereketli, Dashoguz, Kerki, Mary, Toptancı Pazarı and Turkmenabad.

DOMESTIC SUBSIDIARIES

Ziraat Katılım Bankası A.Ş. (Ziraat Participation Bank)

Ziraat Participation Bank was established in 2015 as the first participation bank with public capital. As of the end of 2022, the Bank has 155 branches across the country. Ziraat Participation Bank, which opened its first overseas branch in Sudan in September 2020, carries out its activities in line with the principles of participation banking.

Ziraat Portföy Yönetimi A.Ş. (Ziraat Asset Management)

Ziraat Portfolio Management was established in 2002 and received the authority to establish funds in 2015 with the amendment made in the Capital Market Law.

As of 31 December 2022, Ziraat Portfolio Management manages a portfolio of 70 Mutual Funds, 11 Exchange Traded Funds, 3 Real Estate Investment Funds, 1 Venture Capital Investment Fund and 49 Pension Investment Funds belonging to pension

companies. The Company also provides portfolio management services to individual/corporate investors.

As of 31 December 2022, Ziraat Portfolio Management's total portfolio was recorded as TL 353.4 billion, consisting of TL 188.6 billion in mutual funds and TL 164.8 billion in individual/corporate investors portfolios. The Company maintains its leadership in the sector with its 16.6% market share as of December 2022.

Ziraat Yatırım Menkul Değerler A.Ş. (Ziraat Investment)

Ziraat Investment, which was established in 1997 to act as an intermediary in capital market transactions, has the status of "Broadly Authorized Intermediary Institution".

In addition to the public offering of Obase Bilgisayar ve Danışmanlık Hizmetleri Ticaret A.Ş., where it served as the leading brokerage house in 2022, the Company became a consortium member in the public offering of 22 more companies.

Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş. (Ziraat REIT)

Ziraat REIT was established on 1 November 2016 in order to increase the product and service diversity of Ziraat Finance Group, to use its resources effectively by investing in projects which will accelerate the development of our country's real estate sector and create added value, and to perpetuate the value it creates for its shareholders with the principle of stable growth and high profitability.

The Company became publicly traded on 6 May 2021.

Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş. (Ziraat Venture Capital)

Ziraat Venture Capital was established on 8 November 2018. The Company acquires equity stakes in ventures which offer growth potential, provides the leverage and growth which they need, and works to help them achieve sector-based strengthening within the framework of a corporate and strategic plan.

Ziraat Teknoloji A.Ş. (Ziraat Technology)

Ziraat Technology was established in 2001. Since inception, Ziraat Technology has been providing services to Ziraat Bank and its domestic/foreign partnerships in the fields of application development, systems management, project management and technology consultancy.

Ziraat Technology continues its activities in the Technology Development Zones (Teknoparks) located in the Yıldız Technical University and İstanbul University campuses. It plays an important role in the projects carried out by the Ziraat Finance Group with the software and applications which it has developed in line with the requirements of ISO 9001, 22301 and 27001 standards, and has become a global solution partner.

NOTE: Annual reports of affiliates can be obtained from their own websites.

INDEPENDENT AUDITOR’S REPORT ON THE BOARD OF DIRECTORS’ ANNUAL REPORT

GRI 2-5

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH ON THE BOARD OF DIRECTORS’ ANNUAL REPORT

To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası A.Ş.

1. Qualified Opinion

We have audited the annual report of Türkiye Cumhuriyeti Ziraat Bankası A.Ş. (the “Bank”), and its consolidated subsidiaries (collectively referred as the “Group”) of for the accounting period of 1 January 2022 - 31 December 2022.

In our opinion, except for the matter described in the Basis for Qualified Opinion section below, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Bank’s and Group’s position in the Board of Directors’ Annual Report are consistent and presented fairly, in all material respects, with the audited full set unconsolidated and consolidated financial statements and with the information obtained in the course of independent audit.

2. Basis for Qualified Opinion

As expressed in Basis for Qualified Opinion section of our auditor’s report dated 17 February 2023 on the full set unconsolidated financial statements of the Bank for the period between 1 January 2022 - 31 December 2022; unconsolidated financial statements include of a free provision amounting to TL 28.300.000 thousand which consist of TL 3.710.000 thousand provided in prior periods and TL 24.590.000 thousand recognized in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

As expressed in Basis for Qualified Opinion section of our auditor’s report dated 17 February 2023 on the full set consolidated financial statements of the Group for the period between 1 January 2022 -31 December 2022; consolidated financial statements include of a free provision amounting to TL 29.304.000 thousand which consist of TL 3.730.000 thousand provided in prior periods, TL 25.574.000 thousand recognized in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

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

3. Our Audit Opinion on the Full Set Unconsolidated and Consolidated Financial Statements

We expressed a qualified opinion in the auditor’s reports dated 17 February 2023, on the full set unconsolidated financial statements of the Bank for the 1 January 2022 - 31 December 2022 period and the full set consolidated financial statements of the Group for the 1 January 2022 - 31 December 2022 period.

GRI 2-5

4. Board of Director’s Responsibility for the Annual Report

The Bank management’s responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code (“TCC”) No. 6102, Capital Markets Board’s (“CMB”) Communiqué Serial II, No: 14.1, “Principles of Financial Reporting in Capital Markets” (the “Communiqué”) and “Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks” published in Official Gazette No.26333 dated 1 November 2006 are as follows:

- to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- to prepare the annual report to reflect the Bank’s operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report, financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- to include the matters below in the annual report:
 - events of particular importance that occurred in the Bank after the operating year,
 - the Bank’s research and development activities,
 - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Trade and other relevant institutions.

5. Independent Auditor’s Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of the TCC, Communiqué and “Regulation on Independent Audit of Banks” published on the Official Gazette No.29314 dated 2 April 2015 provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited unconsolidated and consolidated financial statements of the Bank and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the SIAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited unconsolidated and consolidated financial statements and with the information obtained in the course of audit.

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

Didem Demer Kaya, SMMM
Partner

Istanbul, 30 March 2023

BOARD OF DIRECTORS

GRI 2-12, 2-13, 2-19, 2-24

GRI 2-12, 2-13, 2-19, 2-24



FARUK ÇELİK
Member of the Board

FEYZİ ÇUTUR
Member of the Board

MAHMUT KAÇAR
Member of the Board

SERRUH KALELİ
Member of the Board

ALPASLAN ÇAKAR
CEO and Member of the Board

BURHANEDDİN TANYERİ
Chairman of the Board

VEYSİ KAYNAK
Vice Chairman of the Board

DR. AHMET GENÇ
Member of the Board

FAZLI KILIÇ
Member of the Board

BOARD OF DIRECTORS

GRI 2-9, 2-12, 2-13, 2-18, 2-19, 2-24

Burhaneddin TANYERİ Chairman of the Board

He was born in Erzurum Aşkale in 1953. He was graduated from Erzurum “İmam Hatip” (religious vocational) High School in 1972 and then graduated from the Faculty of Business Administration of Atatürk University in 1978. He worked in Regional Presidency of Agricultural Equipment Institution between the years of 1978-1980. He served as a Reserve Officer between 1980-1981 as the Head of Erzurum Narman Military Branch. He worked as Assistant Inspector, Chief Inspector, Branch Manager and Regional Director-in-chief, respectively, in T.C. Ziraat Bankası A.Ş. between the years of 1982-2005. He served as Member of the Board of Directors in Halkbank A.Ş. between the years of 2005 - 2010. Further served as Member of the Board of Directors in Halk Finansal Kiralama A.Ş., Halk Sigorta A.Ş., Ziraat Portföy Yönetimi A.Ş., Ziraat Bank Azerbaijan ASC, Ziraat Bank Montenegro AD and Vakıf Leasing A.Ş. respectively, between the years of 2005 - 2021. He has been carrying out the duty as Chairman of the Board of Directors and Member of Credit Committee of our bank since 26 March 2021.

Veysi KAYNAK Vice Chairman of the Board

He was born on 1 January 1962 in Kahramanmaraş. He was graduated from Kahramanmaraş “İmam Hatip” (religious vocational) High School in 1981 and then graduated from the Faculty of Law of İstanbul University in 1985. He began his career of freelance lawyer as a member of the Kahramanmaraş Bar Association and at the same time he worked as academician at the Middle East Technical University (METU) Kahramanmaraş MYO (Vocational School of Higher Education). He served as the Vice Mayor of Kahramanmaraş and the deputy Mayor of Kahramanmaraş within the period between the years of 1989 and 1999 covering the two local election period. He was elected as the Mayor of Kahramanmaraş by the Municipal Council of Kahramanmaraş between January 1999 and April 1999. He served as the General Coordinator at an International Group of

Companies between the years of 1999 and 2001. Immediately after his task of Kahramanmaraş Provincial Vice President and President of Political Legal Affairs of Justice and Development Party in 2001, he served as AK Party Kahramanmaraş Provincial Presidency between the years of 2002 and 2007. Mr. Kaynak who served as the 23rd Period AK Party Kahramanmaraş MP at the Grand National Assembly of Turkey (TBMM) in 2007 worked as the Member of TBMM Justice Commission, Member of AK Party Group Board of Directors and Inter-Parliaments of Turkey-Bahrain Group Chairmanship. With the decree of appointment dated 7 November 2011 he was appointed to the

Deputy Justice Minister and served as the Deputy Justice Minister in the 61st and 62nd Governments of the Republic of Turkey. He worked as the Vice President of the United Nations IACA (International Anti-Corruption Academy) between the years of 2012 and 2015. In the Parliamentary General Elections held on 7 June 2015 and on 1 November 2015 he was elected as the 25th and 26th period AK Party MP of Kahramanmaraş. He served as the Deputy Chairman of the Security and Intelligence Commission of the Turkish Grand National Assembly as the 26th Period AK Party Kahramanmaraş MP. He was elected as a member of the AK Party Headquarters Disciplinary Board with the AK Party Ordinary Congress held on 12 September 2015. He was elected as the membership of AK Party MKYK by the Extraordinary Congress held on 22 May 2016. He served as the Deputy Prime Minister in the 65th Government of the Republic of Turkey formed on 24 May 2016. Mr. Kaynak is married with five children and speaks Arabic. He has been carrying out the duty of the Vice Chairman of the Board of Ziraat Bank since June 2020. He has been working as member of the Remuneration Committee.

Alpaslan ÇAKAR CEO and Member of the Board

Graduated from Ankara University, Faculty of Political Sciences, and Department of Public Administration. In 1996, Çakar started to work as an Assistant Inspector in Ziraat Bank, served as Inspector and Department Manager and was appointed as Regional Director-in-chief in 2005. Çakar, became the Head of Department in September 2007, served as Executive Vice President for Retail Banking, Executive Vice President for Operations, Executive Vice President for Consumer Banking and Executive Vice President for Retail Banking, he served as Executive Vice President for Distribution Channels Management between January 2016-July 2017, Executive Vice President for Payment Systems between July 2017-June 2018, Executive Vice President for Retail Banking-2 between June 2018-March 2021. He served as member of the Board of Directors/member of the Audit Board of Ziraat Finansal Kiralama (Ziraat Leasing), Bileşim Alternatif Dağıtım Kanalları Ödeme Sistemi A.Ş., Ziraat Hayat ve Emeklilik A.Ş. (Ziraat Life & Pension), Ziraat Sigorta A.Ş. (Ziraat Insurance), Kredi Kayıt Bürosu A.Ş., Ziraat Bank (Moscow) JSC, Turkmen Turkish Joint Stock Commercial Bank, Ziraat Teknoloji A.Ş. (Ziraat Technology), Bankalararası Kart Merkezi A.Ş., Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş., Ziraat Bank (Moscow) JSC, respectively, between the years of 2003-2019. He served as the Chairman of the Board of Ziraat Bank (Moscow) JSC between 2019-2022. Çakar has been serving as the CEO and member of Board of Ziraat Bank since March 2021. He is the Chairman of the

Credit Committee since 26 March 2021. He has been the Chairman of The Banks Association of Türkiye since 22 April 2021. He is member to the Board of Türkiye Wealth Fund since May 2021. He has been carrying out the duty as Chairman of the Board of Directors of Ziraat Participation Bank since 1 February 2022.

Faruk ÇELİK Member of the Board

Faruk Çelik, born in 1956 in Yusufeli District/Artvin, graduated from Bursa Higher Islamic Institute and thereafter attended at the Department of Management in Kocaeli Management Institute. He was 21st, 22nd and 23rd Bursa MP and 24th and 26th Şanlıurfa MP in the Grand National Assembly of Turkey. He served as the Minister of Labor and Social Security and the State Minister at the 60th, 61st and 62nd Governments; served as the Minister of Food, Agriculture and Livestock at the 64th and 65th Governments. He has been working as a member to the Board of Ziraat Bank as of 27 May 2019, and besides he has been working as the alternate member of the Credit Committee and the member of the Remuneration Committee.

Feyzi ÇUTUR Member of the Board

He was graduated in 1983 from the Faculty of Economics and Administrative Sciences, Department of Banking of the University of Gazi. He got his Master's Degree at the Department of the Social Sciences Business Management of Beykent He has got Certificates of TÜRMOB (Union of chambers of Certified Public Accountants and Sworn-in Certified Public Accountants of Türkiye) Independent Accountant and Financial Advisor and KGK (Public Oversight Authority) Independent Auditors. Mr. Çutur, who worked in 1977 to 1990 at various private sector companies as the Accountant and Finance Manager, later on served in the years from 1990 to 1998 at “Bayındır Menkul Kıymetler A.Ş.” as the General Accounting Manager, and worked at Eti Yatırım A.Ş. in the years from 1998 to 2010 respectively as the Manager of Financial Affairs and Operations, Assistant General Manager and General Manager. He held office at various Investment Funds owned by Eti Yatırım and Etibank as member of the Fund Board and Chairman of the Fund Board, and worked in 2006 at İktisat Yatırım A.Ş. as member of the Board of Directors. He performed his duty as the representative of TMSF (Saving Deposits Insurance Fund) in the period from July 2011 to March 2012, as membership of the Board of Directors of Arap Türk Bankası A.Ş. and A&T Finansal Kiralama A.Ş., to which the said Bank is affiliated. Mr. Çutur, who has begun to work as member of the Board in our Bank since April 2012, is the member of Credit Committee of our Bank. He worked as the member of Board/Supervisory Board of ZiraatBank International AG,

GRI 2-9, 2-12, 2-13, 2-18, 2-19, 2-24

member of the Board of ZiraatBank BH d.d., the memberships of the Board, Credit Committee, Audit Committee of Ziraat Participation Bank and membership of the Board of Ziraat Bank (Moscow) JSC.

Dr. Ahmet GENÇ Member of the Board

He was born in 1960 in Ankara. He was graduated in 1984 from the Department of Public Management, Faculty of the Political Sciences in Ankara University. He served as an assistant specialist and a specialist in the years from 1985 to 1990 at the Banking Department in the Undersecretariat of Treasury, the General Directorate of the Banking and Foreign Exchange. He took education on the insurance and reinsurance in the UK in 1990 for a period of one year. He completed his master's degree in the years of 1993 and 1995 in the USA-Boston-Northeastern University, Department of Economics. He transferred in 1997 from the Undersecretariat of Treasury, the Directorate of Banking and Foreign Exchange to the General Directorate of Insurance as the Branch Manager. He was promoted to the position of the Head of Department in the year of 1998. He completed his doctorate degree (Ph.D.) in 2002 with his thesis on “Financial Competence in Insurance” at Ankara University-Institute of Social Sciences-Department of Business Administration. Mr. Genç, who served as the Deputy General Director at the General Directorate of Insurance in the years of 2002 and 2004, as the Vice General Director in the years of 2004 and 2007, as the General Director in the years of 2007 and 2015, was appointed to the position of the Assistant Undersecretary of Treasury as of the date of 22 February 2015. Doctor (Ph.D.) Ahmet Genç, who served as the member or as the chairman of founding board/committee of directors at the institutions and establishments such as the Insurance Information Center, Insurance Business Training Center (SEGEM), Agriculture Insurances Pool (TARSİM) created in recent years in relation with the insurance business, and who at the same time gave lessons at various universities as academician, served as the Chairman of the Board of our Bank between August 2018-March 2021. He has been serving as member of Board of our Bank since March 2021. He is the Chairman of the Corporate Governance Committee.

Mahmut KAÇAR Member of the Board

He was graduated 1999 from Harran University, Faculty of Engineering, Department of Environmental Engineering in 1999. Mr. Kaçar, who served as deputy Chairman of “Sağlık-Sen” affiliated to “Memur-Sen” Confederation from 2002 to 2008, Chairman of “Sağlık-Sen” and General Secretary of “Memur-Sen” from 2008 to 2011, 24th and 26th term Şanlıurfa Member of Parliament, has been working

as member of the Board of our Bank since August 2018. Mr. Kaçar served as member of the Board of Ziraat Life and Pension, Ziraat Insurance and Ziraat Participation Bank. Furthermore, he is a Member of the Audit Committee.

Serruh KALELİ Member of the Board

Having graduated from the primary and secondary schools of TED Ankara College, he attended Ankara Law Faculty and graduated from this faculty in 1977. He completed his military service at the Air Force Command as the reserve officer Military Prosecutor. He was a member to the Board of Directors of Ankara Bar Association respectively from 1996 to 1998; he was an accountant member and member to the Board of Directors of the two-period Turkish Law Institute between 2000-2002 and 2002-2004, Member of the Board of Union of the Turkish Association in 2001 for a period of four years. He took part in the preparation of Regulations under the Amended Lawyer's Act in the commissions included in the structure of the Union of Turkish Bar Associations. He served at the season of 2004-2005 as Deputy Chairmanship of the Turkish Basketball Federation Disciplinary Board; he exercised his independent occupation as a lawyer registered at Ankara Bar Association for the period elapsing from 1978-1980-1981 until 19 July of 2005 on which he was elected for the membership of the Constitutional Court. He was employed as the Deputy Chairman of the Constitutional Court from 14 April 2011 to 14 April 2015, besides by the Constitutional Amendment of 12 September 2010 he was assigned with the task of carrying out auditing the fundamental rights and freedoms which may be allegedly violated through the right to individual application which is falling within its duty and jurisdiction, he performed the Chairmanship for the first of the two sections for the period elapsing from 14 April 2011 to 14 April 2015. He has been working as the member to the Board of Directors of our Bank as of May 2019. He is a Member of the Corporate Governance Committee.

Fazlı KILIÇ Member of the Board

He completed his high school education in Beyoğlu Commercial High School in 1976 and was graduated from İstanbul Academy of Economics and Commercial Sciences, Faculty of Commercial Sciences, Department of Management and Accounting in 1980. He completed Master of Arts program in Accounting Audit in İstanbul University Faculty of Business Administration in 1982. After has worked as an Certified Public Accountant for 26 years and took the role of founding partner in the company Yön Muhasebecilik Mali Müşavirlik Limited Şirketi, Group Chairman and member of İstanbul

Provincial General Assembly between the years of 1994-1999 and Mayor of Kağıthane for 3 terms between the years of 2004 and 2019. He has been serving as a Member of the Board of Ziraat Bank since 26 March 2021. Kılıç is also a member of Ziraat Bank's Audit Committee, reserve member of Credit Committee and the Chairman of the Information Systems Strategy Committee and Information Security Committee.

İbrahim ARSLAN Member of the Supervisory Board

Born in İstanbul in 1965, İbrahim Arslan graduated from the Department of Public Administration, Faculty of Political Sciences at İstanbul University in 1987. He started his career at Ziraat Bank in 1988 as an Assistant Financial Analysis Specialist before going on to work as a Specialist, Department Manager and then as a Branch Manager. Between 2005 and 2012, he served as the Samsun Regional Manager, İstanbul Third Region Manager and Erzurum Regional Manager. Working as the Head of the Branch Operations Department between 2012-2014, Mr. Arslan served as the Second Regional Manager of İstanbul between August 2014-July 2017, the Head of the Internal Audit and Compliance Department between July 2017 and October 2018 and as the Sakarya Regional Manager between October 2018 and June 2021. He worked as a Regional Manager in Maslak, İstanbul between June 2021 and March 2022. He has been serving as a Member of the Audit Board of Ziraat Bank since 25 March 2022.

Haşim TAŞKIRAN Member of the Supervisory Board

Born in Kurtalan, Siirt in 1964, Haşim Taşkıran completed his primary education in the Gözpinar Village in Kurtalan and his secondary and high school education in Batman. He graduated from the Department of Communication Design, Faculty of Art and Design at Nisantasi University, İstanbul. He went on to complete his master's degree in the Faculty of Economics, Administrative and Social Sciences at the same university. He then graduated from the Department of Behavioral Sciences, Faculty of Communication at Newport University. He is a member of ISO, ITO, İTKİB, MÜSİAD and the City Council. He is a member of İstanbul Chamber of Industry (ISO), İstanbul Chamber of Commerce (ITO), General Secretariat of İstanbul Textile and Apparel Exporter Associations (İTKİB), Independent Industrialists and Businessmen's Association (MÜSİAD) and the City Council. He served as the Southeast Coordinator of the Turkish White Moon Association and as a member of the board at Ziraat Teknoloji A.Ş. and Central Oto Kiralama A.Ş. He has been serving as a Member of the Supervisory Board at Ziraat Bank since 7 October 2022.

ZIRAAT BANK SENIOR MANAGEMENT

GRI 2-13, 2-19, 2-24

GRI 2-13, 2-19, 2-24



EMRAH GÜNDÜZ
Executive Vice President
for Banking Operations and
Corporate Communication



RECEP TÜRK
Executive Vice President
for Credit Risk Monitoring
and Liquidation



MEHMET ŞÜKRÜ TAŞCI
Executive Vice President
for Credit Allocation and
Management



FERHAT PİŞMAF
Executive Vice President
for Corporate Banking



CÜNEYT SAĞLIK
Executive Vice President
for Digital Banking and Payment
Systems



YÜKSEL CESUR
Executive Vice President
for Retail Banking

ZIRAAT BANK SENIOR MANAGEMENT

GRI 2-9, 2-13, 2-19, 2-24

Emrah GÜNDÜZ
Executive Vice President
for Banking Operations and
Corporate Communication

He graduated from Hacettepe University, Department of Public Finance. He completed his master’s degree at Maltepe University. He worked as Assistant Revenue Specialist at the Ministry of Finance between 2004-2005. He started to work in our Bank in 2005 as Assistant Auditor. Thereafter, he worked as Auditor, Department Manager, Branch Manager at Ziraat Bank, Head of Department of Operations Center at Ziraat Katılım. Gündüz, who started to work as Head of Department of Operations Center in September 2016, worked as Head of Department of Operations Center-1 between December 2019 and October 2020, and as Head of Department of Central Operations between October 2020-April 2021. He has been working as Executive Vice President for Banking Operations and Corporate Communication since April 2021.

Recep TÜRK
Executive Vice President
for Credit Risk Monitoring
and Liquidation

Graduated from Ankara University, Faculty of Political Sciences, Department of Public Administration. He started his career at T. Halk Bankası A.Ş. in 2000 as Auditor and then worked as Commercial - SME Marketing Department Manager, Commercial Branch Manager and Gaziantep Regional Coordinator. Türk, who started working at our Bank in January 2015, served as Regional Manager and Head of Department, and as Head of Credit Risk Monitoring, Liquidation and Legal Consultancy Group between November 2020-April 2021. He has been serving as Executive Vice President for Credit Risk Monitoring and Liquidation since April 2021.

Mehmet Şükrü TAŞCI
Executive Vice President
for Credit Allocation and
Management

He graduated from Gazi University Faculty of Economics and Administrative Sciences Department of Business. In 9 December 1993, he started to work as Assistant Auditor at our bank. Thereafter, Taşcı served as Auditor, Chief Auditor, Deputy Head of Board of Auditors and Branch Manager. He worked as Head of Department of Financial Reporting and Accounting between September 2008-June 2012, İzmir 3rd Regional Manager between July 2012-September 2018, Head of Board of Auditors between October 2018-March 2021. Taşcı has been working as Executive Vice President for Loan Allocation and Management since April 2021.

GRI 2-9, 2-13, 2-19, 2-24

Ferhat PİŞMAF
Executive Vice President
for Corporate Banking

He graduated from Ankara University, Faculty of Political Sciences, Department of Public Finance. In 1996, he started to work as Assistant Auditor at the Board of Auditors of our Bank. Pişmaf, who served as Auditor, Department Manager of Agricultural Marketing, Head of Department of Agricultural Loans, Deputy Head of Agricultural Loans Group, Head of Department of Entrepreneurial Loans 1, Entrepreneurial Loans Allocation and Management 1, Agricultural Policies and Head of the Agricultural Marketing Group, has been serving as Executive Vice President for Corporate Banking since April 2021.

Cüneyt SAĞLIK
Executive Vice President
for Digital Banking and Payment
Systems

He graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of International Relations in 1998. He completed his master’s degree in Ankara University Institute of Social Sciences Human Resources Management and Career Counseling Program in 2004. Sağlık, who joined our Bank in 1998 within the 10th Term Banking School, worked as Specialist, Director and Manager at the Departments of Fund Management, Commercial Loans, Retail Marketing, Retail Loans Allocation and Retail Mass Marketing. Sağlık, was appointed as Deputy Head of Department of Retail Product Management in October 2015 and thereafter served as Head of Department of Product Management and Customer Analytics, Card Systems and Internal Control and Compliance. Sağlık, who served as Executive Vice President for Payment Systems and Loan Processes between April 2014 and July 2022, has been working as Executive Vice President for Executive Vice President for Digital Banking and Payment Systems since July 2022.

Yüksel CESUR
Executive Vice President
for Retail Banking

Graduated from Boğaziçi University Faculty of Economics and Administrative Sciences. He started working in our bank in 1996 as Assistant Auditor and then Auditor, and was later appointed as Head of Department of Education between 2005 and 2007. In 2007, he was appointed as Head of Department of Treasury Operations and then he worked as Head of Agricultural Marketing Group and Head of Board of Auditors. Cesur, who served as Executive Vice President for Internal Systems between April 2014 and April 2021, has been working as Executive Vice President for Retail Banking since April 2021.

SUMMARY BOARD REPORT

GRI 2-24

Ziraat Bank, which offers a wide range of reliable, high-quality banking products and services in Turkey and in the world, continues to contribute to the national economy and the development of the banking sector by maintaining its uninterrupted process towards the achieving the corporate goals which it has set out in its strategic roadmap.

Operating under the umbrella of the Ziraat Finance Group, the Bank has a wide portfolio of subsidiaries offering services in the fields of banking, capital market intermediation, portfolio management, venture capital, real estate investment partnership and financial technologies in Turkey. In addition to its subsidiary banks serving in 17 different countries and its branches abroad, the Bank also has a wide service network in the international arena with approximately 1,800 correspondent banks. This strong group structure is the most important source of support for Ziraat Bank, increasing its ability to provide integrated financial services.

Ziraat Bank recorded another set of successful financial and operational results in 2022 and, backed by a business model which is oriented around high efficiency, continued to meet the needs of its customers all over our country for banking services and products at the right service points, on time, and under appropriate conditions.

Ziraat Bank’s asset size expanded by 68.6% by the end of 2022 when compared to the previous year, to reach TL 2,312 billion, with its shareholders’ equity increasing by 108.5% to TL 202.5 billion. Prioritizing sustainable profitability, the Bank generated a Return on Equity of 26.4% in 2022 and a Return on Assets of 2.3%.

Ziraat Bank proactively manages credit quality with its efficient credit processes, and supported investment in the agriculture, manufacturing, exports, energy and technology sectors with the financing opportunities which it provided in 2022. The Bank recorded a 62.7% increase in its cash loans to TL 1.3 billion in 2022, with cash loans accounting for a 55% share in the Bank’s balance sheet.

The Bank’s total deposits increased by 83.3% in 2022 to reach TL 1.7 billion, with the Bank maintaining its long run of leadership in the sector in terms of total deposits in 2022.

Ziraat Bank works in cooperation with the entire ecosystem in order to provide the products and services its customers need as accurately and quickly as possible.

Within the scope of the ongoing agreement with KGF, the Bank continued to extend the “Investment Support”, “Export Support” and “Business Expenditure Support” loan packages in 2022. As of the end of the year, TL 3.5 billion in loans had been provided through the Investment Support Package, TL 4.2 billion in loans through the Export Support Package and TL 5 billion through the Operating Expenditures Support Package.

With the protocol signed between Ziraat Bank and KGF, the “Construction Services Financing Support Package” was brought into use in order to meet the expenditures of SME and non-SME construction companies for the completion of their ongoing housing projects, and TL 1 billion in loans were made available.

The “Solar Power, Roof-top Solar Power, Licensed Solar Power Investment and Operational Loans” were added to the environmental loan products within the scope of sustainability previously created by Ziraat Bank, with TL 8.5 billion being extended through these loans by the end of the year.

Ziraat Bank provided TL 205.3 billion in loans to its 770,000 customers operating in the agricultural sector within the scope of the “Financing of the Agricultural Ecosystem” strategy, and the number of new customers added to the portfolio reached 208,000.

GRI 2-24

Ziraat Bank expanded the “I Have Many Reasons to Live in My Village” project, which it started in the last quarter of 2020 with the aim of developing small cattle breeding, by commissioning the Bovine Livestock Project in 2022.

Ziraat Bank continues to offer retail banking products and services to a wide customer base consisting of students, pensioners, traders, entrepreneurs, housewives and farmers through its branches and electronic service channels.

The Bank extended TL 47 billion of housing loans in 2022, bringing its total housing loan portfolio to TL 112 billion.

Ziraat Bank’s consumer loans reached a total of TL 56 billion in 2022 with TL 43 billion being disbursed, while the end-year balance of vehicle loans standing at TL 7.8 billion.

Ziraat Bank realized its first sustainable themed syndicated loan in 2022. The USD 1.24 billion loan, with a maturity of 367 days, was the Bank’s 10th borrowing transaction from international markets through syndication.

In addition to the syndication loan, in 2022 Ziraat Bank continued to use alternative resources through loans obtained from International Financial Institutions, bilateral loan agreements, post-financing transactions, FX repo and Eurobond issuances in line with its target of diversifying its sources of funding. A total of USD 8.9 billion of funds were provided by the Bank through these resources by the end of 2022.

Ziraat Bank maintains its activities to integrate sustainability into all business processes within the framework of its responsible banking approach. In this context, the Bank obtained an international I-REC certificate by procuring 50,000 MWh of its 2022 electricity consumption from renewable energy sources.

Ziraat Bank will continue to stand by all segments of society with its products, services and projects that contribute to the national economy, reduce foreign dependency, offer high added value and focus on the development of social welfare.

INFORMATION ON THE ACTIVITIES OF THE COMMITTEES

GRI 2-6, 2-9, 2-13, 2-18, 2-19, 2-20, 2-24

INFORMATION ON THE ACTIVITIES OF THE CREDIT COMMITTEE

CHAIRMAN

Alpaslan ÇAKAR
Member of the Board and CEO

MEMBERS

Burhaneddin TANYERİ
Chairman of the Board

Feyzi ÇUTUR
Member of the Board

ALTERNATE MEMBERS

Faruk ÇELİK
Member of the Board

Fazlı KILIÇ
Member of the Board

Credit Committee fulfills the duties and powers specified in the Banking Law, the Bank's articles of association, and other legislation issued by BRSA. Within the framework of the authority delegated by the Board of Directors, the Committee extends loans and makes decisions. Credit Committee performs other duties related to lending assigned to it by the Board of Directors.

The Credit Committee met 26 times during 2022 and passed 1,064 decisions.

INFORMATION ON THE ACTIVITIES OF THE AUDIT COMMITTEE

MEMBERS

Mahmut KAÇAR
Member of the Board

Fazlı KILIÇ
Member of the Board

The Committee assists with the auditing and supervision activities for which the Bank is responsible, and fulfills the duties, powers and responsibilities designated by the legislation issued by the BRSA, as well as those related to the execution of the Compliance program and those defined by applicable legislation.

The Audit Committee met 25 times during 2022 and passed 65 decisions.

INFORMATION ON THE ACTIVITIES OF THE CORPORATE GOVERNANCE COMMITTEE

CHAIRMAN

Dr. Ahmet GENÇ
Member of the Board

MEMBER

Serruh KALELİ
Member of the Board

Corporate Governance Committee monitors and audits the Bank's compliance with corporate governance principles. The Committee suggests proposals to the Board of Directors and works to ensure improvements. The Committee keeps reports of its activities in written form.

INFORMATION ON THE ACTIVITIES OF THE REMUNERATION COMMITTEE

MEMBERS

Faruk ÇELİK
Member of the Board

Veysi KAYNAK
Vice Chairman of the Board

The Remuneration Committee is responsible for overseeing and supervising the remuneration practices on behalf of the Board of Directors. The Committee assesses the remuneration policy and practices within the framework of risk management to ensure that remuneration policies are aligned with the Bank's ethical values and strategic goals, and submits its recommendations to the Board of Directors.

GRI 2-6, 2-9, 2-13, 2-18, 2-19, 2-20, 2-24

On behalf of the Board of Directors, the Information Systems Strategy Committee monitors the suitability of IT investments, checks that they are in line with the IT strategy plan and that the IT objectives are compatible of the Bank's business objectives.

CHAIRMAN

Fazlı KILIÇ
Member of the Board

MEMBERS

Emrah GÜNDÜZ
Executive Vice President

Dr. İlker MET
Group Head

Ahmet ACAR
Group Head

Bayram TUZCU
Ziraat Teknoloji A.Ş. CEO

Dr. Ertuğrul Umut UYSAL
Department Head

Mehmet TARCAN
Department Head

Sedat YILMAZ
Department Head

INFORMATION ON THE ACTIVITIES OF THE INFORMATION SECURITY COMMITTEE

CHAIRMAN

Fazlı KILIÇ
Member of the Board

MEMBERS

Emrah GÜNDÜZ
Executive Vice President

Dr. İlker MET
Group Head

Bayram TUZCU
Ziraat Teknoloji A.Ş. CEO

Dr. Ertuğrul Umut UYSAL
Department Head

Himmet AKSOY
Department Head

İbrahim KONAK
Department Head

Ahmet Burak ERKOL
Department Head

Özcan ASANOĞLU
Department Head

Uğur Can AYGİN
Department Head

Aysun OKYAY
Department Head

The duties and activities of the Committee include fulfilling the duties and authorities determined in the legislation regulated by the BRSA, coordinating information security activities and establishing and implementing information security policy.

INFORMATION ON ACTIVITIES OF THE CREDIT MONITORING AND RISK MANAGEMENT COMMITTEE

CHAIRMAN

Recep TÜRK
Executive Vice President

MEMBERS

Mehmet Şükrü TAŞCI
Executive Vice President

S. Şamil YILDIZ
Department Head

Ahmet FAKI
Department Head

Hasan ÖZTAŞ
Department Head

Uğur Can AYGİN
Department Head

Rehber BİRKAN
Department Head

The duties and activities of the Committee include evaluating the loan portfolio periodically, determining the actions to be taken and creating strategies for the following periods, monitoring and evaluating financial risks and determining the actions to be taken, and coordinating these to develop a risk culture throughout the Bank.

INFORMATION ON THE ACTIVITIES OF THE COMMITTEES

GRI 2-6, 2-13, 2-18, 2-24

INFORMATION ON THE ACTIVITIES OF THE EXPENSE MANAGEMENT AND EFFICIENCY COMMITTEE

CHAIRMAN

Emrah GÜNDÜZ
Executive Vice President

MEMBERS

Yasin ÖZTÜRK
Group Head

Ahmet ACAR
Group Head

Hüseyin ÖZUYSAL
Group Head

The duties and activities of the Committee are as follows:

- to ensure that the development of the Bank’s asset-liability, income-expenditure items is in harmony with the determined budget.
- to make projections according to changes in market, conditions and parameters,
- to reveal areas of improvement by identifying areas of productivity,
- to keep operational and purchasing costs at the optimum level by evaluating them together with real income performance,
- to provide banking services to customers at lower cost and higher customer satisfaction.

INFORMATION ON THE ACTIVITIES OF THE DATA GOVERNANCE COMMITTEE

The Head of Data Analytics Department, related Business Units and Ziraat Technology IT Architectural Group Manager are natural members of the committee and depending on the agenda, may also be joined by the relevant Data Sponsor (Assistant General Managers), Ziraat Technology General Manager, Group Managers/ Service Managers, Board of Inspectors, Internal Control Department Head, Compliance Department Head and Legal Counsel.

The duties and activities of the Committee include ensuring the resolution of possible disputes within the scope of data ownership and responsibilities, to ensure the follow-up of activities and steps to improve quality in order to increase data quality, and to support actions to be taken regarding compliance with legal regulations (such as the regulations stipulated by the Personal Data Protection Authority and the BRSA).

INFORMATION ON THE ACTIVITIES OF THE DATA SHARING COMMITTEE

The Committee consists of representatives from the Internal Audit Department, the Compliance Department, the Legal Counselling and Data Analytics Department and the Related Business Unit Responsible for Sharing, as well as the Asset Owning Business Unit. The Committee is chaired by the Data Analytics Department.

In line with the BRSA’s Regulation on the Sharing of Confidential Information, the duties and activities of the Committee include the coordination of the sharing of Bank secrets and customer secret information and to record such evaluations by determining if the requests for sharing are appropriate.

ATTENDANCE BY THE MEMBERS OF THE BOARD OF DIRECTORS AND OF THE AUDIT COMMITTEE IN THE MEETINGS HELD DURING THE REPORTING PERIOD

GRI 2-6, 2-13, 2-24

The Board of Directors meets as and when there is a need upon summons by the Chairman, Vice Chairman or any member of the Board. The Board met 35 times during 2022 and passed 586 resolutions.

The Audit Committee meets regularly at least once a month with the attendance of all members. The committee met 25 times during 2022 and passed 65 resolutions.

RELATED PARTY TRANSACTIONS

In accordance with article 49 of the Banking Law no 5411 and because the Bank’s capital belongs entirely to the Turkey Wealth Fund, the risk group of which Ziraat Bank is a member consists of itself and the companies over which it exercises control over, either directly or indirectly.

Relations between the Bank and the members of the risk group in which it controls a stake consist of banking transactions conducted in compliance with the Banking Law within the framework of normal bank-customer relationships carried out at arm’s length, and consist primarily of borrowing and lending and of accepting and extending deposits.

Details of the amounts of the transactions that Ziraat Bank engaged in with members of its own risk group in 2022 and their reasons are presented in Footnote VII of section five of the year-end financial report that is included in this integrated annual report.

SUPPORT SERVICES PROVIDERS

GRI 2-24

The services outsourced by Ziraat Bank in 2022 and the providers of these services within the scope of the BRSA’s Regulation on Banks’ Procurement of Support Services are listed below:

Service Provider	Service Detail
Somera Sosyal Medya Araştırma Ölçümleme ve Analiz A.Ş.	Rental of Social Media Replying Software Licence
Banksoft Bilişim Bilgisayar Hizmetleri Ltd. Şti.	Card payment and ATM systems infrastructure software
Ziraat Teknoloji A.Ş.	Information systems management and information systems infrastructure support
AGT Hızlı Kurye Hizmetleri A.Ş.	Courier services
Kurye Net Motorlu Kuryecilik ve Dağıtım Hizm. A.Ş.	Courier services
Assistt Rehberlik ve Müşteri Hizmetleri A.Ş.	Outgoing call services
Assistt Rehberlik ve Müşteri Hizmetleri A.Ş.	Incoming call services
Avi Gayrimenkul Yatırım Değerleme ve Danışmanlık A.Ş.	Procurement of lien creation service from authorized companies
BBS Danışmanlık Gayrimenkul ve Eğitim A.Ş.	Procurement of lien creation service from authorized companies
Pusula Girişim Yatırım ve Danışmanlık Hizmetleri A.Ş.	Procurement of lien creation service from authorized companies
Fu Gayrimenkul Yatırım Danışmanlık A.Ş.	Procurement of lien creation service from authorized companies
Başkent Güvenlik Hizmetleri Ltd. Şti.	Security services
Tepe Savunma ve Güvenlik Sis. San. A.Ş.	Security services
Ekol Grup Koruma ve Eğ. Hizm. Ltd. Şti.	Security services
DHL Worlwide Express Taşımacılık ve Ticaret A.Ş.	International cargo services
Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş.	Outgoing call services
Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş.	Outsourced survey services
Global Bilgi Pazarlama Danışma ve Çağrı Servisi Hizmetleri A.Ş.	Rental of Social Media Replying Software Licence
Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	Credit card and member merchant account statement printing and mailing
Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	Customer letters (information, reply, warning, notification, etc.) printing and mailing
Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	Aerogramme (information, reply, warning, notification, etc.) printing and mailing
Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	Account statement printing and mailing
Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	Credit card and debit card embossing
Bileşim Alternatif Dağıtım Kanalları ve Ödeme Sistemleri A.Ş.	Credit card and debit card sending
Ahlatcı Metal Rafineri A.Ş.	Appraisal and refining services for Altın Vakti (gold deposit) operations.
Gram Altın Pazarlama Sanayi ve Ticaret A.Ş.	Appraisal and refining services for Altın Vakti (gold deposit) operations.
İsgold Altın Rafinerisi A.Ş.	Appraisal and refining services for Altın Vakti (gold deposit) operations.
Brinks Güvenlik Hizmetleri A.Ş.	Cash transportation services
Loomis Güvenlik Hizmetleri A.Ş.	Cash transportation services
Güzel Sanatlar Çek Basım Ltd. Şti.	Printing of cheques
Plastikkart Akıllı Kart İletişim Sis. San. ve Tic. A.Ş.	Credit card and debit card embossing
Plaza Peyzaj Temizlik İnsan Kaynakları Eğitim Turizm Otel Gıda Tesis Yön. San. ve Tic. A.Ş.	Outsourced personnel for IT operations and Customer Satisfaction Management Unit

FINANCIAL INFORMATION AND RISK MANAGEMENT

GRI 2-15, 2-24, 410-1

AUDIT COMMITTEE’S ASSESSMENT OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE, AND RISK MANAGEMENT SYSTEMS IN 2022

Internal systems activities at Ziraat Bank are performed by the Board of Inspectors, the Internal Control Department, the Risk Management Department, and the Compliance Department. These units’ duties and responsibilities, which are strictly segregated from one another, are coordinated by the Group Head for Internal Systems.

This organization is structured so as to embrace all Bank units and branches as well as Bank-owned subsidiaries subject to the Bank’s oversight. Its purpose is to minimize any risks that might adversely affect the thoroughgoing and secure conduct of banking operations, the fulfillment of long-term profit targets, the reliability of financial and administrative reporting, and/or the Bank’s reputation and financial stability.

INTERNAL AUDIT SYSTEM

The Board of Inspectors takes a risk-focused approach in the fulfillment of its responsibilities to ensure that the activities and operations of the Bank’s headquarters units, domestic and international branches, and subsidiaries comply with the requirements of laws and regulations and are compatible with the Bank’s own strategies, policies, principles, and objectives. The board conducts its activities in such a way as both to keep the Bank’s senior management informed and to contribute to their decision-making processes.

The board conducts its activities in line with internationally-accepted internal auditing standards. Besides checking the Bank’s operations for their compliance with statutorily mandated procedures, in 2021 the board also reviewed and assessed the effectiveness and efficiency of the transaction procedures involved in both primary and secondary processes. In addition, processes governed by Banking Regulation and Supervision Agency (BRSA) regulations pertaining to information systems and banking processes were also audited in line with the Bank’s own practices.

The activities of the Board of Inspectors in 2022 are as follows:

- The Central Audit Team continued its intensive operations in 2022 by performing scenario analyzes which are influential in preventing irregularities from being committed.
- Reviewing the effectiveness of existing scenarios against possible abuses and developing new scenarios for transactions carried out through alternative distribution channels, the team continued its systemic developments to minimize the manual processes used during the audit. Work to integrate Artificial Intelligence (AI) technology into the Central Audit processes continues. Accordingly, the transaction types sent to the branches will be included in machine learning, and the probability of fraud will be calculated with more cases that may be subject to abuse being detected more quickly and more effectively.
- The R&D Team, which monitors international standards and practices in auditing, has started to work on updating the audit model with a dynamic audit approach. At the same time, the team closely followed the laws, BRSA decisions, the changes envisaged by the Bank’s senior management and Head Office units and performed the necessary changes in response to the issues raised in the audit.
- In addition, the current branch risk study was updated, new criteria were added and risk analysis was carried out at a higher frequency. Accordingly, more precise measurements were carried out in determining which branches would be included in the audit plan.
- The recommendations that inspectors in the field included in their reports or made with respect to a particular transaction or practice were also circulated among the business units concerned and the outcomes of such recommendations were observed.
- As a result of efforts for the Global Auditing Module that is aimed to be implemented at all Ziraat Finance Group members, the processing system to be used in this module and its application to various banking systems, the module was implemented at ZiraatBank BH d.d. in 2018, and ad Ziraat Participation Bank in 2020. Studies are ongoing for the use of the module in other subsidiaries of the Bank.

AUDIT COMMITTEE’S ASSESSMENT OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE, AND RISK MANAGEMENT SYSTEMS IN 2022

GRI 2-15, 2-24

- Systematic developments on the Web Audit Module enabling generation of web-based reports issued following Information Systems and Banking Processes audits continued in 2022, and revisions were made on the module in order to meet the needs of the Board of Inspectors and comply with legal regulations.
- The Inspection Scenario Team that was set up and charged with formulating scenarios both to identify and measure the general spread of shortcomings in Bank processes and to develop and improve the effectiveness of such processes and with submitting these scenarios to the appropriate business unit so as to ensure that speedy and effective solutions for dealing with them are devised throughout the Bank continued to operate in 2022. System improvements were made to increase efficiency in sharing the scenario results with business units and following up on the actions taken.
- The Data Security Team, which is tasked with protecting the confidential information of customers and the Bank, continued its activities in 2022.
- The Data Science Team was established in parallel the technological transformation brought about by digitalization, with the goal of increasing the efficiency of the audit. Necessary training was provided for the team to specialize in machine learning and artificial intelligence.
- The inspectors appointed to carry out audits on the effectiveness of all models used in the Bank, especially models used in the Risk Management unit, were given training and their assignments were initiated.
- 32 Assistant Inspectors, who were successful in the “Assistant Inspector Entrance Exam” organized by the Bank, started to work in August 2022. In 2022, the function of providing qualified human resources to the Bank was maintained by ensuring the transition of 30 inspectors to administrative duties.

In keeping with its strong sense of responsibility and awareness of its duties, the Board of Inspectors will continue to execute the internal auditing plan in line with goals and policies set forth by Ziraat Bank’s senior management and within the framework of current auditing approaches, to report its findings to the Board of Directors through the Audit Committee, and to observe what action is taken on the basis of its reports.

INTERNAL CONTROL SYSTEM

Internal control activities at Ziraat Bank are designed so as to embrace the operations of all headquarters units, all domestic and international branches and subsidiaries subject to consolidation as required by Article 9 Paragraph 3 of “Regulation on bank internal system and intrinsic capital adequacy assessment processes” which states “Internal control system is structured to include the bank’s domestic and foreign branches, headquarters units, subsidiaries subject to consolidation and all of their operations.”

Such activities are conducted so as to be compatible with the Bank’s primary objectives and strategies from the standpoint of their scope and methodology.

This more proactive structure helps ensure that Ziraat Bank’s operations exceed sectoral norms and that they are conducted in a manner that is compatible with both internal and external regulations as well as with the demands of competition.

Domestic branch checks are performed both on location and centrally within the framework of a program that is prepared taking into account branches’ current levels of risk exposure. Control functions, which for the most part are structured so as to be technology-intensive and centralized, are intended to ensure that commonly-occurring mistakes are quickly corrected at the appropriate business-unit level.

With the Instant Control system operational transactions, accounting records and lending operations in real time are checked. Transactions are evaluated in light of specific scenarios and if a transaction is deemed to be in error, it can be corrected the same day. Real-time transaction checking allows increased efficiency through preventive checks and embeds the internal control system within the Bank’s day-to-day operations instead of retrospective transaction controls. To this end, instant incident and action management tools such as EVAM scenarios that are developed by the internal controllers themselves are also employed effectively. Accordingly, it is adopted as a basic principle to avoid possible errors and omissions in recording assets and liabilities and capturing them in financial reports.

Artificial intelligence/machine learning models, the foundations of which were laid in 2019 by the internal control unit, which reflects its focus on technology to all of its processes, started to be used effectively in credit and accounting controls. Providing orientation to transactions with high probability of finding, machine learning algorithms support the risk-oriented control model, and thus mediate more effective controls with

GRI 2-15, 2-24

less resources. In addition, it is aimed to detect new risk areas early by performing anomaly analyzes with artificial intelligence/machine learning algorithms. “Anomaly Detection with Machine Learning Algorithms” studies were awarded the “Bronze Stevie” award in the Business Technology-Personal Information (PI) Regulatory Compliance Solution category by the Stevie International Business Awards organization.

Headquarters unit control programs are prepared taking into account the units’ functions, potential risks, terms of reference, and impact on the Bank’s balance sheet. These programs are revised as needs may require. Business units are controlled by a sufficient number of Internal Controllers in line with these programs.

Internal control operations at Ziraat Bank branches located outside Turkey are carried out in line with control programs that are prepared for each year.

The findings ascertained as a result of all of these activities are periodically circulated among appropriate business units and the members of senior management.

Besides performing their internal control functions, internal control personnel also share their suggestions of ways to improve existing processes at the Bank and to mitigate the risks inherent in them. The aim of this practice is to preclude risks by spotting them in advance, to make the Bank more competitive by improving its business processes, and to increase customer satisfaction while also taking measures to cut costs.

Employment of internal controllers and continuity of employment have been ensured by the method of utilizing the Bank’s own human resources. With the participation of the human resources who worked in the Bank for a certain period of time to the Internal Control team, the adaptation of the team to the internal control processes has accelerated, the training period has been shortened and the team has started to get efficiency in a short time. On another front, banking and field experiences of the team contributed remarkably to internal control processes.

The practice of recruiting qualified human resources for the Bank’s administrative staff by allowing internal control personnel to transfer to such positions continued in 2022.

In addition to such matters, compliance reviews were also carried out by internal control personnel as required by article 18 of BRSA Regulation on bank internal system and intrinsic capital adequacy assessment processes. In the course of these reviews, all operations conducted or planned by the Bank as well as new transactions and products are checked to be sure that they comply with laws and regulations, with the Bank’s own policies and rules, and with generally-accepted banking practices. During such compliance reviews, existing Bank-internal rules and proposed changes in them are also examined and views concerning them are circulated among appropriate units.

COMPLIANCE SYSTEM

Activities in the Bank to prevent money laundering, financing of terrorism and proliferation of weapons of mass destruction are carried out in accordance with national and international regulations.

In accordance with the “Regulation on the Compliance Program on the Prevention of Laundering Proceeds of Crime” updated in line with the changes to Law No. 5549 on the Prevention of Laundering Proceeds of Crime, the Ziraat Finance Group - as the main financial institution - formed the financial group together with the financial institutions operating in the country, and accordingly, a group-based compliance program and Ziraat Finance Group Compliance Policy was prepared, the Bank Compliance Policy was updated and the organizational structure was strengthened. Sufficient personnel and resources have been allocated to ensure that the responsibilities imposed by the relevant laws and regulations can be fulfilled effectively, taking into account the structural characteristics of the group.

With the rapid digitalization brought about by technological developments in banking processes, criminal organizations have also increased the use of technology and started to turn to more complex tools in order to use banks to finance their illegal activities. Along with its investments in innovations and new products in financial services, the Bank has developed preventive control mechanisms to ensure that the products and services it offers are not used as an instrument for illegal activities, and are structured in such a way that situations which cannot be prevented through preventive controls are detected in a timely manner, with the Bank able to take quick action in the fight against the proceeds from crime with proactive measures.

AUDIT COMMITTEE’S ASSESSMENT OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE, AND RISK MANAGEMENT SYSTEMS IN 2022

GRI 2-15, 2-24

In addition to the knowledge and analytical skills of the specialized personnel in the Bank, regarding the better definition of potential risks in the field of money laundering, financing of terrorism and proliferation of weapons of mass destruction, and effective management and control of risks, projects are put in place which are focused on creating a system which focuses on the use of digital solutions based on artificial intelligence and machine learning, effectively responding to the needs of combating money laundering and the financing of terrorism. In this context, the Bank will continue to focus on developing technology-based and innovative processes in the upcoming period, as well as investing in this area in order to ensure that the measures and obligations in place to combat money laundering and the financing of terrorism are more effective and faster.

Work carried out to adapt the Bank’s customer acquisition process to the current conjuncture and keep the risks presented by this process to a minimum, along process developments to protect the Bank from possible compliance and risks of money laundering and terrorist financing in remote identification of real persons, which is the crucial part of the process, were completed successfully.

In order to effectively combat money laundering, financing of terrorism and proliferation of weapons of mass destruction by all domestic and international financial institutions operating within the Ziraat Finance Group, an effective risk-based approach is followed, the risks subject to combat are identified, classified, and effective and proportional controls are established based on the identified risks. New typologies developed by crime and terror groups in all countries and areas of operation are closely monitored, trend analyzes are made, and resource planning is made in accordance with the risk-based approach model. In this context, projects aimed at the more efficient use of technological opportunities are rapidly implemented besides the increase in human resources. In this field, studies are carried out to provide efficiency and speed with machine learning structures.

In this context, necessary measures in the form of written policies and procedures, which are created by the Group and updated with the changes in the regulations and in these matters, are taken in order to prevent the use of the products and services provided by the Bank and the Ziraat Finance Group with the purpose of money laundering, terrorism and the proliferation of weapons of mass destruction, and controls are carried out in a way that the Bank does not expose to any operational, reputational risks and sanctions in these matters.

Checks have been put in place to eliminate the risk of sanctions by preventing the bank from entering into business relations with individuals and organizations which are included in the programs of sanctions followed by the Bank, while also ensuring that the bank does not provide any services for sanctioned activities and halting any banking service which violates the sanctions.

The regulation drafted in the compliance program regulation has enabled the sharing of information within the financial group with rules introduced on how this sharing can be carried out. In this context, a system supported by the Bank’s technological infrastructure was developed in order to ensure information sharing within the Ziraat Finance Group, with the group’s information sharing policy established and necessary measures taken regarding the secure sharing of information within the group.

In addition to the domestic subsidiaries within the financial group, the Bank is in regular contact with foreign branches and subsidiaries within the framework of the coordinated strategy regarding compliance activities. Remote or on-site support is provided to the relevant Branches or Affiliates, and the Bank will maintain and expand its support in the coming period.

Internal training programs, which are designed to exchange information regarding the development of joint standards, creation of joint processes, and acting in line with the shared policy target related to “Prevention of Laundering Proceeds of Crime and Financing of Terrorism”, are carried on.

In addition, training programs continue to be provided to increase the level of awareness of all personnel on the prevention of money laundering and financing of terrorism.

With their expert staff and analytical infrastructure, Ziraat Bank’s compliance units, both as the main financial institution and the financial institutions operating within the Ziraat Finance Group continued to closely follow new trends and best practices in the field of SGA/TFP, as in past years. They will continue their activities with

GRI 2-15, 2-24

a risk-based approach aimed at maximizing efficiency and effectiveness by achieving the maximum use of technological opportunities.

RISK MANAGEMENT SYSTEM

Ziraat Bank risk management activities are conducted subject to the requirements of BRSA’s Regulation on bank internal system and intrinsic capital adequacy assessment processes and other pertinent regulations as well as of BRSA Best Practices Guidelines. They are carried out with the aim of aligning the Bank’s risk management functions with best practices by fostering a risk culture throughout the entire and constantly improving system and human resources. The principal risk categories are defined as “Credit Risk”, “Market Risk”, “Operational Risk”, “Model and Process Validation”, and “Balance Sheet Risks”, the last including the interest rate risks and liquidity risks to which the Bank is exposed on account of its banking business accounts.

In addition, monitoring the compliance of foreign branches and subsidiaries with local regulations regarding risk management and monitoring their risk management ratios are also carried out.

Care is given to ensure that all activities related to risk management system are coordinated through the involved participation of the operational units with which each type of risk is associated.

Under the heading of credit risk management, Basel III-compatible methods are used to define, measure, monitor, and report credit risk. The Bank has been calculating its core credit risk exposure and reporting it monthly on the basis of its solo and consolidated accounts to BRSA ever since this practice was mandated by law as of 1 July 2012. The credit limits approved by the Board of Directors are monitored and scenario analysis and stress tests are carried out by applying various shocks to credit risk factors. Counterparty Credits are measured for counterparty risk.

In addition, with the participation of different units within the scope of Credit Risk Management Project with Advanced Methods, studies are being carried out to calculate credit risk based on internal rating and to use its outputs in different areas. Within the scope of this project, model validations evaluating the compatibility, accuracy and durability of IRB model studies carried out within the framework of internal rating-based approach, creating macroeconomic models, making IRB models compatible with TFRS-9 and implementation of the results are carried out.

Within the scope of the related project, the initial validation of IRB models, the creation of macroeconomic models to be used in TFRS-9 provision calculations and their integration with TFRS-9 have been completed and the monitoring phase has been started.

All activities managed based on Internal Rating within the Risk Management Department are within the scope of the Credit Risk Control Unit.

Once the model development activities were completed and the models were passed through the validation processes, studies were initiated to calculate the amount subject to credit risk and expected credit loss with the newly created model parameters.

After the completion of all model outputs and IRB model validation tests, the amount based on credit risk calculated with the Basic and Advanced IRB methods can be retrieved from the system together with the results of the standard approach.

At the same time, the accuracy, consistency and adequacy of the internally used rating models and other measurement methodologies, carried out in order to accurately measure and manage the risks the Bank is exposed to, as well as to evaluate the stability of risk models and output (risk estimates, rating grades) performances is reported to the senior management at regular intervals. Activities under the responsibility of the validation unit are also carried out for this purpose. Accordingly, the unit aims to perform the validation studies of the internal models used in the decision-making processes and to take the necessary actions as a result of the findings determined and to ensure full compliance with the legal requirements.

AUDIT COMMITTEE’S ASSESSMENT OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE, AND RISK MANAGEMENT SYSTEMS IN 2022

GRI 2-24

Under the heading of market risk management, such risk is defined, measured, analyzed, monitored, and reported. Analyzes are supported by conducting stress tests.

Risk measurements are carried out through internally reported value-at-risk measurement methods, as well as legal calculations carried out with the standard method within the framework of Basel regulations and included in the capital adequacy ratio. The accuracy and consistency of the value-at-risk results are regularly tested with the help of monthly backtesting analysis. Value at Risk results are monitored periodically through the limits approved by the Board of Directors, and the internal limits monitored are shared with the Bank’s senior management.

Under the heading of operational risk management, the operational risks to which the Bank is exposed are defined, classified, quantified, and analyzed. Operational risk signal and limit values approved by the Board of Directors are also monitored at regular intervals. Amount subject to Operational Risk is calculated using the Basic Indicator Approach pursuant to the Regulation on the Measurement and Assessment of Capital Adequacy of Banks.

The Bank’s operational risk loss database, which is integrated with the Bank and is compatible with the accounting system, was established in line with a classification covering the loss event type and activity lines of the Basel Banking Supervision and Audit Committee, and includes data obtained from foreign and domestic branches and subsidiaries. Effective methods are applied to monitor the company’s operational risk outlook.

In addition, a self-evaluation study covering the Bank’s organization is carried out. Information technology risks and associated actions are followed up in coordination with the related units. Activities for business continuity plans and portfolio custodian services along with risk assessments for companies providing outsourced support services are being carried out.

In addition, reputation risk management activities are also carried out within the scope of operational risk. Within the scope of reputation risk analysis, various factors are monitored in respect to the Bank’s reputation, and the results of the reputation risk analysis are reported regularly.

Under the heading of balance sheet risk management, liquidity and interest rate risks arising from banking business accounts are identified, measured, analyzed, monitored, and reported. Analyzes are also supported by means of stress tests and scenario analyzes. Consolidated and unconsolidated Liquidity Coverage Ratio and the Interest Rate Risk Ratio Arising from the unconsolidated Banking Accounts are periodically reported to the BRSA. Liquidity risk as approved by the Board of Directors and signals and limits of the interest rate risk resulting from banking accounts are also monitored at regular intervals.

Besides the stress test analysis subjected to in-bank periodic reports, Internal Capital Adequacy Assessment Process (ICAAP) reports are also prepared and sent to BRSA at year-end. In the latter reports, the Bank’s capital and liquidity adequacy is analyzed over the following three-year period on the basis of a set of Base/Negative/Overly Negative scenarios not supplied by BRSA.

The results of the risk management analyzes and the associated risk indicators are reported to the Board of Directors and to the Audit Committee at six-month intervals and to the Senior Management on a daily, weekly, and monthly basis.

Ziraat Bank will continue to make use of internationally-recognized advanced risk management techniques in order to carry out its risk management activities for all risk categories and to make such risk management an integral part of its strategic decision-making processes in the future as well.

ZIRAAT BANK’S FINANCIAL STANDING, PROFITABILITY AND SOLVENCY

GRI 2-24

Ziraat Bank defines its targets as consistent growth, credit-weighted balance sheet structure, sustainable profitability, and productivity. In 2022 the Bank continued to sustain the strength of its equity-compatible balance sheet structure through the asset & liability management strategies that it adhered to. The Bank’s capital adequacy ratio was 16.5%.

Within the framework of the strategy of having a customer-weighted balance sheet, total cash loans increased by 63% to TL 1.266 trillion at the end of 2022, and its share in assets was 55%. The share of securities portfolio in assets is approximately 25%. While Ziraat Bank makes its balance sheet increasingly customer-oriented, it proactively manages credit quality through effective credit processes, prioritizes effective use of resources and expense management through its selective credit policy.

The Bank’s non-performing loans ratio stood at 1.1% in 2022. The Bank’s consistent ability to maintain an NPL ratio below the sectoral average without selling off any of its assets is an indication of the high quality of its asset structure. Despite the low follow-up ratio compared to the sector, the Bank’s asset quality was strengthened during the year, with a high reserve ratio of 85%.

Ziraat Bank plans its interaction with its customers in line with customer expectations and habits, and constantly develops its customer-oriented business model. Ziraat Bank continued to contribute to the real sector and the country’s savings balance with the resources it provided, while continuing to develop the right solutions by correctly understanding the financial needs of its customers, and continued to offer products and services which bring ease to the lives of its customers with its investments in digital banking and increased productivity.

In line with Ziraat Bank’s approach of contributing to the country’s overall level of saving and of having recourse to broadly-based sources, total deposits reached TL 1.739 trillion. Ziraat Bank maintained its sector leadership in deposits in 2022 as well as in loans. Deposits and non-deposit sources account for 75% and 11% shares respectively of total liabilities. In keeping with the Bank’s ongoing efforts to diversify and deepen its sources of funding, in 2022 Ziraat Bank continued to seek out and tap alternatives such as international agency and financial institution lines of credit, post-financing, syndicated loan, TL - FC repo, Eurobond issuance, funds obtained from domestic and foreign banks.

Attaching importance to having a financially strong equity structure, Ziraat Bank’s shareholders’ equity increased by 109% in 2022, reaching TL 202 billion.

One of the Bank’s most important income items in 2022 was interest income, which amounted to TL 220.6 billion. The share of interest received from loans in total interest income was 55% as a result of the credit activities carried out during the year. Net fee commission income-another important income item-was increased significantly in 2022 and the incomes were diversified.

RATIOS

(%)		
Capital	2021	2022
Capital Adequacy Ratio	16.5	16.5
Shareholders' Equity/Total Assets	7.1	8.8
Shareholders' Equity/(Total Assets+Non-cash Loans)	5.9	7.4
Shareholders' Equity/(Deposits+Non-Deposit Sources)	7.9	10.2
Asset Quality	2021	2022
Cash Loans/Total Assets	56.8	54.8
NPL (Gross)/Cash Loans	1.9	1.1
NPL (Gross)/(Non-Cash Loans+Cash Loans)	1.5	0.8
Loans/Deposits	82.1	72.8
FC Assets/FC Liabilities	92.6	97.0
Liquidity	2021	2022
Liquid Assets/Total Assets	16.2	16.9
Liquid Assets/(Deposits+Non-Deposit Sources)	18.0	19.6
Profitability	2021	2022
Net Profit/Average Total Assets	0.6	2.3
Net Profit/Average Shareholders' Equity	6.9	26.4
Interest Income/Interest Expenses	163.9	222.5

INFORMATION ABOUT RISK MANAGEMENT POLICIES AND ACTIVITIES ACCORDING TO TYPE OF RISK

GRI 2-23

Risk management activities are carried out with the underlying approach of aligning the Bank’s risk management functions with best practices by fostering a risk culture throughout the entire Bank and constantly improving system and human resources.

Risk management activities are conducted under the separate headings of “Credit Risk”, “Market Risk”, “Operational Risk”, “Balance Sheet Risks” and “Validation”. Policies, practices, and procedures concerning the management of these risks are governed by regulations and resolutions approved by the Board of Directors for dealing with each category of risk. All risk management system activities are carried out through the involved participation of all the units with which each type of risk is associated. In addition, compliance with local regulations regarding risk management and risk management ratios of foreign branches and subsidiaries are monitored.

Ziraat Bank has formulated an “Intrinsic capital adequacy assessment process” as required by BRSA Regulation on banks’ internal system and intrinsic capital adequacy assessment processes. The purpose of this process is to set up and maintain a system that will both determine the amounts of capital that are needed to cover the risks to which the Bank is or might be exposed and will ensure capital requirements and levels are used compatibly with the Bank’s strategic objectives. Analyzes are performed in line with BRSA principles and are further supported by means of risk-specific stress tests and scenario analyzes. Year-end Stress Test and Internal Capital Adequacy Assessment Process (ICAAP) reports are prepared with the involvement of other appropriate units and are sent to BRSA with the approval of the Board of Directors.

Credit Risk

Credit risk is an expression of the likelihood of the Bank’s suffering a loss because a debtor fails to fulfill, in a timely manner, some or all of his obligations under an agreement that he has entered into.

Credit risk management consists of discovering the credit risks to which the Bank is exposed and defining, measuring, monitoring, controlling, and reporting such risks.

According to BRSA Regulation on measurement and assessment of capital adequacy of banks, credit risk is to be measured using the Basel III Standardized Approach and the results of such measurements are to be included in one’s mandatory reporting. In compliance with this requirement, Ziraat Bank’s credit risk exposure on both a solo and a consolidated basis is reported monthly to BRSA. The measurement of the counterparty credit risk, which is considered in the framework of credit risk, is carried out by using the Standard Approach (SA-CCR Method).

Internal Rating Notifications are reported to Risk Center of Banks Association of Turkey on monthly basis, in accordance with Internal Rating Notification Circular which went into effect as of January 2014. Scenario analyzes and stress tests are performed with the application of internal and external shocks to credit risk factors. The Credit Risk Management with Advanced Methods Project that permits the use of advanced methods in the calculation of the Bank’s core credit risk exposure has been completed.

Within the scope of Credit Risk Management with Advanced Methods, model validations that evaluate the compatibility, accuracy and robustness of the IRB model studies performed within the framework of the internal rating-based approach are carried out, macroeconomic models are created and the adaptation of IRB models to the TFRS-9 standard and the implementation of the results are carried out. Within the scope of this project, the initial validation of IRB models, the creation of macroeconomic models to be used in TFRS-9 provision calculations and their integration with TFRS-9 have been completed and the monitoring phase has been started.

All activities managed based on Internal Rating within the Risk Management Department are within the scope of the Credit Risk Control Unit. After the model development activities were completed and the models were validated, studies were initiated to calculate the amount subject to credit risk and expected credit loss with the newly created model parameters.

After the completion of all model outputs and IRB model validation tests, the amount based on credit risk calculated with the Basic and Advanced IRB methods could be retrieved from the system together with the results of the standard approach.

Both the Board of Directors approved customer-segment-based credit risk limits and trigger values and portfolio-based counterparty credit risk limits and trigger values arising respectively from banking accounts and from trading accounts have been calculated and monitored on a monthly basis. The risk-weighted assets which the Bank may hold on a segment and portfolio basis are subject to these limits.

INFORMATION ABOUT RISK MANAGEMENT POLICIES AND ACTIVITIES
ACCORDING TO TYPE OF RISK

GRI 2-23

Market Risk

Market risk is an expression of the possibility of loss that the Bank may be exposed to on account of its on- or off-balance sheet exchange rate, commodity, interest rate and stock position risk, which are subject to the Bank’s trading activities and followed up under the Bank’s accounts and positions valued at fair value, and which arise from the movements in market prices.

Risk measurement and monitoring is carried out in order to reveal the market risks to which the Bank may be exposed. The results of these activities are taken into account in the Bank’s strategic decision-making processes.

In order to manage market risk, market movements that affect the present value of the portfolios which expose the Bank to market risk in line with its trading strategies are kept track of on a daily basis and the impact that both upward/downward and ordinary/extraordinary movements may have on these portfolios is analyzed.

In the conduct of its day-to-day operations, trigger values are monitored as part of the early-warning process that is carried out to protect the Bank’s financial strength from being seriously affected by increases in market volatility. Risk exposure levels are kept within prescribed limits.

The Standardized Approach methodology is used to calculate the Bank’s exposure to market risk, the amount of which is included in its mandatory capital adequacy ratio. Market risk is also calculated on a daily basis using a VaR-based internal model. The effectiveness of the models being used is also analyzed regularly by means of backtesting.

Operational Risk

Operational risk” is an expression of the likelihood of the Bank’s suffering a loss because of changes in value caused by the fact that the actual losses which are incurred on account of inadequate or failed internal processes, people, or systems or on account of external events (including legal risk) differ from expected losses. The operational risk exposure is calculated using the Basic Indicator Approach methodology.

The Bank’s operational risk loss database, which is integrated with the Bank and compatible with the accounting system, was established in line with a classification covering the loss event type and activity lines of the Basel Banking Supervision and Audit Committee, and includes data obtained from foreign and domestic branches and subsidiaries. The operational risk outlook of the company is monitored with effective methods.

A self-evaluation study covering the Bank’s organization is carried out.

Ziraat Bank employees perform their duties taking into account the operational risk-related principles and procedures set forth in the Bank’s internal regulations and in a manner that is both sensitive to the operational risks that may be incurred and mindful of Bank policies intended to create an operational environment that will reduce the likelihood of losses.

Signals and limits approved by the Board of Directors related to operational risks have been established within the scope of internal regulations and are monitored periodically.

Risks and actions taken within the scope of IT are monitored and reported to the senior management regarding operational risk.

In order to ensure the continuity of outsourced support services, the risks that might arise from their procurement are assessed in light of BRSA Regulation on the outsourcing of support services by banks.

As part of the Business Continuity Plan, “business impact analyzes” are carried out in order both to identify the risks that might arise if the Bank’s operations are interrupted and to determine their potential consequences. Analyzes are also conducted into the portfolio custody service database.

Reputation risk management activities are included in operational risk activities. Within the scope of reputation risk studies, various factors are monitored in terms of the Bank’s reputation and reputation risk analyzes are reported regularly.

GRI 2-23

Balance Sheet Risks

“Balance sheet risks”, which are risks that arise from the Bank’s on- and off-balance sheet asset and liability accounts, are controlled so as to manage them in the most effective way possible. Risk measurement and monitoring is carried out in order to reveal the balance sheet risks to which the Bank may be exposed on account both of its liquidity risks and of its interest rate risks arising from its banking business accounts. The results of these activities are taken into account in the Bank’s strategic decision-making processes.

There are two components of liquidity risk: funding liquidity risk and market liquidity risk. The first is an expression of the likelihood of the Bank’s suffering a loss because it is unable to satisfy all of its foreseeable/ unforeseeable cash flow requirements without otherwise impairing its day-to-day operations and/or financial structure; the second is an expression of the likelihood of the Bank’s suffering a loss because the Bank is unable to close or cover a particular position at the market price owing to insufficient market depth or to excessive market volatility. Interest rate risk consists of the possibility of sustaining losses on risk-sensitive assets, liabilities, and off-balance sheet items owing to changes taking place in interest rates.

Compliance with mandatory ratios pertaining to liquidity and interest rate risks arising from banking business accounts is also monitored. In addition to the foregoing, matters with the potential to affect liquidity risk management are monitored funding and lending maturity mismatches, assets’ and liabilities’ behavioral as well as contractual maturities, the level of primary (cash and cash-equivalent) liquidity reserves needed to conduct the Bank’s normal day-to-day operations, Central Bank liquidity facilities to which recourse may be had in order to cope with unexpected liquidity requirements, secondary reserves whose potential to be converted to cash is exposed to the risk of their being underpriced, and the ability to borrow from conventional markets are monitored. Additionally, within the content of scenario and sensitivity analyzes stress test is conducted to assess the Bank’s liquidity needs in the worst case scenario.

For the management of the interest rate risk arising on banking business accounts, attention is given to monitoring and analyzing such issues as rate and maturity mismatches between fixed- and variable-interest fundings and lendings, assets’ and liabilities’ behavioral as well as contractual maturities, both upward/ downward and ordinary/extraordinary movements in interest rates, and the impact of interest rate income on the current value of assets and liabilities.

Additionally, trigger values are monitored as part of the early-warning process and associated risk exposure levels are defined within limits in light of such considerations as liquidity, income level targets, and appetite for risk, and come into force upon the approval of the Board of Directors.

Validation

The validation unit is responsible for evaluating the accuracy, consistency and adequacy of the internally used rating models and other measurement methodologies in order to accurately measure and manage the risks the Bank is exposed to, as well as evaluating the stability of risk models and output (risk estimates, rating grades) performances, and the reporting of the results of the activities under its responsibility to the senior management at regular intervals.

In this context, the unit aimed to carry out validation studies of IRB models, especially the integration between IRB models and TFRS-9 standards, administrative models, internal models used in the Bank’s decision-making processes such as İSEDES, operational risk and market risk models and to take necessary actions in view of the findings.

Validation activities are carried out under two main headings; initial and periodic validation. Models and methodologies are evaluated qualitatively and quantitatively in both validation types. Models and methodologies, especially data quality controls, performance analyzes, evaluation of basic working logic, compliance with legal and internal regulations, documentation and implementation are comprehensively addressed in the validation process. In addition, the preparation of the final validation reports, the evaluation and follow-up of the findings and actions are also included in the validation processes.

The process has been initiated for the initial validation of the developed IRB compliant TFRS 9 models. The validation unit will complete the initial validation, taking into account the quantitative and qualitative control points. The unit will also carry out periodic validation studies of the models where initial validations have been completed.

SUMMARY FINANCIAL INFORMATION FOR THE 5-YEAR PERIOD

GRI 201-1

(TL million)

Assets	2018	2019	2020	2021	2022
Cash and Cash Equivalents	46,237	57,389	91,038	222,061	391,244
Securities Portfolio	88,681	130,335	225,621	341,401	588,320
Loans*	379,331	447,983	600,660	778,404	1,266,351
Associates, Subsidiaries, Jointly Controlled Partnerships	7,603	7,602	14,326	20,988	43,205
Fixed Assets	5,045	5,479	6,748	6,655	16,223
Other Assets	10,259	968	4,208	1,381	6,322
Total	537,156	649,756	942,601	1,370,890	2,311,665

Liabilities	2018	2019	2020	2021	2022
Deposits	331,066	447,251	629,874	948,687	1,739,269
Money Markets	68,351	49,275	116,401	176,699	85,063
Loans Borrowed	34,172	34,528	36,950	59,317	110,206
Marketable Securities Issued	15,430	13,106	14,355	26,162	27,768
Provisions	2,832	3,819	7,059	9,060	48,739
Subordinated Debt	-	9,566	13,048	21,428	28,949
Other Liabilities	21,830	16,080	25,583	32,405	69,191
Shareholders' Equity	57,401	70,065	93,278	97,100	202,480
Total	537,156	649,756	942,601	1,370,890	2,311,665

Statement of Profit or Loss	2018	2019	2020	2021	2022
Interest Income	53,054	65,602	69,476	101,998	220,630
Interest Expense	31,138	40,290	34,862	62,230	99,147
Net Interest Income	21,916	25,312	34,615	39,768	121,483
Fees and Commissions Income (Net)	2,638	3,590	3,093	5,451	13,124
Dividend Income	291	1,060	1,119	138	268
Trading Profit/Loss (Net)	-3,834	-7,817	-7,743	-11,044	1,915
Other Operating Income	1,434	1,614	5,182	4,444	7,736
Expected Loss and Other Provision Expenses	4,719	6,425	13,339	15,330	58,340
Other Operating Expenses	7,692	9,685	12,092	14,513	24,936
Pretax Profit	10,034	7,648	10,834	8,913	61,251
Tax Provision	2,073	1,461	3,009	2,622	20,158
Net Profit for the Period	7,961	6,187	7,825	6,291	41,092

* Excluding expected losses

CREDIT RATINGS ASSIGNED BY RATING AGENCIES

The international credit rating agency Fitch Ratings downgraded Turkey's long-term credit rating to "B" on 8 July, 2022 and announced a negative outlook. Subsequently, on 26 July 2022, the institution, which took negative action for 25 Turkish banks, downgraded Ziraat Bank's long-term foreign currency rating to "B-", its long-term local currency rating to "B" and its financial capacity rating to "b-" while announcing its support rating as "no support" - "ns".

The international credit rating agency Moody's downgraded Turkey's long-term credit rating to "B3" on 12 August 2022. Later, on 16 August 2022, the institution, which carried out downward revisions to the ratings of 17 Turkish banks, downgraded Ziraat Bank's long-term local and foreign currency bond and deposit ratings to "B3" and changed its negative rating outlook to stable.

On 13 January 2023, Ziraat Bank's Long Term International Local and Foreign Currency credit ratings were affirmed by JCR Eurasia with the outlook for the ratings revised as "Negative". In addition, JCR Eurasia updated the Bank's Short-Term National credit rating from "A-1+(Trk)" to "J1+(tr)" within the scope of the change in the grading methodology.

The current credit rating scores of Ziraat Bank are listed in the table below.

Rating Agency	Category	Rating	Revision Date
Fitch Ratings	Foreign Currency Long Term IDR	B-	July 2022
	Outlook	Negative	
	Foreign Currency Short Term IDR	B	
	Local Currency Long Term IDR	B	
	Outlook	Negative	
	Local Currency Short Term IDR	B	
	National Long-Term Rating	AA (tur)	
	Outlook	Stable	
	Government Support Rating	ns	
	Viability Rating	b-	
Moody's	Outlook	Stable	August 2022
	Long-Term Bank Deposit Foreign Currency	B3	
	Short-Term Bank Deposit Foreign Currency	Not-Prime	
	Long-Term Bank Deposit Domestic Currency	B3	
	Short-Term Bank Deposit Domestic Currency	Not-Prime	
	Long-Term Bonds Foreign Currency	B3	
	Baseline Credit Assessment	caa1	
	Adjusted Baseline Credit Assessment	caa1	
JCR Eurasia	Long-Term International Foreign Currency	BB	January 2023
	Outlook	Negative	
	Long-Term International Local Currency	BB	
	Outlook	Negative	
	Long-Term National Local Rating	AAA (tr)	
	Outlook	Stable	
	Short-Term International Foreign Currency	J1+(tr)	
	Outlook	Stable	

AMENDMENTS MADE TO THE ARTICLES OF ASSOCIATION IN 2022

The decision to increase the bank’s paid in capital to TL 34,900,000 was approved in the Extraordinary General Meeting held on 9 March 2022, and the capital increase and the related amendment made in the relevant article of the Articles of Association was registered on 14 March 2022 and announced in the Trade Registry Gazette numbered 10536 dated 14 March. The accounting for the capital increase was carried out on 14 March 2022, based on the permission obtained from the BRSA. The relevant article of the Articles of Association has been updated accordingly, as indicated below.

Former Version of Article 6:	New Version of Article 6:
Capital:	Capital:
Article 6- The Bank’s capital is 13,100,000,000.- Turkish Lira, all of which belong to the Turkey Wealth Fund. The capital is divided into 13,100,000,000 registered shares, each with a nominal value of 1 Turkish Lira. The old capital of 6.100.000.000.- Turkish Lira has been fully paid. This time, the capital increased by 7.000.0000.- Turkish Lira has been committed in cash and free from collusion and has been fully paid before the registration date.	Article 6- The Bank’s capital is 34,900,000,000.- Turkish Lira, with the entire capital belonging to the Turkey Wealth Fund. The capital is divided into 34,900,000,000 registered shares, each with a nominal value of 1 Turkish Lira. The former capital of 13,100,000,000.- Turkish Lira has been fully paid. The capital increase of 21,800,000,000.- Turkish Liras has been committed in cash and free from collusion and has been fully paid ahead of the registration date.

UNCONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2022 WITH INDEPENDENT AUDITORS’ REPORT THEREON

INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi

A. Audit of the Unconsolidated Financial Statements

1. Qualified Opinion

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

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

2. Basis for Qualified Opinion

As explained in Section Five Part II. 9.3 of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 December 2022 include a free provision amounting to TL 28.300.000 thousand which consist of TL 3.710.000 thousand provided in prior periods and TL 24.590.000 thousand recognized in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

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

3. Key Audit Matters

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

Key Audit Matters	How the key audit matter was addressed in the audit
<p>Expected credit losses for loans</p> <p>The Bank has total expected credit losses for loans amounting to TL 1.266.350.850 thousand in respect to total loans amounting to TL 47.955.637 thousand which represent a significant portion of the Bank’s total assets in its unconsolidated financial statements as at 31 December 2022. Explanations and notes related to expected credit losses provisions for loans are presented Section Three VII, Section Three VIII, Section Four II, Section Four VIII-3, Section Five I.7 and Section Five II-9 in the accompanying unconsolidated financial statements as at 31 December 2022.</p> <p>The Bank recognizes provision for impairment in accordance with “TFRS 9 Financial Instruments” (“TFRS 9”) requirements effective in line with the “Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided” as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.</p> <p>To determine expected credit losses the Bank determines stage classification of loans by identifying significant increase in credit risk with quantitative and qualitative assessments and identification of default events. The Bank uses complex models derived from more than one system to determine significant increase in credit risk and calculate the expected loan loss provision. These models contain judgement and estimations in regard to forward looking estimations, scenarios of macro-economic conditions and weighing of scenarios based on expert opinion. Information used in the individually or collectively assessment of expected credit loss such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<p>With respect to stage classification of loans and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Bank within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>For important loan portfolios, we checked appropriateness of matters considered in methodology applied by the Bank with TFRS 9 for calculation of the provision amount through stage classification of loans. For forward looking assumptions made by the Bank’s management in its expected credit losses calculations, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, exposure at default model, loss given default model and the approaches to reflecting reasonable and supportable forward looking expectations with our financial risk experts.</p> <p>We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors).</p> <p>Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology made within the year and the performance of the impairment models used.</p> <p>We have checked models used in determination of provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis.</p> <p>For a selected sample, we checked expected credit losses determined based on individual assessment per Bank’s policy by means of supporting data, and evaluated appropriateness via communications with management.</p> <p>We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</p> <p>We checked accuracy of resultant expected credit losses calculations.</p> <p>To assess appropriateness of the Bank’s determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</p> <p>We evaluated the adequacy of the disclosures made in the unconsolidated financial statements regarding the provision for impairment of loans.</p>

INDEPENDENT AUDITOR’S REPORT

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR’S REPORT

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

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

Additional Paragraph for Convenience Translation

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board including the application of IAS 29-Financial Reporting in Hyperinflationary Economies as of

31 December 2022. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Didem Demer Kaya, SMMM
Partner
İstanbul, 17 February 2023

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

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

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

Phone : (312) 584 20 00

Facsimile : (312) 584 49 63

Website : www.ziraatbank.com.tr

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

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

The accompanying unconsolidated financial statements and notes to these financial statements for year ended which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks’ Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.

Burhaneddin TANYERİ Chairman of the Board	Alpaslan ÇAKAR Member of the Board, CEO	Fazlı KILIÇ Member of the Board, Member of the Audit Committee
Mahmut KAÇAR Member of the Board, Member of the Audit Committee	Emrah GÜNDÜZ Assistant General Manager Banking Operations and Corporate Communications	Rehber BİRKAN Senior Vice President of Financial Coordination and Reporting

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

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

CONTENTS

	Page Number
SECTION ONE	
General Information about the Bank	
I. HISTORY OF THE BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS	156
II. EXPLANATION ABOUT THE BANK’S CAPITAL STRUCTURE, SHAREHOLDERS OF THE BANK WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS (IF ANY) AND THE GROUP THE BANK BELONGS TO	156
III. INFORMATION ON THE BOARD OF DIRECTORS, MEMBERS OF THE AUDIT COMMITTEE, CEO AND EXECUTIVE VICE PRESIDENTS, CHANGES IN THESE MATTERS (IF ANY) AND SHARES OF THE BANK THEY POSSESS	157
IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE BANK	157
V. SUMMARY INFORMATION ON THE BANK’S ACTIVITIES AND SERVICES	158
VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS	158
VII. CURRENT OR LIKELY, ACTUAL OR LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN BANK AND ITS SUBSIDIARIES	158
SECTION TWO	
Unconsolidated Financial Statements	
I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)-ASSETS	160
II. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)-LIABILITIES	161
III. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	162
IV. STATEMENT OF PROFIT OR LOSS	164
V. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	165
VI. STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY	166
VII. STATEMENT OF CASH FLOWS	170
VIII. STATEMENT OF PROFIT DISTRIBUTION	171
SECTION THREE	
Explanations on Accounting Policies	
I. BASIS OF PRESENTATION	172
II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS	173
III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES	173
IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS	174
V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE	174
VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE	174
VII. EXPLANATIONS ON FINANCIAL ASSETS	174
VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS	176
IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS	178
X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS	178
XI. INFORMATION ON NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS	179
XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS	179
XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT	180
XIV. EXPLANATIONS ON LEASING TRANSACTIONS	180
XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES	181
XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS	181
XVII. EXPLANATIONS ON TAXATION	183
XVIII. EXPLANATIONS ON BORROWING	185

	Page Number
XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES	185
XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES	185
XXI. EXPLANATIONS ON GOVERNMENT GRANTS	185
XXII. CASH AND CASH EQUIVALENTS	186
XXIII. EXPLANATIONS ON SEGMENT REPORTING	186
XXIV. EXPLANATIONS ON OTHER MATTERS	186
SECTION FOUR	
Explanations Related to the Financial Position and Risk Management of the Bank	
I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY	186
II. EXPLANATIONS ON CREDIT RISK	192
III. EXPLANATIONS ON THE CURRENCY RISK	205
IV. EXPLANATIONS ON THE INTEREST RATE RISK	209
V. EXPLANATIONS ON THE POSITION RISK OF EQUITY INSTRUMENTS	212
VI. EXPLANATIONS ON THE LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO	213
VII. EXPLANATIONS ON LEVERAGE RATIO	219
VIII. EXPLANATIONS ON RISK MANAGEMENT	220
IX. EXPLANATIONS ON HEDGE ACCOUNTING	249
X. EXPLANATIONS ON OPERATING SEGMENTS	250
XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES	253
XII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES	255
SECTION FIVE	
Explanations and Notes Related to Unconsolidated Financial Statements	
I. EXPLANATIONS AND NOTES RELATED TO ASSETS	255
II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES	274
III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS	282
IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS	286
V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS’ EQUITY	292
VI. EXPLANATIONS AND NOTES RELATED TO THE CASH FLOW STATEMENT	292
VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE BANK BELONGS TO	293
VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS	294
IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE BANK	295
SECTION SIX	
Other Explanations	
I. INFORMATION ON THE BANK’S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES	295
II. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS	296
SECTION SEVEN	
Explanations on Independent Audit Report	
I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT	296
II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR	296

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

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

Name/Trade Name	Amount of Share	Percentage	Name/Trade Name	Amount of Share
Türkiye Wealth Fund	34.900.000	100	34.900.000	-

The Bank’s sole shareholder is the Türkiye Wealth Fund.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

As of 31 December 2022, the Bank has 1.733 domestic branches (31 December 2021: 1.727 domestic branches), London branch abroad in England, Baghdad and Erbil branches in Iraq, Athens, Komotini and Xanthi branches in Greece, Sofia, Plovdiv, Kardzhali, Varna and Burgas branches in Bulgaria, Jeddah branch in Saudi Arabia, Pristina, Prizren, Peja and Ferizaj branches in Kosovo, Bahrain branch in Bahrain, Nicosia, Kyrenia, Guzelyurt, Famagusta, Gonyeli, Taşkınıköy, Karaoğlanoğlu and İskele branches in TRNC, with a total of 25 branches and a general total of 1.758 branches. As of 31 December 2022, the Bank’s number employee is 24.484 (31 December 2021: 24.607).

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

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

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

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

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

None.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

SECTION TWO

Unconsolidated Financial Statements

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

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

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

I- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) ASSETS		Note (Section Five I)	Current Period 31 December 2022			Prior Period 31 December 2021		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		236.867.343	592.221.704	829.089.047	156.891.377	374.035.478	530.926.855
1.1	Cash and Cash Equivalents		34.126.115	357.118.201	391.244.316	24.359.462	197.701.960	222.061.422
1.1.1	Cash and Balances with Central Bank	(1)	28.245.022	346.153.321	374.398.343	23.319.411	185.466.575	208.785.986
1.1.2	Banks	(4)	505.686	10.965.746	11.471.432	761.150	12.236.212	12.997.362
1.1.3	Money Markets Receivables		5.380.282	-	5.380.282	281.931	-	281.931
1.1.4	Expected Loss Provision (-)		4.875	866	5.741	3.030	827	3.857
1.2	Financial Assets at Fair Value Through Profit or Loss	(2)	4.302.137	28.992.742	33.294.879	1.936.236	24.723.476	26.659.712
1.2.1	Government Debt Securities		198.276	27.692.529	27.890.805	131.441	23.766.048	23.897.489
1.2.2	Equity Instruments		-	-	-	-	-	-
1.2.3	Other Financial Assets		4.103.861	1.300.213	5.404.074	1.804.795	957.428	2.762.223
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5),(6)	195.185.687	200.487.478	395.673.165	120.157.761	149.999.396	270.157.157
1.3.1	Government Debt Securities		193.770.230	199.565.626	393.335.856	119.331.986	149.301.458	268.633.444
1.3.2	Equity Instruments		885.974	41.654	927.628	301.892	46.511	348.403
1.3.3	Other Financial Assets		529.483	880.198	1.409.681	523.883	651.427	1.175.310
1.4	Derivative Financial Assets	(3)	3.253.404	5.623.283	8.876.687	10.437.918	1.610.646	12.048.564
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		3.253.404	5.623.283	8.876.687	10.437.918	1.610.646	12.048.564
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		983.847.530	393.877.661	1.377.725.191	522.895.453	271.013.864	793.909.317
2.1	Loans	(7)	916.747.756	349.603.094	1.266.350.850	537.517.822	240.886.067	778.403.889
2.2	Lease Receivables	(12)	-	-	-	-	-	-
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortized Cost	(8)	114.911.984	44.439.493	159.351.477	14.359.307	30.224.509	44.583.816
2.4.1	Government Debt Securities		111.764.300	43.408.245	155.172.545	14.243.051	29.999.817	44.242.868
2.4.2	Other Financial Assets		3.147.684	1.031.248	4.178.932	116.256	224.692	340.948
2.5	Expected Credit Loss (-)		47.812.210	164.926	47.977.136	28.981.676	96.712	29.078.388
III.	NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)	(15)	6.853.866	-	6.853.866	5.118.932	-	5.118.932
3.1	Held for Sale Purpose		6.853.866	-	6.853.866	5.118.932	-	5.118.932
3.2	Held from Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		35.291.161	7.913.605	43.204.766	14.964.022	6.023.868	20.987.890
4.1	Investments in Associates (Net)	(9)	216.867	-	216.867	152.904	-	152.904
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		216.867	-	216.867	152.904	-	152.904
4.2	Subsidiaries (Net)	(10)	35.074.294	7.006.700	42.080.994	14.811.118	5.799.195	20.610.313
4.2.1	Unconsolidated Financial Subsidiaries		34.939.335	7.006.700	41.946.035	14.759.292	5.799.195	20.558.487
4.2.2	Unconsolidated Non-Financial Subsidiaries		134.959	-	134.959	51.826	-	51.826
4.3	Entities under Common Control (Joint Ventures) (Net)	(11)	-	906.905	906.905	-	224.673	224.673
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		-	906.905	906.905	-	224.673	224.673
V.	PROPERTY AND EQUIPMENT (Net)	(16)	16.137.593	85.466	16.223.059	6.593.997	60.795	6.654.792
VI.	INTANGIBLE ASSETS (Net)	(19)	2.229.670	42.931	2.272.601	1.328.388	36.707	1.365.095
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		2.229.670	42.931	2.272.601	1.328.388	36.707	1.365.095
VII.	INVESTMENT PROPERTY (Net)	(14)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET		-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(20)	-	-	-	1.519.079	-	1.519.079
X.	OTHER ASSETS (Net)	(22)	31.548.535	4.747.959	36.296.494	8.116.674	2.291.634	10.408.308
TOTAL ASSETS			1.312.775.698	998.889.326	2.311.665.024	717.427.922	653.462.346	1.370.890.268

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

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

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

II- BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) LIABILITIES		Note (Section Five II)	Current Period 31 December 2022			Prior Period 31 December 2021		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(1)	917.910.341	821.358.519	1.739.268.860	380.837.924	567.848.691	948.686.615
II.	FUNDS BORROWED	(3)	10.407.287	99.798.785	110.206.072	394.280	58.922.381	59.316.661
III.	MONEY MARKETS BORROWINGS	(4)	21.024.860	64.037.829	85.062.689	139.646.059	37.053.037	176.699.096
IV.	SECURITIES ISSUED (Net)	(5)	1.010.690	26.757.289	27.767.979	1.010.690	25.151.351	26.162.041
4.1	Bills		-	644.547	644.547	-	97.988	97.988
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		1.010.690	26.112.742	27.123.432	1.010.690	25.053.363	26.064.053
V.	FUNDS		34.703	-	34.703	31.956	-	31.956
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		34.703	-	34.703	31.956	-	31.956
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(2)	230.714	2.925.405	3.156.119	1.202.899	2.388.020	3.590.919
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		230.714	2.925.405	3.156.119	1.202.899	2.388.020	3.590.919
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(7)	1.367.826	40.791	1.408.617	747.354	42.129	789.483
X.	PROVISIONS	(9)	48.706.257	32.511	48.738.768	9.042.970	17.042	9.060.012
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		6.744.741	-	6.744.741	1.723.250	-	1.723.250
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		41.961.516	32.511	41.994.027	7.319.720	17.042	7.336.762
XI.	CURRENT TAX LIABILITY	(10)	7.769.264	29.300	7.798.564	1.259.239	13.192	1.272.431
XII.	DEFERRED TAX LIABILITY	(10)	279.092	-	279.092	-	-	-
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)	(11)	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Held from Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(12)	-	28.949.062	28.949.062	-	21.427.601	21.427.601
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	28.949.062	28.949.062	-	21.427.601	21.427.601
XV.	OTHER LIABILITIES	(6)	45.004.077	11.510.559	56.514.636	22.674.910	4.078.784	26.753.694
XVI.	SHAREHOLDERS' EQUITY	(13)	227.943.969	(25.464.106)	202.479.863	108.064.597	(10.964.838)	97.099.759
16.1	Paid-in capital		34.900.000	-	34.900.000	13.100.000	-	13.100.000
16.2	Capital Reserves		-	-	-	-	-	-
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Accumulated Other Comprehensive Income or Expense Not Reclassified Through Profit or Loss		40.631.246	(5.661.848)	34.969.398	17.819.572	(1.966.165)	15.853.407
16.4	Accumulated Other Comprehensive Income or Expense Reclassified Through Profit or Loss		37.318.737	(19.802.258)	17.516.479	3.162.858	(8.998.673)	(5.835.815)
16.5	Profit Reserves		73.956.519	-	73.956.519	67.627.159	-	67.627.159
16.5.1	Legal Reserves		5.779.782	-	5.779.782	5.463.080	-	5.463.080
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		68.176.737	-	68.176.737	62.164.079	-	62.164.079
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit or (Loss)		41.137.467	-	41.137.467	6.355.008	-	6.355.008
16.6.1	Prior Periods' Profit or (Loss)		45.090	-	45.090	63.699	-	63.699
16.6.2	Current Period Profit or (Loss)		41.092.377	-	41.092.377	6.291.309	-	6.291.309
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			1.281.689.080	1.029.975.944	2.311.665.024	664.912.878	705.977.390	1.370.890.268

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

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

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

III. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 December 2022			Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
A.	BALANCE SHEET COMMITMENTS (I+II+III)	443.044.881	926.343.332	1.369.388.213	237.933.561	657.847.925	895.781.486
I.	GUARANTEES AND WARRANTIES (1), (3)	139.416.948	275.237.703	414.654.651	56.163.538	206.409.718	262.573.256
1.1	Letters of Guarantee	123.250.008	197.439.272	320.689.280	53.164.164	131.292.450	184.456.614
1.1.1	Guarantees Subject to State Tender Law	3.652.771	28.243.145	31.895.916	1.725.374	24.260.049	25.985.423
1.1.2	Guarantees Given for Foreign Trade Operations	97.271.017	133.916.200	231.187.217	44.923.837	76.456.270	121.380.107
1.1.3	Other Letters of Guarantee	22.326.220	35.279.927	57.606.147	6.514.953	30.576.131	37.091.084
1.2	Bank Acceptances	1.808.014	10.394.731	12.202.745	211.032	11.723.519	11.934.551
1.2.1	Import Letter of Acceptance	1.808.014	10.376.020	12.184.034	211.032	11.720.128	11.931.160
1.2.2	Other Bank Acceptances	-	18.711	18.711	-	3.391	3.391
1.3	Letters of Credit	1.446.907	65.974.036	67.420.943	845.948	59.326.676	60.172.624
1.3.1	Documentary Letters of Credit	1.446.907	65.931.029	67.377.936	845.948	59.296.678	60.142.626
1.3.2	Other Letters of Credit	-	43.007	43.007	-	29.998	29.998
1.4	Prefinancing Given as Guarantee	-	-	-	-	-	-
1.5	Endorsements	12.912.019	1.429.664	14.341.683	1.942.394	4.067.073	6.009.467
1.5.1	Endorsements to the Central Bank of Türkiye	12.912.019	1.429.664	14.341.683	1.942.394	4.067.073	6.009.467
1.5.2	Other Endorsements	-	-	-	-	-	-
1.6	Purchase Guarantees for Securities Issued	-	-	-	-	-	-
1.7	Factoring Guarantees	-	-	-	-	-	-
1.8	Other Guarantees	-	-	-	-	-	-
1.9	Other Collaterals	-	-	-	-	-	-
II.	COMMITMENTS	198.675.812	27.851.451	226.527.263	112.493.520	25.614.771	138.108.291
2.1	Irrevocable Commitments (1), (3)	198.675.812	27.851.451	226.527.263	112.493.520	25.614.771	138.108.291
2.1.1	Asset Purchase Commitments	16.255.671	22.607.820	38.863.491	5.931.540	18.329.423	24.260.963
2.1.2	Deposit Purchase and Sales Commitments	-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries	150.000	-	150.000	3.150	-	3.150
2.1.4	Loan Granting Commitments	51.521.682	3.956	51.525.638	22.868.861	19.212	22.888.073
2.1.5	Securities Issue Brokerage Commitments	-	-	-	-	-	-
2.1.6	Commitments for Reserve Requirements	-	-	-	-	-	-
2.1.7	Commitments for Cheque Payments	10.117.968	-	10.117.968	6.609.633	-	6.609.633
2.1.8	Tax and Fund Liabilities from Export Commitments	-	-	-	-	-	-
2.1.9	Commitments for Credit Card Limits	100.861.357	-	100.861.357	61.707.772	-	61.707.772
2.1.10	Commitments for Credit Cards and Banking Services Promotions	162.372	-	162.372	101.762	-	101.762
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	19.606.762	5.239.675	24.846.437	15.270.802	7.266.136	22.536.938
2.2	Revocable Commitments	-	-	-	-	-	-
2.2.1	Revocable Loan Granting Commitments	-	-	-	-	-	-
2.2.2	Other Revocable Commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS (2)	104.952.121	623.254.178	728.206.299	69.276.503	425.823.436	495.099.939
3.1	Hedging Derivative Financial Instruments	-	-	-	-	-	-
3.1.1	Transactions for Fair Value Hedge	-	-	-	-	-	-
3.1.2	Transactions for Cash Flow Hedge	-	-	-	-	-	-

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

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

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

III. STATEMENT OF OFF-BALANCE SHEET COMMITMENTS	Note (Section Five III)	Current Period 31 December 2022			Prior Period 31 December 2021		
		TL	FC	Total	TL	FC	Total
3.1.3	Transactions for Foreign Net Investment Hedge	-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments	104.952.121	623.254.178	728.206.299	69.276.503	425.823.436	495.099.939
3.2.1	Forward Foreign Currency Buy/Sell Transactions	1.079.526	1.022.713	2.102.239	4.835.428	7.257.118	12.092.546
3.2.1.1	Forward Foreign Currency Transactions-Buy	898.509	229.297	1.127.806	2.421.698	3.628.653	6.050.351
3.2.1.2	Forward Foreign Currency Transactions-Sell	181.017	793.416	974.433	2.413.730	3.628.465	6.042.195
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rates	100.584.309	610.138.769	710.723.078	64.441.075	408.569.888	473.010.963
3.2.2.1	Foreign Currency Swap-Buy	22.688.302	282.745.839	305.434.141	4.980.360	193.274.290	198.254.650
3.2.2.2	Foreign Currency Swap-Sell	77.616.007	222.289.742	299.905.749	59.090.715	131.020.654	190.111.369
3.2.2.3	Interest Rate Swap-Buy	140.000	52.551.594	52.691.594	185.000	42.137.472	42.322.472
3.2.2.4	Interest Rate Swap-Sell	140.000	52.551.594	52.691.594	185.000	42.137.472	42.322.472
3.2.3	Foreign Currency, Interest rate and Securities Options	2.588.463	11.531.741	14.120.204	-	9.996.430	9.996.430
3.2.3.1	Foreign Currency Options-Buy	1.205.579	5.851.074	7.056.653	-	4.998.463	4.998.463
3.2.3.2	Foreign Currency Options-Sell	1.382.884	5.680.667	7.063.551	-	4.997.967	4.997.967
3.2.3.3	Interest Rate Options-Buy	-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell	-	-	-	-	-	-
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-
3.2.4	Foreign Currency Futures	699.823	560.955	1.260.778	-	-	-
3.2.4.1	Foreign Currency Futures-Buy	-	560.955	560.955	-	-	-
3.2.4.2	Foreign Currency Futures-Sell	699.823	-	699.823	-	-	-
3.2.5	Interest Rate Futures	-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6	Other	-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	3.379.520.046	847.760.601	4.227.280.647	1.952.713.000	584.318.513	2.537.031.513
IV.	ITEMS HELD IN CUSTODY	585.210.290	198.435.705	783.645.995	263.653.975	121.563.137	385.217.112
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-
4.2	Investment Securities Held in Custody	23.400.765	84.080.210	107.480.975	14.933.991	53.322.559	68.256.550
4.3	Cheques Received for Collection	54.866.609	2.720.301	57.586.910	23.819.347	5.134.211	28.953.558
4.4	Commercial Notes Received for Collection	37.245.905	2.216.300	39.462.205	21.450.680	1.632.830	23.083.510
4.5	Other Assets Received for Collection	8.816	-	8.816	8.816	-	8.816
4.6	Assets Received for Public Offering	370.354.780	4.478.652	374.833.432	178.476.218	811.746	179.287.964
4.7	Other Items Under Custody	99.331.766	104.940.242	204.272.008	24.963.274	60.661.791	85.625.065
4.8	Custodians	1.649	-	1.649	1.649	-	1.649
V.	PLEDGES RECEIVED	2.792.249.655	638.206.635	3.430.456.290	1.687.499.546	454.506.906	2.142.006.452
5.1	Marketable Securities	3.633.077	3.962.984	7.596.061	2.699.422	2.790.764	5.490.186
5.2	Guarantee Notes	37.835.013	4.706.254	42.541.267	23.434.768	5.116.179	28.550.947
5.3	Commodity	919.630	283.969	1.203.599	919.910	205.378	1.125.288
5.4	Warranty	-	-	-	-	-	-
5.5	Immovable	2.292.712.885	394.481.029	2.687.193.914	1.362.885.844	281.957.707	1.644.843.551
5.6	Other Pledged Items	457.143.841	234.704.393	691.848.234	297.554.393	164.388.763	461.943.156
5.7	Pledged Items-Depository	5.209	68.006	73.215	5.209	48.115	53.324
VI.	ACCEPTED BILL, GUARANTEES AND WARRANTIES	2.060.101	11.118.261	13.178.362	1.559.479	8.248.470	9.807.949
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		3.822.564.927	1.774.103.933	5.596.668.860	2.190.646.561	1.242.166.438	3.432.812.999

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF 31 DECEMBER 2022

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

		Note	Current Period	Prior Period
		(Section	1 January-	1 January-
		Five IV)	31 December 2022	31 December 2021
		(1)	220.630.224	101.997.560
IV. STATEMENT OF PROFIT OR LOSS INCOME AND EXPENSE ITEMS				
I.	INTEREST INCOME			
1.1	Interest on Loans		121.726.287	72.794.604
1.2	Interest on Reserve Requirements		470.343	1.380.521
1.3	Interest on Banks		2.404.006	136.647
1.4	Interest on Money Market Transactions		89.958	1.785
1.5	Interest on Marketable Securities Portfolio		95.410.008	27.440.109
1.5.1	Fair Value Through Profit or Loss		655.595	341.089
1.5.2	Fair Value Through Other Comprehensive Income		66.921.876	23.592.214
1.5.3	Measured at Amortised Cost		27.832.537	3.506.806
1.6	Financial Lease Interest Income		-	-
1.7	Other Interest Income		529.622	243.894
II.	INTEREST EXPENSE (-)	(2)	99.147.327	62.229.826
2.1	Interest on Deposits		73.694.340	41.199.247
2.2	Interest on Funds Borrowed		3.172.250	1.169.834
2.3	Interest Expense on Money Market Transactions		11.753.912	17.261.237
2.4	Interest on Securities Issued		2.858.366	2.118.052
2.5	Interest on Leases		211.378	113.971
2.6	Other Interest Expenses		7.457.081	367.485
III.	NET INTEREST INCOME (I-II)		121.482.897	39.767.734
IV.	NET FEES AND COMMISSIONS INCOME		13.124.251	5.450.874
4.1	Fees and Commissions Received		17.769.588	7.697.860
4.1.1	Non-cash Loans		2.651.271	1.267.429
4.1.2	Other		15.118.317	6.430.431
4.2	Fees and Commissions Paid (-)		4.645.337	2.246.986
4.2.1	Non-cash Loans		985	731
4.2.2	Other		4.644.352	2.246.255
V.	DIVIDEND INCOME	(3)	268.092	137.900
VI.	TRADING PROFIT/(LOSS) (Net)	(4)	1.915.334	(11.043.777)
6.1	Trading Gains/(Losses) on Securities		2.371.746	649.507
6.2	Gains/(Losses) on Derivative Financial Transactions		(8.401.013)	(11.746.582)
6.3	Foreign Exchange Gains/(Losses)		7.944.601	53.298
VII.	OTHER OPERATING INCOME	(5)	7.735.953	4.444.305
VIII.	GROSS OPERATING INCOME (III+IV+V+VI+VII)		144.526.527	38.757.036
IX.	EXPECTED CREDIT LOSS (-)	(6)	29.545.406	14.956.143
X.	OTHER PROVISION EXPENSES (-)	(6)	28.794.112	374.148
XI.	PERSONNEL EXPENSE (-)		9.210.322	5.195.130
XII.	OTHER OPERATING EXPENSES (-)	(7)	15.726.148	9.318.173
XIII.	NET OPERATING PROFIT/(LOSS) (VIII-IX-X-XI-XII)		61.250.539	8.913.442
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI.	PROFIT/(LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)	(9)	61.250.539	8.913.442
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(10)	(20.158.162)	(2.622.133)
18.1	Current Tax Provision		(30.324.299)	(2.793.348)
18.2	Deferred Tax Expense Effect (+)		(4.697.178)	(3.449.154)
18.3	Deferred Tax Income Effect (-)		14.863.315	3.620.369
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVI±XVII)	(11)	41.092.377	6.291.309
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Non-current Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FOR DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses for Non-current Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses from Other Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XIX-XX)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Provision		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/(LOSS) (XVIII+XXIII)	(12)	41.092.377	6.291.309
	Earnings/(Loss) per share (in TL full)		1,343	0,480

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

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

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

		Current Period	Prior Period
		1 January-	1 January-
		31 December 2022	31 December 2021
V. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
I.	PROFIT (LOSS)	41.092.377	6.291.309
II.	OTHER COMPREHENSIVE INCOME	42.442.637	(2.551.255)
2.1	Other Comprehensive Income That will Not Be Reclassified To Profit or Loss	19.090.343	4.132.870
2.1.1	Gains (Losses) on Revaluation of Property, Plant and Equipment	9.832.704	(98.994)
2.1.2	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3	Gains (losses) on remeasurements of defined benefit plans	(3.961.564)	270.098
2.1.4	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	17.869.882	4.525.995
2.1.5	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	(4.650.679)	(564.229)
2.2	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	23.352.294	(6.684.125)
2.2.1	Exchange Differences on Translation	-	-
2.2.2	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	30.665.923	(8.348.810)
2.2.3	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6	Taxes on Other Comprehensive Income to be Reclassified to Profit or Loss	(7.313.629)	1.664.685
III.	TOTAL COMPREHENSIVE INCOME (I+II)	83.535.014	3.740.054

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

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY AS OF 31 DECEMBER 2022

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY		Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(loss)	Total Equity
						1	2	3	4	5	6				
CURRENT PERIOD															
31 December 2022															
I.	Prior Period End Balance	13.100.000	-	-	-	4.760.771	203.462	10.889.174	-	(5.835.815)	-	67.627.159	6.355.008	-	97.099.759
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)	13.100.000	-	-	-	4.760.771	203.462	10.889.174	-	(5.835.815)	-	67.627.159	6.355.008	-	97.099.759
IV.	Total Comprehensive Income (Loss)	-	-	-	-	8.478.234	(2.983.889)	13.595.998	-	23.352.294	-	-	-	41.092.377	83.535.014
V.	Capital Increase in Cash	21.800.000	-	-	-	-	-	-	-	-	-	-	-	-	21.800.000
VI.	Capital Increase Through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Increase/(Decrease) Through Other Changes	-	-	-	-	-	-	-	-	-	-	-	45.090	-	45.090
XI.	Profit distribution	-	-	-	-	-	-	25.648	-	-	-	6.329.360	(6.355.008)	-	-
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to reserves	-	-	-	-	-	-	-	-	-	-	6.291.309	(6.291.309)	-	-
11.3	Other	-	-	-	-	-	-	25.648	-	-	-	38.051	(63.699)	-	-
Balance at the end of the period (III+IV+.....+X+XI)															
		34.900.000	-	-	-	13.239.005	(2.780.427)	24.510.820	-	17.516.479	-	73.956.519	45.090	41.092.377	202.479.863

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

İlişikteki açıklama ve dipnotlar bu finansal tabloların tamamlayıcı bir parçasıdır.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY AS OF 31 DECEMBER 2021

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

VI. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive			Accumulated Other Comprehensive			Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(loss)	Total Equity				
					Paid-in Capital	Share Premiums	Share Cancellation Profit	Other Capital Reserves	Income or Expense Not Reclassified through Profit or Loss						Income or Expense Reclassified through Profit or Loss			
									1	2					3	4	5	6
PRIOR PERIOD																		
31 December 2021																		
I.	Prior Period End Balance	13.100.000	-	-	(17.745)	4.849.771	(12.616)	4.769.008	-	848.310	-	58.398.544	11.342.988	-	93.278.260			
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2.1	Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
2.2	Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
III.	New Balance (I+II)	13.100.000	-	-	(17.745)	4.849.771	(12.616)	4.769.008	-	848.310	-	58.398.544	11.342.988	-	93.278.260			
IV.	Total Comprehensive Income (Loss)	-	-	-	-	(89.000)	216.078	4.005.792	-	(6.684.125)	-	-	-	6.291.309	3.740.054			
V.	Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
VI.	Capital Increase Through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
VIII	Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
IX.	Subordinated debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
X.	Increase/(Decrease) Through Other Changes	-	-	-	17.745	-	-	-	-	-	-	-	63.700	-	81.445			
XI.	Profit distribution	-	-	-	-	-	-	2.114.374	-	-	-	9.228.615	(11.342.989)	-	-			
11.1	Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
11.2	Transfers to reserves	-	-	-	-	-	-	-	-	-	-	8.577.454	(8.577.454)	-	-			
11.3	Other	-	-	-	-	-	-	2.114.374	-	-	-	651.161	(2.765.535)	-	-			
Balance at the end of the period (III+IV+.....+X+XI)																		
		13.100.000	-	-	-	4.760.771	203.462	10.889.174	-	(5.835.815)	-	67.627.159	63.699	6.291.309	97.099.759			

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

İlişikteki açıklama ve dipnotlar bu finansal tabloların tamamlayıcı bir parçasıdır.

UNCONSOLIDATED STATEMENT OF CASH FLOWS
AS OF 31 DECEMBER 2022

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

		Note (Section Five)	Current Period 1 January- 31 December 2022	Prior Period 1 January- 31 December 2021
VII. STATEMENT OF CASH FLOWS				
A. CASH FLOWS FROM BANKING OPERATIONS				
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		67.733.997	8.923.763
1.1.1	Interest Received		179.020.646	87.832.669
1.1.2	Interest Paid		(91.764.043)	(60.537.999)
1.1.3	Dividend Received		268.092	137.900
1.1.4	Fees and Commissions Received		24.888.411	7.969.148
1.1.5	Other Income		5.535.844	1.886.653
1.1.6	Collections from Previously Written-off Loans and Other Receivables		5.006.546	3.872.985
1.1.7	Cash Payments to Personnel and Service Suppliers		(10.414.153)	(5.847.526)
1.1.8	Taxes Paid		(24.426.232)	(3.577.299)
1.1.9	Other		(20.381.114)	(22.812.768)
1.2	Changes in Operating Assets and Liabilities		116.833.398	78.572.840
1.2.1	Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit Or Loss		(6.292.383)	(3.457.057)
1.2.2	Net (Increase)/Decrease in Due from Banks and Other Financial Institutions		(64.563.387)	(67.748.522)
1.2.3	Net (Increase)/Decrease in Loans		(469.282.613)	(96.586.900)
1.2.4	Net (Increase)/Decrease in Other Assets		(24.540.989)	22.801
1.2.5	Net Increase/(Decrease) in Bank Deposits		19.870.382	15.745.502
1.2.6	Net Increase/(Decrease) in Other Deposits		708.251.687	168.851.070
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		24.779.504	(3.970.974)
1.2.9	Net Increase/(Decrease) in Payables		-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities		(71.388.803)	65.716.920
I.	Net Cash Provided from Banking Operations		184.567.395	87.496.603
B. CASH FLOWS FROM INVESTING ACTIVITIES				
II.	Net Cash Provided from Investing Activities		(102.630.939)	(27.431.826)
2.1	Cash Paid for Acquisition of Investments, Associates, Subsidiaries and Entities under Common Control (Joint Venture)		(3.365.014)	(910.404)
2.2	Cash Obtained from Disposal of Investments, Associates, Subsidiaries and Entities under Common Control (Joint Venture)		1.750	-
2.3	Purchases of Property and Equipment		(2.023.106)	(806.841)
2.4	Disposals of Property and Equipment		103.766	1.320.001
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(89.075.961)	(64.365.341)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income		70.973.847	38.092.046
2.7	Purchase of Financial Assets Measured at Amortized Cost		(81.022.121)	(3.551.118)
2.8	Sale of Financial Assets Measured at Amortized Cost		1.775.900	2.789.831
2.9	Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES				
III.	Net Cash Provided from Financing Activities		14.287.974	(476.871)
3.1	Cash Obtained from Funds Borrowed and Securities Issued		2.678.838	5.634.457
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(9.705.529)	(5.818.042)
3.3	Issued Equity Instruments		21.800.000	-
3.4	Dividends Paid		-	-
3.5	Payments for Finance Leases		(485.335)	(293.286)
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	4.383.503	1.232.458
V.	Net Increase in Cash and Cash Equivalents (I+II+III+IV)		100.607.933	60.820.364
VI.	Cash and Cash Equivalents at Beginning of the Period	(1)	95.667.786	34.847.422
VII.	Cash and Cash Equivalents at End of the Period	(1)	196.275.719	95.667.786

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

STATEMENT OF PROFIT DISTRIBUTION
AS OF 31 DECEMBER 2022

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

		Current Period 31 December 2022	Prior Period 31 December 2021
VIII. STATEMENT OF PROFIT DISTRIBUTION ⁽⁹⁾			
I. DISTRIBUTION OF CURRENT YEAR INCOME			
1.1	Current Year Income	61.250.539	8.913.442
1.2	Taxes and Duties Payable (-)	(20.158.162)	(2.622.133)
1.2.1	Corporate Tax (Income tax)	(30.324.299)	(2.793.348)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	10.166.137	171.215
A.	NET INCOME FOR THE YEAR (1.1-1.2)	41.092.377	6.291.309
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	-	314.565
1.5	Other Statutory Reserves (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)]	-	5.976.744
1.6	First Dividend to Shareholders (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and Loss Sharing Certificates	-	-
1.7	Dividends to Personnel (-)	-	-
1.8	Dividends to Board of Directors (-)	-	-
1.9	Second Dividend to Shareholders (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and Loss Sharing Certificates	-	-
1,10	Statutory Reserves (-)	-	-
1,11	Extraordinary Reserves	-	5.976.744
1,12	Other Reserves	-	-
1,13	Special Funds	-	-
II. DISTRIBUTION OF RESERVES			
2.1	Appropriated Reserves	-	-
2.2	Dividends to Shareholders (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Privileged Shares	-	-
2.3.3	To Owners of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders of Profit and Loss Sharing Certificates	-	-
2.3.	Dividends to Personnel (-)	-	-
2.4	Dividends to Board of Directors (-)	-	-
III. EARNINGS PER SHARE			
3.1	To Owners of Ordinary Shares	-	0,4803
3.2	To Owners of Ordinary Shares (%)	-	48,03
3.3	To Owners of Privileged Shares	-	-
3.4	To Owners of Privileged Shares (%)	-	-
IV. DIVIDEND PER SHARE			
4.1	To Owners of Ordinary Shares	-	-
4.2	To Owners of Ordinary Shares (%)	-	-
4.3	To Owners of Privileged Shares	-	-
4.4	To Owners of Privileged Shares (%)	-	-

⁽⁹⁾Profit distribution is decided by the Ordinary General Assembly of the Bank. As of the date the financial statements were prepared, the General Assembly meeting for 2022 has not been held yet.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Benchmark Interest Rate Reform

The Benchmark Interest Rate Reform, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, has been implemented. With the amendments made, certain exceptions are provided for the basis used in determining contractual cash flows and hedge accounting provisions. The Bank has participated in international protocols within the scope of IBOR transformation. Indicator Interest Rates have started to be used in new transactions with variable interest rates, and contract amendment processes regarding existing transactions are continuing. In addition, real and legal person customers who use Reference Interest Rates such as USD LIBOR, EUR LIBOR, GBP LIBOR, JPY LIBOR, EURIBOR, or TRLIBOR in the calculation of interest rates in loan, derivative products and securities transactions regarding the changes in Reference Interest Rates are informed on the website. The date on which the publication of LIBOR benchmark interest rates in US Dollars (USD) for overnight, 1-month, 3-month, 6-month and 12-month maturities will cease or will cease to be representative is 30 June 2023.

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

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

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

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

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

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

USD-denominated capital amounts and valuation differences sent to partnerships operating abroad are converted into Turkish currency at the exchange rate valid as of the valuation date and presented in the financial statements. For the exchange risk arising from foreign currency conversion of Ziraat Bank International AG, Ziraat Bank BH dd and Ziraat Bank Montenegro AD, the Bank’s subsidiaries to which capital was paid in Euro amounts, Euro deposits are used for hedging purposes. Information on fair value hedge accounting applied in order to hedge the said total capital amount of EUR 336.627 thousand (31 December 2021: EUR 288.527 thousand), which is associated with this purpose, from exchange rate risk effects arising from changes in foreign exchange rates, is presented in Section Four, article no IX. Assets and liabilities of the overseas branches of the Bank are converted into Turkish Lira with the Bank’s prevailing counter currency buying rates at the balance sheet date.

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES

Investments related to joint ventures and financial subsidiaries are monitored with their fair values in the unconsolidated financial statements according to “Separate Financial Statements Türkiye Accounting Standard 27 (TAS 27)” and the scope of TFRS 9 Financial Instruments Standard. The fair values were determined with the valuation reports prepared for the mentioned partnerships and the changes in the fair values were accounted under equity as of the valuation date.

Subsidiaries are accounted for at their cost value within the scope of TAS 27 and are reflected in the unconsolidated financial statements after the provision for depreciation is deducted, if any.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
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IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

Derivative financial instruments of the Bank are classified under “TFRS 9 Financial Instruments Standard” (“TFRS 9”), “Derivative Financial Assets Measured at Fair Value Through Profit or Loss”.

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

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

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

The Bank classifies and recognizes its financial assets as “Financial Assets Measured at Fair Value Through Profit/Loss”, “Financial Assets Measured at Fair Value Through Other Comprehensive Income” or “Financial Assets Measured at Amortized Cost”. This classification is based on the contractual cash flow characteristics of the related business model used for management of the financial assets at initial recognition.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
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Classification and Measurement Within the Scope of TFRS 9

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

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

Financial Assets at Fair Value Through Profit or Loss

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

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

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

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

Financial Assets at Measured at Amortized Cost

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

Loans

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

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

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

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

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

Impairment

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

12 Month Expected Credit Losses (Stage 1)

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

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

Significant Increase in Credit Risk (Stage 2)

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

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

Credit-Impaired Losses (Stage 3)

Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

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

- Objective Default Definition: It means debt having past due more than 90 days. This assumption can be proved otherwise in the light of supportable information.
- Subjective Default Definition: It means it is considered as unlikeliness to pay. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

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

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

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

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

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

Probability of Default (PD)

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

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

Exposure at Default (EAD)

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Loss Given Default (LGD)

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

Future Expectations

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

The Methodology of Behavioral Maturity Calculation

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

Write-off Policy

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

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

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, there is no goodwill in the financial statements of the Bank.

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment are measured at its cost when initially recognized and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. As of 31 January 2014, the Bank has changed its accounting policies and has decided to pursue the real estates registered in its portfolio at fair values. The valuation differences resulting from the valuations of real estates made by independent appraisal firms are accounted for in the revaluation differences account of tangible fixed assets under shareholders’ equity.

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

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

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

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

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

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

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in TFRS 16

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

The Bank does not perform financial operations as “Lessor”.

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

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

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

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

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

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

The Bank uses independent actuaries in determining liability, and also makes assumptions about issues such as discount rate and inflation. As of 31 December 2022, retirement benefit obligation is TL 5.997.944 (31 December 2021: TL 1.355.145).

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

The Bank accounts for actuarial losses and gains under shareholders’ equity in accordance with the revised TAS 19 Turkish Accounting Standard for Employee Benefits, which came into force as of 1 January 2013. The Bank reclassified actuarial loss of TL 2.780.427 after deferred tax effect under shareholders’ equity (31 December 2021: TL 203.462 gain).

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

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

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

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

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

XVII. EXPLANATIONS ON TAXATION

Current Tax

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

However;

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

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

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

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

Deferred Tax

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

In accordance with the Law No. 7316 published in the Official Gazette dated 22 April 2021, the corporate tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of 1 July 2021 and being valid for the taxation period starting from 1 January 2021. It was announced that this rate will be applied as 23% for the taxation period of 2022 and 20% for the taxation periods of 2023 and beyond.

However, with the Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette dated 15 April 2022 and numbered 31810, and the Law on Amendments to Some Laws and Decree-Laws, Article 26 With the paragraph added to the temporary article 13 of the Corporate Tax Law No. 5520, it is stated that the Corporate Tax rate will be rearranged for the corporate earnings of the 2022 taxation period and the tax rate will be applied as 25% for the banks.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

Deferred tax asset and deferred tax liability are presented as net in these unconsolidated financial statements.

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

XVIII. EXPLANATIONS ON BORROWING

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

If required, the Bank borrows from domestic and foreign real people and entities with debt instruments such as bill/bond issuance. These transactions are recognized at fair value including acquisition costs at the transaction date while accounted with effective interest rate method over their discounted costs in the following periods. The Bank has issued no convertible bonds to shares and has no instruments representing its own borrowings.

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

There are no issued shares by The Bank.

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

XXII. CASH AND CASH EQUIVALENTS

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

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

XXIII. EXPLANATIONS ON SEGMENT REPORTING

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

XXIV. EXPLANATIONS ON OTHER MATTERS

None.

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. EXPLANATIONS ON THE COMPONENTS OF SHAREHOLDERS’ EQUITY

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

As of 31 December 2022, Bank’s total regulatory capital has been calculated as TL 244.685.816 (31 December 2021: TL 131.051.873), capital adequacy ratio is 16,53% (31 December 2021: 16,52%). This ratio is well above the minimum ratio required by the legislation.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

1. Information Related to The Components of Shareholders’ Equity

	Current Period 31 December 2022	Prior Period 31 December 2021
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	34.900.000	13.100.000
Share issue premiums	-	-
Reserves	73.956.519	67.627.159
Gains recognized in equity as per TAS	81.600.342	21.005.831
Profit	41.137.467	6.355.008
Current Period Profit	41.092.377	6.291.309
Prior Period Profit	45.090	63.699
Shares acquired free of charge from subsidiaries, affiliates and entities under common control and cannot be recognized within profit for the period	279.341	138.703
Common Equity Tier 1 Capital Before Deductions	231.873.669	108.226.701
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	29.393.805	5.329.097
Improvement costs for operating leasing	10.269	10.219
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2.272.601	1.365.095
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 th clause of the 56 th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

	Current Period 31 December 2022	Prior Period 31 December 2021
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	31.676.675	6.704.411
Total Common Equity Tier I Capital	200.196.994	101.522.290
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	27.979.840	20.710.200
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	27.979.840	20.710.200
Deductions from Additional Tier I Capital	-	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	27.979.840	20.710.200
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	228.176.834	122.232.490
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	16.524.427	8.833.639
Tier II Capital Before Deductions	16.524.427	8.833.639
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	16.524.427	8.833.639
Total Capital (The sum of Tier I Capital and Tier II Capital)	244.701.261	131.066.129

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

	Current Period 31 December 2022	Prior Period 31 December 2021
Total Capital (The sum of Tier I Capital and Tier II Capital)	244.701.261	131.066.129
Deductions from Capital Loans granted contrary to the 50 th and 51 st Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	15.445	14.256
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	244.685.816	131.051.873
Total Risk Weighted Assets	1.480.273.848	793.370.100
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	13,52	12,80
Tier I Capital Ratio (%)	15,42	15,41
Capital Adequacy Ratio (%)	16,53	16,52
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	2,531	2,538
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific countercyclical buffer requirement (%)	0,031	0,038
c) Higher bank buffer requirement ratio (%) ^(*)	-	-
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9,02	8,30
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	311.791	255.802
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	135.876	95.387
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	1.519.079
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand	44.106.096	18.998.909
General Loan Provisions for Exposures in Standard Approach Limited by 1,25% of Risk Weighted Assets	16.524.427	8.833.639
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

^(*)The systemic significant bank buffer ratio has been shown as “-” in the unconsolidated financial report since it is necessary to fill in the systematic significant banks that are not required to prepare financial statements in the context of the 4th paragraph of Article 4 of the “Regulation on Systemic Significant Banks”.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

2. Items Included in Capital Calculation

Information about instruments included in total capital calculation-Current Period	
Issuer	T.C. Ziraat Bankası A.Ş.
Identifier (CUSIP, ISIN etc.)	XS1984644739
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and/or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	27.980
Nominal value of instrument (TL million)	27.980
Accounting classification of the instrument	347001-Subordinated Debts
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24.04.2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.
Subsequent call dates, if applicable	24.04.2024
Interest/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger (s)	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature
If temporary write-down, description of write-up mechanism.	Has-write up mechanism
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

	Current Period	Prior Period
Balance Sheet-Equity	202.479.863	97.099.759
Operational Leasing Development Costs	(10.269)	(10.219)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(2.272.601)	(1.365.095)
TIER 2 Capital (Provisions)	16.524.427	8.833.639
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	27.979.840	20.710.200
Other deductions from common equity	(15.445)	(14.256)
Other regulations	-	5.797.845
Amount recognized in regulatory capital	244.685.816	131.051.873

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

II. EXPLANATIONS ON CREDIT RISK

1. Information on Credit Risk

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

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

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

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

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

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

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

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 31% and 36% respectively (31 December 2021: 32% and 37%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 50% and 62% respectively (31 December 2021: 56% and 68%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 31% and 39% respectively (31 December 2021: 33% and 41%).

TFRS 9 expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TL 44.002.849 (31 December 2021: TL 18.949.601).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

2. The Profile of Important Risks of Important Regions

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Condi- tional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	Total
Current Period																		
Domestic	707.229.093	727.678	12.669.548	-	-	17.796.817	673.531.394	345.579.907	228.218.605	2.036.524	92.863.777	-	-	-	2.197.033	835.974	70.409.894	2.154.096.244
European Union Countries	808.846	-	-	-	-	21.936.594	3.399.482	339.801	314.382	4.091	58.227	-	-	-	-	22	-	26.861.445
OECD Countries ⁽¹⁾	-	-	-	-	-	55.527.541	639.944	38.663	46.822	484	3.669	-	-	-	-	-	-	56.257.123
Off-shore Banking Regions	41	-	-	-	-	1.728.423	-	1.935	1.803	5	249	-	-	-	-	-	-	1.732.456
USA, Canada	-	-	-	-	-	1.834.745	1.005.136	24.857	37.669	749	3.069	-	-	-	-	-	-	2.906.225
Other Countries	2.974.267	5.193	27	-	-	6.287.110	6.369.277	885.628	434.984	3.994	3.213.474	-	-	-	-	29.734	7.244	20.210.932
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24.824.308	19.339.316	-	44.163.624
Unallocated Assets/ Liabilities ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	711.012.247	732.871	12.669.575	-	-	105.111.230	684.945.233	346.870.791	229.054.265	2.045.847	96.142.465	-	-	-	27.021.341	20.205.046	70.417.138	2.306.228.049

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

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

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

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	Total
Prior Period																		
Domestic	445.768.541	463.257	5.739.677	-	-	21.632.241	398.190.634	274.052.661	99.577.244	2.889.710	12.533.001	-	-	-	1.073.762	300.920	28.146.108	1.290.367.756
European Union Countries	403.034	-	-	-	-	52.338.879	2.414.749	289.379	145.032	6.269	33.953	-	-	-	-	15	-	55.631.310
OECD Countries ⁽¹⁾	-	-	-	-	-	1.058.287	90.061	37.947	17.369	477	4.295	-	-	-	-	-	-	1.208.436
Off-shore Banking Regions	37	-	-	-	-	1.202.275	-	850	2.557	4	134	-	-	-	-	-	-	1.205.857
USA, Canada	-	-	-	-	-	1.420.052	434.135	24.952	17.271	487	1.356	-	-	-	-	-	-	1.898.253
Other Countries	2.078.183	17.051	24	-	-	5.043.391	4.461.284	828.170	204.785	3.795	2.394.577	-	-	-	-	32.322	16.630	15.080.212
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.346.317	9.593.380	-	19.939.697
Unallocated Assets/ Liabilities ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	448.249.795	480.308	5.739.701	-	-	82.695.125	405.590.863	275.233.959	99.964.258	2.900.742	14.967.316	-	-	-	11.420.079	9.926.637	28.162.738	1.385.331.521

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

3. Risk Profile by Sectors or Counterparties

Current Period	Risk Classes									Risk Classes											
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporatse	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	TL	FC	Total	
	Sectors/Counter Parties																				
Agriculture	82	59.512	35.150	-	-	-	32.067.410	151.232.587	17.529.251	171.057	4.339.066	-	-	-	-	-	-	-	203.956.016	1.478.099	205.434.115
Farming and Stockbreeding	5	59.512	35.150	-	-	-	30.887.803	150.608.304	17.442.092	169.715	4.298.892	-	-	-	-	-	-	-	202.620.874	880.599	203.501.473
Forestry	77	-	-	-	-	-	162.855	511.958	52.862	708	4.271	-	-	-	-	-	-	-	710.808	21.923	732.731
Fishing	-	-	-	-	-	-	1.016.752	112.325	34.297	634	35.903	-	-	-	-	-	-	-	624.334	575.577	1.199.911
Manufacturing	129.541	1.104	8.273	-	-	-	296.842.879	28.496.203	2.724.212	301.369	25.935.368	-	-	-	-	-	-	-	209.998.041	144.440.908	354.438.949
Mining and Quarrying	-	-	-	-	-	-	13.781.811	374.356	49.616	1.923	1.939.423	-	-	-	-	-	-	-	5.319.289	10.827.840	16.147.129
Production	129.530	9	1.384	-	-	-	214.055.227	27.876.706	2.632.079	287.254	21.290.909	-	-	-	-	-	-	-	173.847.724	92.425.374	266.273.098
Electric, Gas and Water	11	1.095	6.889	-	-	-	69.005.841	245.141	42.517	12.192	2.705.036	-	-	-	-	-	-	-	30.831.028	41.187.694	72.018.722
Construction	-	-	-	-	-	-	76.703.593	8.698.490	2.662.512	114.591	6.086.853	-	-	-	303.180	-	-	-	45.004.621	49.564.598	94.569.219
Services	291.479.555	19.759	978.124	-	-	105.110.837	257.946.455	52.881.868	7.620.920	313.110	21.766.559	-	-	-	26.717.979	19.569.454	70.417.138	320.072.564	534.749.194	854.821.758	
Wholesale and Retail Trade	-	26	4.431	-	-	-	61.619.047	38.762.183	5.458.386	237.660	12.766.641	-	-	-	-	-	-	-	101.218.758	17.629.616	118.848.374
Hotel Food and Beverage Services	13.886	35	2.452	-	-	-	17.088.891	3.302.831	584.852	27.472	940.636	-	-	-	-	-	-	-	8.608.780	13.352.275	21.961.055
Transportation and Telecommunication	-	25	932.590	-	-	-	104.325.980	4.791.721	658.358	16.596	1.684.942	-	-	-	-	-	-	-	13.548.159	98.862.053	112.410.212
Financial Institutions	289.043.698	-	8.941	-	-	103.385.043	7.321.761	22.815	-	1	4.543.161	-	-	-	25.725.418	17.333.231	70.417.138	160.545.307	357.255.900	517.801.207	
Real Estate and Leasing Services	2.300.128	19.672	3.788	-	-	1.725.794	63.975.732	4.504.162	764.569	25.172	1.393.628	-	-	-	992.561	2.236.223	-	31.674.515	46.266.914	77.941.429	
Self Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education Services	120.403	-	17.670	-	-	-	1.309.211	552.806	43.978	2.983	151.875	-	-	-	-	-	-	-	1.512.910	686.016	2.198.926
Health and Social Services	1.440	1	8.252	-	-	-	2.305.833	945.350	110.777	3.226	285.676	-	-	-	-	-	-	-	2.964.135	696.420	3.660.555
Other	419.403.069	652.496	11.648.028	-	-	393	21.384.896	105.561.643	198.517.370	1.145.720	38.014.619	-	-	-	182	635.592	-	545.374.933	251.589.075	796.964.008	
Total	711.012.247	732.871	12.669.575	-	-	105.111.230	684.945.233	346.870.791	229.054.265	2.045.847	96.142.465	-	-	-	27.021.341	20.205.046	70.417.138	1.324.406.175	981.821.874	2.306.228.049	

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Prior Period	Risk Classes									Risk Classes											
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mort gages	Securitisation positions	Short-term from banks, brokerage houses and corporatse	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	TL	FC	Total	
	Sectors/Counter Parties																				
Agriculture	82	1.078	10.880	-	-	-	14.349.978	88.015.250	5.241.046	262.916	1.938	-	-	-	-	-	-	-	107.270.485	612.683	107.883.168
Farming and Stockbreeding	5	1.078	10.880	-	-	-	13.735.564	87.639.819	5.216.572	261.428	1.846	-	-	-	-	-	-	-	106.644.189	223.003	106.867.192
Forestry	77	-	-	-	-	-	47.659	295.242	14.275	407	2	-	-	-	-	-	-	-	344.130	13.532	357.662
Fishing	-	-	-	-	-	-	566.755	80.189	10.199	1.081	90	-	-	-	-	-	-	-	282.166	376.148	658.314
Manufacturing	1.608.905	585	7.707	-	-	-	163.405.542	21.735.411	934.618	311.435	11.431	-	-	-	-	-	-	-	89.033.741	98.981.893	188.015.634
Mining and Quarrying	-	-	-	-	-	-	8.581.238	322.201	17.617	3.724	28	-	-	-	-	-	-	-	1.832.799	7.092.009	8.924.808
Production	1.608.897	7	5	-	-	-	116.651.262	21.214.076	903.418	304.222	11.383	-	-	-	-	-	-	-	79.028.012	61.665.258	140.693.270
Electric, Gas and Water	8	578	7.702	-	-	-	38.173.042	199.134	13.583	3.489	20	-	-	-	-	-	-	-	8.172.930	30.224.626	38.397.556
Construction	-	-	-	-	-	-	52.386.108	7.647.554	988.322	166.047	36.906	-	-	-	216.669	-	-	-	29.505.648	31.935.958	61.441.606
Services	243.991.187	18.767	388.257	-	-	82.602.802	159.913.080	50.241.106	3.197.297	488.726	1.580.794	-	-	-	11.203.369	9.757.512	28.162.738	241.769.617	349.776.018	591.545.635	
Wholesale and Retail Trade	-	20	7.423	-	-	-	38.755.050	36.482.739	2.176.737	363.652	6.700	-	-	-	-	-	-	-	65.791.808	12.000.513	77.792.321
Hotel Food and Beverage Services	6.711	35	1.256	-	-	-	11.800.613	3.382.396	285.618	40.292	3.301	-	-	-	-	-	-	-	5.602.371	9.917.851	15.520.222
Transportation and Telecommunication	-	25	328.705	-	-	-	56.318.074	4.668.385	304.968	31.124	1.683	-	-	-	-	-	-	-	9.333.122	52.319.842	61.652.964
Financial Institutions	243.669.268	-	9.769	-	-	78.410.985	2.993.501	24.526	-	3	1.567.413	-	-	-	10.862.532	8.221.808	28.162.738	130.497.340	243.425.203	373.922.543	
Real Estate and Leasing Services	236.571	18.686	2.647	-	-	4.191.817	47.218.371	4.204.670	375.587	37.368	1.664	-	-	-	340.837	1.535.704	-	26.824.918	31.339.004	58.163.922	
Self Employment Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Education Services	77.122	-	28.461	-	-	-	1.250.693	587.496	19.607	9.555	26	-	-	-	-	-	-	-	1.457.759	515.201	1.972.960
Health and Social Services	1.515	1	9.996	-	-	-	1.576.778	890.894	34.780	6.732	7	-	-	-	-	-	-	-	2.262.299	258.404	2.520.703
Other	202.649.621	459.878	5.332.857	-	-	92.323	15.536.155	107.594.638	89.602.975	1.671.618	13.336.247	-	-	-	41	169.125	-	301.208.455	135.237.023	436.445.478	
Total	448.249.795	480.308	5.739.701	-	-	82.695.125	405.590.863	275.233.959	99.964.258	2.900.742	14.967.316	-	-	-	11.420.079	9.926.637	28.162.738	768.787.946	616.543.575	1.385.331.521	

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	96.939.345	2.691.628	11.584.202	57.232.466	542.564.606
Conditional and unconditional exposures to regional governments or local authorities	6.482	7.227	16.959	57.798	644.405
Conditional and unconditional receivables from administrative units and non-commercial enterprises	10.023	1.829	11.808	1.660.385	10.985.530
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	30.951.009	13.005.293	10.989.235	4.152.065	46.013.628
Conditional and unconditional exposures to corporates	26.583.421	47.319.620	58.342.380	172.037.104	380.662.708
Conditional and unconditional retail exposures	3.526.625	14.845.252	21.705.995	156.359.193	150.433.726
Conditional and unconditional exposures secured by real estate property	380.058	1.557.721	2.049.708	15.976.422	209.090.356
Past due receivables	509.351	127.365	531.432	239.937	637.762
Receivables defined in high risk category by BRSA	2.264.503	3.025.290	8.545.722	41.549.914	40.757.036
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	51.094	107.646	1.079.210	25.783.391
Investments in Equity Instruments	-	-	-	-	20.205.046
Grand Total	161.170.817	82.632.319	113.885.087	450.344.494	1.427.778.194

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	107.918.975	7.932.960	3.126.402	17.839.512	311.431.946
Conditional and unconditional exposures to regional governments or local authorities	7.863	1.839	9.991	91.227	369.388
Conditional and unconditional receivables from administrative units and non-commercial enterprises	6.957	3.194	506.657	39.393	5.183.500
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	32.168.691	14.850.932	3.821.060	2.632.186	29.222.256
Conditional and unconditional exposures to corporates	9.553.107	25.673.411	25.447.574	94.313.464	250.603.307
Conditional and unconditional retail exposures	2.990.690	9.500.834	10.322.280	84.069.990	168.350.165
Conditional and unconditional exposures secured by real estate property	143.280	546.484	700.697	5.039.352	93.534.445
Past due receivables	566.757	100.478	94.399	166.813	1.972.295
Receivables defined in high risk category by BRSA	735.540	97.660	1.060.931	1.372.828	11.700.357
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	68.611	-	89.640	11.261.828
Investments in Equity Instruments	-	-	-	-	9.926.637
Grand Total	154.091.860	58.776.403	45.089.991	205.654.405	893.556.124

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

5. Exposures by risk weights

Current Period												
Risk Weights		0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	731.969.000	-	34.209.475	-	-	156.248.969	464.225.195	823.408.000	39.630.078	-	56.537.332 2.298.315
2	Exposures after Credit Risk Mitigation	806.107.297	-	31.896.117	-	131.098.235	140.892.998	313.252.546	786.941.888	39.501.636	-	56.537.332 2.298.315

Prepared with the numbers after conversion rate to credit

Prior Period												
Risk Weights		0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	457.650.614	-	26.461.893	-	-	66.549.351	338.419.070	466.670.826	14.958.246	-	14.621.521 1.389.570
2	Exposures after Credit Risk Mitigation	542.451.633	-	10.925.059	-	67.433.214	67.098.685	243.695.409	437.738.924	14.861.274	-	1.127.323 1.389.570

Prepared with the numbers after conversion rate to credit.

⁽³⁾In accordance with the Regulation on Measurement and Evaluation of Banks’ Capital Adequacy risk weights of 2% and 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

Current Period	Loans		Provisions
	Impaired (TFRS 9)		Provisions for Expected Credit Loss (TFRS)
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
Agriculture	3.740.940	910.556	973.450
Farming and Stockbreeding	3.730.026	900.086	964.040
Forestry	6.166	5.067	4.560
Fishery	4.748	5.403	4.850
Manufacturing	35.387.983	2.103.218	16.421.902
Mining and Quarrying	10.548	24.153	22.645
Production	28.851.310	1.837.499	14.876.961
Electricity, Gas and Water	6.526.125	241.566	1.522.296
Construction	8.542.835	3.005.429	5.884.659
Services	30.425.055	3.943.231	12.759.166
Wholesale and Retail Trade	5.391.489	2.525.448	3.141.195
Accommodation and Dining	6.264.528	325.349	2.048.132
Transportation and Telecom.	268.430	155.323	146.852
Financial Institutions	5.966	7.141	5.877
Real Estate and Rental Services	16.729.335	887.488	6.818.840
Professional Services	-	-	-
Educational Services	858.314	17.864	183.326
Health and Social Services	906.993	24.618	414.944
Other	8.535.351	3.738.457	4.205.533
Total	86.632.164	13.700.891	40.244.710

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Prior Period	Loans		Provisions
	Impaired (TFRS 9)		Provisions for Expected Credit Loss (TFRS)
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
Agriculture	6.074.157	1.215.883	1.121.100
Farming and Stockbreeding	6.048.428	1.203.780	1.110.151
Forestry	15.727	5.715	5.541
Fishery	10.002	6.388	5.408
Manufacturing	27.854.774	2.257.735	10.986.178
Mining and Quarrying	37.009	24.633	21.572
Production	23.028.819	2.006.337	9.641.240
Electricity, Gas and Water	4.788.946	226.765	1.323.366
Construction	8.567.566	2.831.458	4.531.229
Services	24.007.396	4.884.961	7.510.888
Wholesale and Retail Trade	6.891.231	2.937.089	2.662.642
Accommodation and Dining	5.394.559	349.715	1.003.543
Transportation and Telecom.	950.901	172.218	150.279
Financial Institutions	21.548	6.518	5.229
Real Estate and Rental Services	9.215.940	1.301.381	3.337.717
Professional Services	-	-	-
Educational Services	556.663	81.944	74.958
Health and Social Services	976.554	36.096	276.520
Other	13.438.558	3.950.594	2.763.874
Total	79.942.451	15.140.631	26.913.269

7. Information about Value Adjustment and Change in Provisions

	Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Expected Loss Provisions	12.148.761	4.122.512	(4.651.576)	-	11.619.697
2	Stage 1 and 2 Expected Loss Provisions	16.923.608	19.412.385	(53)	-	36.335.940

	Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Expected Loss Provisions	10.264.236	4.305.116	(2.420.591)	-	12.148.761
2	Stage 1 and 2 Expected Loss Provisions	8.488.482	9.178.605	(743.479)	-	16.923.608

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

8. Risks Included Capital Capacity Buffer Calculations

Current Period			
Country	Banking Accounts RWA	Trading Accounts RWA	Total
Turkish Republic of Northern Cyprus	3.375.288	-	3.375.288
Germany	2.798.736	-	2.798.736
Bosnia and Herzegovina	2.232.284	-	2.232.284
Iraq	1.508.709	590.783	2.099.492
Kazakhstan	1.854.641	-	1.854.641
Holland	1.668.243	-	1.668.243
Azerbaijan	1.618.160	-	1.618.160
Kosovo	1.524.252	136.256	1.660.508
Uzbekistan	1.388.487	-	1.388.487
Bulgaria	1.225.215	-	1.225.215
Other	5.854.172	1.300.213	7.154.385

Prior Period			
Country	Banking Accounts RWA	Trading Accounts RWA	Total
Bosnia and Herzegovina	2.358.063	-	2.358.063
Turkish Republic of Northern Cyprus	2.307.722	-	2.307.722
Germany	2.242.136	-	2.242.136
Azerbaijan	1.436.524	-	1.436.524
Holland	1.230.351	-	1.230.351
Iraq	1.130.892	422.709	1.553.601
Uzbekistan	853.583	-	853.583
Kazakhstan	828.168	-	828.168
Kosovo	723.870	155.577	879.447
Russia	640.660	-	640.660
Other	2.924.331	957.428	3.881.759

III. EXPLANATIONS ON THE CURRENCY RISK

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

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

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

None.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

3. Management Policy for Foreign Currency Risk

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

6. Information on The Foreign Currency Risk of The Bank

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Türkiye	93.068.502	213.171.308	39.913.510	346.153.320
Banks ⁽⁶⁾	3.115.032	5.191.640	2.658.209	10.964.881
Financial Assets at Fair Value Through Profit and Loss	-	1.319.684	27.673.058	28.992.742
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	14.232.158	185.969.736	285.584	200.487.478
Loans ⁽¹⁾	152.200.568	197.027.968	242.518	349.471.054
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	3.338.282	4.575.323	-	7.913.605
Financial Assets Measured at Amortised Cost	33.639.174	10.664.162	136.157	44.439.493
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	31.056	6.860	47.550	85.466
Intangible Assets	10.683	9.548	22.700	42.931
Other Assets ⁽³⁾	2.718.742	7.394.247	239.298	10.352.287
Total Assets ⁽⁴⁾	302.354.197	625.330.476	71.218.584	998.903.257

Liabilities				
Interbank Deposits	30.898.446	6.436.847	736.869	38.072.162
Foreign Currency Deposits	311.285.172	360.811.207	111.189.978	783.286.357
Money Market Borrowings	20.054.581	43.983.248	-	64.037.829
Funds Provided from Other Financial Institutions	36.837.914	61.608.371	1.352.500	99.798.785
Issued Marketable Securities ⁽⁵⁾	28.949.062	25.269.861	1.487.428	55.706.351
Miscellaneous Payables	4.875.715	2.430.628	85.027	7.391.370
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	2.511.875	4.175.304	460.017	7.147.196
Total Liabilities	435.412.765	504.715.466	115.311.819	1.055.440.050

Net Balance Sheet Position	(133.058.568)	120.615.010	(44.093.235)	(56.536.793)
Net Off-Balance Sheet Position ⁽²⁾	130.762.635	(114.769.780)	44.630.485	60.623.340
Financial Derivative Assets	160.463.664	131.768.443	49.706.652	341.938.759
Financial Derivative Liabilities	29.701.029	246.538.223	5.076.167	281.315.419
Non-Cash Loans	96.706.419	155.445.406	23.085.878	275.237.703

Prior Period				
Total Assets	216.317.019	384.673.468	52.500.557	653.491.044
Total Liabilities	314.860.776	319.056.472	83.024.980	716.942.228
Net Balance Sheet Position	(98.543.757)	65.616.996	(30.524.423)	(63.451.184)
Net Off-Balance Sheet Position ⁽²⁾	100.143.416	(69.826.336)	31.937.240	62.254.320
Financial Derivative Assets	113.697.053	92.098.223	38.243.602	244.038.878
Financial Derivative Liabilities	13.553.637	161.924.559	6.306.362	181.784.558
Non-Cash Loans	71.771.602	118.836.410	15.801.706	206.409.718

⁽¹⁾TL 26.837 (December 31, 2021: TL 26.812) equivalent of the loans given in USD and TL 6.049 (December 31, 2021: TL 13.291) equivalent in Euro are originated from foreign currency indexed loans.

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

⁽³⁾Prepared expenses in other assets amounting to TL 18.955 are not included in the table.

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

⁽⁵⁾Includes subordinated debt instruments.

⁽⁶⁾Includes the guarantees given for derivative and repo transactions with foreign banks.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Analysis of Sensitivity to Currency Risk

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

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

	Current Period-31 December 2022		Prior Period-31 December 2021	
	Profit/Loss Statement	Equity ^(*)	Profit/Loss Statement	Equity ^(*)
USD	60.803	(396.729)	(284.757)	(533.933)
EUR	(284.588)	(618.416)	(61.023)	(414.234)
Other currencies	12.062	12.062	32.427	32.427
Total (Net)^(**)	(211.723)	(1.003.083)	(313.353)	(915.740)

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

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

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

	Current Period-31 December 2022		Prior Period-31 December 2021	
	Profit/Loss Statement	Equity ^(*)	Profit/Loss Statement	Equity ^(*)
USD	(60.803)	396.729	284.757	533.933
EUR	284.588	618.416	61.023	414.234
Other currencies	(12.062)	(12.062)	(32.427)	(32.427)
Total (Net)^(**)	211.723	1.003.083	313.353	915.740

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

IV. EXPLANATIONS ON THE INTEREST RATE RISK

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

(Based on days to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Türkiye	23.833.556	-	-	-	-	350.560.829	374.394.385
Banks ⁽⁷⁾	2.183.979	137.416	-	-	-	9.148.254	11.469.649
Financial Assets at Fair Value Through Profit and Loss	85.080	73.869	39.864	27.673.058	18.934	5.404.074	33.294.879
Money Markets Receivables	5.380.282	-	-	-	-	-	5.380.282
Financial Assets at Fair Value Through Other Comprehensive Income	96.599.354	21.764.806	124.793.492	76.978.487	73.459.368	2.077.658	395.673.165
Loans Given ⁽³⁾	449.812.713	135.106.786	266.775.244	275.177.974	89.441.302	2.081.194	1.218.395.213
Financial Assets Measured at Amortised Cost	2.731.393	50.061.035	22.778.137	60.817.641	22.941.772	-	159.329.978
Other Assets ⁽²⁾	4.570.330	2.350.830	2.072.668	386.820	71.640	104.275.185	113.727.473
Total Assets^{(*) (5)}	585.196.687	209.494.742	416.459.405	441.033.980	185.933.016	473.547.194	2.311.665.024
Liabilities							
Interbank Deposits	50.842.278	10.190.916	9.120.029	-	-	8.296.037	78.449.260
Other Deposits	748.232.969	239.271.172	102.969.345	3.829.858	29.287	566.486.969	1.660.819.600
Money Market Borrowings	50.167.586	20.373.383	6.970.742	7.550.978	-	-	85.062.689
Miscellaneous Payables	-	-	-	-	-	35.403.969	35.403.969
Issued Marketable Securities ⁽⁶⁾	-	1.435.966	12.381.209	42.899.866	-	-	56.717.041
Funds Provided from Other Financial Institutions	25.344.316	47.016.823	24.468.356	9.814.082	3.562.495	-	110.206.072
Other Liabilities ⁽⁴⁾	580.697	716.088	1.868.940	871.365	562.349	280.406.954	285.006.393
Total Liabilities⁽⁷⁾	875.167.846	319.004.348	157.778.621	64.966.149	4.154.131	890.593.929	2.311.665.024
Balance Sheet Long Position	-	-	258.680.784	376.067.831	181.778.885	-	816.527.500
Balance Sheet Short Position	(289.971.159)	(109.509.606)	-	-	-	(417.046.735)	(816.527.500)
Off-Balance Sheet Long Position	3.604.188	2.684.526	262.625	-	-	-	6.551.339
Off-Balance Sheet Short Position	-	-	-	-	(1.015.345)	-	(1.015.345)
Total Position	(286.366.971)	(106.825.080)	258.943.409	376.067.831	180.763.540	(417.046.735)	5.535.994

⁽¹⁾Balances without fixed maturity are shown in the “Non-Interest Bearing” columns.

⁽²⁾Deferred tax asset is shown under the “Non-Interest Bearing ” column.

⁽³⁾Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.

⁽⁴⁾Total shareholders’ equity is shown under the “Non-Interest Bearing” column.

⁽⁵⁾Allowance for expected losses for financial assets and other assets are reflected in the related items.

⁽⁶⁾Includes subordinated debt instruments.

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

(Based on days to repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Türkiye	20.747.759	-	-	-	-	188.035.974	208.783.733
Banks	3.304.258	66.892	197.651	26.674	-	9.400.283	12.995.758
Financial Assets at Fair Value Through Profit and Loss	52.804	6.091.471	3.044.935	14.694.397	13.883	2.762.222	26.659.712
Money Markets Receivables	281.931	-	-	-	-	-	281.931
Financial Assets at Fair Value Through Other Comprehensive Income	42.215.186	18.916.429	58.076.657	89.769.490	60.482.373	697.022	270.157.157
Loans Given ⁽³⁾	250.585.887	76.865.425	146.926.458	213.152.913	58.808.968	2.991.869	749.331.520
Financial Assets Measured at Amortised Cost	813.083	1.110.034	10.183.161	26.068.356	6.403.163	-	44.577.797
Other Assets ⁽²⁾	4.467.502	4.321.012	2.853.665	563.769	357.272	45.539.440	58.102.660
Total Assets ⁽¹⁾⁽⁵⁾	322.468.410	107.371.263	221.282.527	344.275.599	126.065.659	249.426.810	1.370.890.268
Liabilities							
Interbank Deposits	30.528.589	5.066.998	16.050.940	-	-	3.708.562	55.355.089
Other Deposits	367.327.135	116.204.261	70.541.419	2.277.210	1.804	336.979.697	893.331.526
Money Market Borrowings	149.756.072	21.374.101	2.553.454	3.015.469	-	-	176.699.096
Miscellaneous Payables	-	-	-	-	-	17.351.965	17.351.965
Issued Marketable Securities ⁽⁶⁾	97.988	231.881	8.629.634	38.630.139	-	-	47.589.642
Funds Provided from Other Financial Institutions	2.548.228	21.139.126	24.584.477	10.468.740	576.090	-	59.316.661
Other Liabilities ⁽⁴⁾	338.368	804.943	1.964.271	668.174	636.602	116.833.931	121.246.289
Total Liabilities ⁽¹⁾	550.596.380	164.821.310	124.324.195	55.059.732	1.214.496	474.874.155	1.370.890.268
Balance Sheet Long Position							
Balance Sheet Long Position	-	-	96.958.332	289.215.867	124.851.163	-	511.025.362
Balance Sheet Short Position							
Balance Sheet Short Position	(228.127.970)	(57.450.047)	-	-	-	(225.447.345)	(511.025.362)
Off-Balance Sheet Long Position	7.299.963	2.263.522	-	10	-	-	9.563.495
Off-Balance Sheet Short Position	-	-	(408.869)	-	(1.015.345)	-	(1.424.214)
Total Position	(220.828.007)	(55.186.525)	96.549.463	289.215.877	123.835.818	(225.447.345)	8.139.281

⁽¹⁾Balances without fixed maturity are shown in the “Non-Interest Bearing” columns.

⁽²⁾Deferred tax asset is shown under the “Non-Interest Bearing” column.

⁽³⁾Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.

⁽⁴⁾Total shareholders’ equity is shown under the “Non-Interest Bearing” column.

⁽⁵⁾Allowance for expected losses for financial assets and other assets are reflected in the related items.

⁽⁶⁾Includes subordinated debt instruments.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

2. Average Interest Rate Applied to the Monetary Financial Instruments (%)

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

⁽¹⁾Credit card loan balances are not included.

⁽²⁾Subordinated debt instruments are included.

⁽³⁾Foreign branches are excluded

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

⁽¹⁾The rate on TL column denotes the interest rates applied for required reserve at CBRT.

⁽²⁾Credit card loan balances are not included.

⁽³⁾Subordinated debt instruments are included.

⁽⁴⁾Foreign branches are excluded

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

V. EXPLANATIONS ON THE POSITION RISK OF EQUITY INSTRUMENTS

1. Equity Instruments Position Risk Derived from Banking Books

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

Investments in Equity Instruments-Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	4.033.616	4.033.616	4.033.616
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	17.453.146	17.453.146	17.453.146
Traded on Stock Exchange	17.453.146	17.453.146	17.453.146
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ⁽¹⁾	927.626	927.626	-

⁽¹⁾The said stock investments are not traded on the stock exchange and there is no stock market price since they are not publicly traded.

Investments in Equity Instruments-Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	1.742.260	1.742.260	1.742.260
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	7.538.625	7.538.625	7.538.625
Traded on Stock Exchange	7.538.625	7.538.625	7.538.625
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ⁽¹⁾	347.431	347.431	-

⁽¹⁾The said stock investments are not traded on the stock exchange and there is no stock market price since they are not publicly traded.

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

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 927.626 and all of them are 100% risk weighted (31 December 2021: are amounted TL 347.431 and all of them are 100% risk weighted)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

Portfolio	Realized Gain/Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total	Included in Contribution Capital	Total	Included in Supplementary Capital	Included in Contribution Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	17.223.272	17.223.272	-	-	-
3. Other Stocks	-	513.015	513.015	-	-	-
Total	-	17.736.286	17.736.286	-	-	-

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

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

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

1. Liquidity Risk

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

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

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

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

Explanation regarding the usage of the stress test

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

General information on liquidity urgent and unexpected situation plan

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

2. Liquidity Coverage Ratio

Within the framework of “Regulation on Calculation of Liquidity Covered Rate of Banks” published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, the Bank calculates the liquidity coverage ratio and transmits unconsolidated on weekly and consolidated on monthly basis to the BRSA. The lowest and highest unconsolidated rates in the last three months are shown in the table below.

Current Period - 31 December 2022

Liquidity Coverage Ratio	FC		TL+FC	
	Date	Ratio	Date	Ratio
The Lowest	7 October 2022	336,22	7 October 2022	177,16
The Highest	23 December 2022	451,68	30 December 2022	203,51

Prior Period-31 December 2021

Liquidity Coverage Ratio	FC		TL+FC	
	Date	Ratio	Date	Ratio
The Lowest	19 November 2021	360,79	5 November 2021	164,49
The Highest	15 October 2021	590,73	17 December 2021	211,97

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Current Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			667.210.887	425.824.875
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	938.174.603	503.453.039	83.648.337	50.345.304
Stable deposits	203.382.476	-	10.169.124	-
Less stable deposits	734.792.127	503.453.039	73.479.213	50.345.304
Unsecured wholesale funding, of which;	683.071.175	326.241.383	315.380.061	158.917.974
Operational deposit	29.898.821	1.696.100	7.474.705	424.025
Non-operational deposits	568.987.053	284.775.401	242.743.155	119.347.850
Other unsecured funding	84.185.301	39.769.882	65.162.201	39.146.099
Secured funding			-	-
Other cash outflows, of which;	222.857.471	33.502.393	28.510.672	21.272.889
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	14.041.376	18.607.584	14.041.376	18.607.584
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	208.816.095	14.894.809	14.469.296	2.665.305
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	120.470.284	83.658.058	7.183.869	4.182.903
TOTAL CASH OUTFLOWS			434.722.939	234.719.070
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	124.404.168	51.608.797	84.123.630	36.510.970
Other cash inflows	1.061.122	91.291.081	1.061.122	91.291.081
Total Cash Inflows	125.465.290	142.899.878	85.184.752	127.802.051
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			667.210.887	425.824.875
TOTAL NET CASH OUTFLOWS			349.538.187	106.917.019
LIQUIDITY COVERAGE RATIO (%)			190,88	398,28

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Prior Period	Total Unweighted Value (Average) ^(*)		Total Weighted Value (Average) ^(*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				
High Quality Liquid Assets			300.736.856	200.714.763
CASH OUTFLOWS				
Retail and Small Business Customers, of which;	581.812.451	332.382.725	51.406.715	33.238.272
Stable deposits	135.490.601	-	6.774.530	-
Less stable deposits	446.321.850	332.382.725	44.632.185	33.238.272
Unsecured wholesale funding, of which;	282.060.859	128.934.723	131.806.306	63.046.713
Operational deposit	21.302.776	1.054.124	5.325.694	263.531
Non-operational deposits	211.440.349	115.759.087	96.058.640	50.798.731
Other unsecured funding	49.317.734	12.121.512	30.421.972	11.984.451
Secured funding			-	-
Other cash outflows, of which;	122.992.761	21.838.758	12.973.546	12.897.830
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	3.394.483	9.552.971	3.394.483	9.552.971
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	119.598.278	12.285.787	9.579.063	3.344.859
Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
Other irrevocable or conditionally revocable off-balance sheet obligations	72.709.422	52.737.203	4.156.946	2.636.860
TOTAL CASH OUTFLOWS			200.343.513	111.819.675
CASH INFLOWS				
Secured lending	-	-	-	-
Unsecured lending	53.225.618	24.182.269	32.425.321	15.797.790
Other cash inflows	3.807.508	50.122.404	3.807.508	50.122.404
Total Cash Inflows	57.033.126	74.304.673	36.232.829	65.920.194
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			300.736.856	200.714.763
TOTAL NET CASH OUTFLOWS			164.110.684	45.960.150
LIQUIDITY COVERAGE RATIO (%)			183,25	436,71

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

3. Explanations on Liquidity Coverage Ratio

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

The content of high-quality liquid assets

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistri- buted ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	183.739.938	190.654.447	-	-	-	-	-	374.394.385
Banks ⁽⁴⁾	9.148.254	2.183.979	137.416	-	-	-	-	11.469.649
Financial Assets at Fair Value Through Profit and Loss	-	85.080	73.869	39.864	27.673.058	18.934	5.404.074	33.294.879
Money Market Receivables	-	5.380.282	-	-	-	-	-	5.380.282
Financial Assets at Fair Value Through Other Comprehensive Income	-	40.120.601	10.332.936	107.634.278	139.405.935	97.251.787	927.628	395.673.165
Loans Given	-	47.936.156	125.361.490	487.637.431	387.340.407	168.038.535	2.081.194	1.218.395.213
Investments Held-to-Maturity	-	691.263	15.078.755	13.171.181	69.502.981	60.885.798	-	159.329.978
Other Assets	12.442.200	4.570.330	2.350.830	2.072.668	386.820	71.640	91.832.985	113.727.473
Total Assets⁽²⁾	205.330.392	291.622.138	153.335.296	610.555.422	624.309.201	326.266.694	100.245.881	2.311.665.024
Liabilities								
Interbank Deposits	8.296.037	50.842.278	10.190.916	9.120.029	-	-	-	78.449.260
Other Deposits	566.486.969	748.225.897	239.250.050	102.872.275	3.950.840	33.569	-	1.660.819.600
Funds Provided from Other Financial Institutions	-	830.507	9.315.356	49.237.348	40.176.692	10.646.169	-	110.206.072
Money Market Borrowings	-	50.167.586	20.373.383	6.970.742	7.550.978	-	-	85.062.689
Issued Marketable Securities ⁽³⁾	-	-	1.435.966	12.381.209	42.899.866	-	-	56.717.041
Miscellaneous Payables	10.461.785	24.942.184	-	-	-	-	-	35.403.969
Other Liabilities	15.583.918	2.429.041	6.666.308	1.868.940	871.365	7.307.090	250.279.731	285.006.393
Total Liabilities	600.828.709	877.437.493	287.231.979	182.450.543	95.449.741	17.986.828	250.279.731	2.311.665.024
Liquidity Gap								
	(395.498.317)	(585.815.355)	(133.896.683)	428.104.879	528.859.460	308.279.866	(150.033.850)	-
Net Off-Balance Sheet								
Position	-	3.136.730	(120.249)	262.625	-	2.256.893	-	5.535.999
Financial Derivative Assets	-	219.758.868	74.538.453	14.240.461	2.369.535	3.272.238	-	314.179.555
Financial Derivative Liabilities	-	216.622.138	74.658.702	13.977.836	2.369.535	1.015.345	-	308.643.556
Non-cash Loans	121.162.934	13.767.347	43.662.871	137.071.719	84.474.216	14.515.564	-	414.654.651
Prior Period								
Total Assets	104.286.501	170.059.967	90.191.450	339.918.709	441.096.517	180.142.146	45.194.978	1.370.890.268
Total Liabilities	353.078.824	563.576.406	144.996.297	123.985.350	72.064.557	8.260.880	104.927.954	1.370.890.268
Liquidity Gap	(248.792.323)	(393.516.439)	(54.804.847)	215.933.359	369.031.960	171.881.266	(59.732.976)	-
Net Off-Balance Sheet								
Position	-	6.986.546	307.117	(408.868)	10	1.267.128	-	8.151.933
Financial Derivative Assets	-	148.284.721	33.587.880	23.589.508	1.558.882	2.282.473	-	209.303.464
Financial Derivative Liabilities	-	141.298.175	33.280.763	23.998.376	1.558.872	1.015.345	-	201.151.531
Non-cash Loans	80.872.752	10.955.329	32.527.108	83.606.042	46.844.385	7.767.640	-	262.573.256

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

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

⁽³⁾Includes subordinated debt instruments.

⁽⁴⁾Includes the guarantees given for derivative and repo transactions with foreign banks.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

5. Representation of Financial Liabilities by Remaining Contractual Maturities

					More than 5 Years	Total
Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years		
Banks Deposit	59.075.245	10.275.348	9.742.189	6.858.732	3.064.964	89.016.478
Other Deposits	1.317.026.000	243.457.792	105.578.414	4.279.483	37.108	1.670.378.797
Funds Provided to Other Financial Institutions	792.807	9.541.657	50.915.555	35.740.057	8.276.490	105.266.566
Payables to Money Markets	50.242.180	20.501.945	7.034.894	8.237.972	-	86.016.991
Total	1.427.136.233	283.776.742	173.271.051	55.116.244	11.378.562	1.950.678.832
Prior Period						
Banks Deposit	34.264.005	5.154.651	16.198.252	-	-	55.616.908
Other Deposits	705.211.430	117.597.035	71.683.234	2.434.178	9.938	896.935.815
Funds Provided to Other Financial Institutions	545.387	1.343.834	25.016.138	28.677.604	6.425.511	62.008.474
Payables to Money Markets	149.998.075	21.574.464	2.564.750	3.024.105	-	177.161.394
Total	890.018.897	145.669.984	115.462.374	34.135.887	6.435.449	1.191.722.591

VII. EXPLANATIONS ON LEVERAGE RATIO

1. Explanations on Issues that Cause Differences Between Leverage Ratios

The Bank’s leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 7,58% (31 December 2021: 6,70%). The increase in leverage results occurs from the increase in Tier 1 capital amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	2.216.761.493	1.270.737.165
(Assets deducted in determining Tier 1 capital)	(28.827.832)	(10.259.737)
Total on-balance sheet risks (sum of lines 1 and 2)	2.187.933.661	1.260.477.428
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit derivatives	8.549.253	10.774.720
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	7.697.119	2.681.655
Total risks of derivative financial instruments and credit derivatives	16.246.372	13.456.375
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	40.472.923	18.956.230
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	40.472.923	18.956.230
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	623.647.421	364.362.353
(Adjustments for conversion to credit equivalent amounts)	-	-
Total risks of off-balance sheet items	623.647.421	364.362.353
Capital and total risks		
Tier 1 capital	217.487.486	110.958.241
Total risks	2.868.300.377	1.657.252.386
Leverage ratio		
Leverage ratio %	7,58	6,70

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

VIII. EXPLANATIONS ON RISK MANAGEMENT

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

1. Explanations on Risk Management and Risk Weighted Amount

1.1. Bank’s Risk Management Approach

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

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

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

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

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

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Organizational structure of the Bank’s Risk Management Department consists of credit risk management, market risk management, operational risk management, balance sheet risks management and Credit Risk Control Unit (KRKB) and validation unit services. Duties of risk management:

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

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

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

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

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

It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the staff. Utilization levels for signal and risk parameters are reported submitted to the Top Management

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Principal elements and scope of risk measurement system

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

The Bank’s market risk is mitigated through derivatives or other financial products by considering current conjuncture and risk appetite, risk capacity and risk level. Long term liabilities are obtained and the interest rate risk arising from liquidity and banking accounts is limited through the transactions performed.

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

Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	1.267.703.360	684.077.782	101.416.269
2	Standardized approach	1.267.703.360	684.077.782	101.416.269
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	27.821.921	11.260.224	2.225.754
5	Standardized approach for counterparty credit risk	27.821.921	11.260.224	2.225.754
6	Internal model method	-	-	-
7	Basic risk weight approach to internal model's equity position in the banking account	-	-	-
8	Investments made in collective investment companies-look through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	26.428.914	11.353.137	2.114.313
10	Investments made in collective investment companies-1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB Supervisory Formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	102.338.444	39.765.354	8.187.076
17	Standardized approach	102.338.444	39.765.354	8.187.076
18	Internal model approaches	-	-	-
19	Operational risk	55.981.209	46.913.603	4.478.497
20	Basic Indicator approach	55.981.209	46.913.603	4.478.497
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	1.480.273.848	793.370.100	118.421.909

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

2. Connections Between Financial Statements and the Risk Amounts

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

Current Period	Carrying values of items					Not subject to capital requirements or subject to deduction from capital
	Valued amount according to TAS within legal consolidation ^(*)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization framework	Subject to the market risk framework	
Assets						
Cash and Balances at Central Bank	374.394.385	374.394.385	-	-	-	-
Banks	11.469.649	11.469.649	-	-	-	-
Receivables from Money Markets	5.380.282	5.380.282	-	-	-	-
Financial Assets Measured at Fair Value to Profit or Loss	33.294.879	-	-	-	33.294.879	-
Financial Assets Measured at Fair Value to Other Comprehensive Income	395.673.165	310.511.955	83.133.879	-	85.160.754	-
Financial Assets Measured at Amortized Cost	159.329.978	159.329.978	22.603.804	-	-	-
Derivative Financial Assets	8.876.687	-	8.876.687	-	-	-
Loans (Net)	1.218.395.213	1.254.715.708	-	-	-	15.445
Investments in Associates (Net)	216.867	216.867	-	-	-	-
Investments in Subsidiaries (Net)	42.080.994	42.080.994	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	906.905	906.905	-	-	-	-
Receivables Form Leasing Transactions	-	-	-	-	-	-
Tangible Assets (Net)	16.223.059	16.212.790	-	-	-	10.269
Intangible Assets (Net)	2.272.601	-	-	-	-	2.272.601
Investment Properties (Net)	-	-	-	-	-	-
Tax Asset	-	-	-	-	-	-
Non-Currents Assets or Disposal Groups “Held for Sale” and “From Discontinued Operations (Net)	6.853.866	6.853.866	-	-	-	-
Other Assets	36.296.494	36.296.494	-	-	-	-
Total Assets	2.311.665.024	2.218.369.873	114.614.370	-	118.455.633	2.298.315
Liabilities						
Deposits	1.739.268.860	-	-	-	-	-
Funds Borrowed	110.206.072	-	1.111.812	-	-	-
Money Markets	85.062.689	-	85.062.688	-	-	-
Securities Issued (Net)	27.767.979	-	-	-	-	-
Funds	34.703	-	-	-	-	-
Derivative Financial Liabilities	3.156.119	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-
Other Liabilities	56.514.636	-	-	-	-	-
Factoring Liabilities	1.408.617	-	-	-	-	-
Provisions	48.738.768	-	-	-	-	-
Tax Liability	8.077.656	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups “Held For Sale” and “From Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	28.949.062	-	-	-	-	-
Equity	202.479.863	-	-	-	-	-
Total Liabilities	2.311.665.024	-	86.174.500	-	-	-

^(*)It represents the Bank’s unconsolidated financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Prior Period	Carrying values of items					Not subject to capital requirements or subject to deduction from capital
	Valued amount according to TAS within legal consolidation ⁽¹⁾	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization on framework	Subject to the market risk framework	
Assets						
Cash and balances at central bank	208.783.733	208.783.733	-	-	-	-
Banks	12.995.758	12.995.758	-	-	-	-
Receivables from Money Markets	281.931	281.931	-	-	-	-
Financial assets measured at fair value to profit or loss	26.659.712	-	-	-	26.659.712	-
Financial assets measured at fair value to other comprehensive income	270.157.157	200.944.032	170.822.248	-	69.213.060	-
Financial assets measured at amortized cost	44.577.797	44.577.797	4.600.734	-	-	-
Derivative financial assets	12.048.564	-	12.048.564	-	-	-
Loans (Net)	749.331.520	766.240.872	-	-	-	14.256
Investments in associates (Net)	152.904	152.904	-	-	-	-
Investments in subsidiaries (Net)	20.610.313	20.610.313	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	224.673	224.673	-	-	-	-
Receivables Form Leasing Transactions	-	-	-	-	-	-
Tangible Assets (Net)	6.654.792	6.644.573	-	-	-	10.219
Intangible Assets (Net)	1.365.095	-	-	-	-	1.365.095
Investment Properties (Net)	-	-	-	-	-	-
Tax Asset	1.519.079	1.519.079	-	-	-	-
Non-Currents Assets or Disposal Groups “Held for Sale” and “From Discontinued Operations (Net)	5.118.932	5.118.932	-	-	-	-
Other Assets	10.408.308	10.408.308	-	-	-	-
Total Assets	1.370.890.268	1.278.502.905	187.471.546	-	95.872.772	1.389.570
Liabilities						
Deposits	948.686.615	-	-	-	-	-
Funds Borrowed	59.316.661	-	11.795.858	-	-	-
Money Markets	176.699.096	-	157.258.969	-	-	-
Securities Issued (Net)	26.162.041	-	-	-	-	-
Funds	31.956	-	-	-	-	-
Derivative Financial Liabilities	3.590.919	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-
Other Liabilities	26.753.694	-	-	-	-	-
Factoring Liabilities	789.483	-	-	-	-	-
Provisions	9.060.012	-	-	-	-	-
Tax Liability	1.272.431	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups “Held for Sale” and “From Discontinued Operations (Net)	-	-	-	-	-	-
Subordinated Debt Instruments	21.427.601	-	-	-	-	-
Equity	97.099.759	-	-	-	-	-
Total Liabilities	1.370.890.268	-	169.054.827	-	-	-

⁽¹⁾It represents the Bank’s unconsolidated financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements				
Current Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	2.311.665.024	2.218.369.873	114.614.370	118.455.633
Liabilities carrying value amount under regulatory scope of consolidation	-	-	86.174.500	-
Total net amount under regulatory scope of consolidation	2.311.665.024	2.218.369.873	28.439.870	118.455.633
Off-balance sheet amounts	988.608.242	258.988.398	386.119.407	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	3.300.273.266	2.477.358.271	414.559.277	118.455.633
Prior Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	1.370.890.268	1.278.512.781	187.471.546	95.872.772
Liabilities carrying value amount under regulatory scope of consolidation	-	-	169.054.827	-
Total net amount under regulatory scope of consolidation	1.370.890.268	1.278.512.781	18.416.719	95.872.772
Off-balance sheet amounts	640.240.343	165.871.734	263.807.849	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	2.011.130.611	1.444.384.515	282.224.568	95.872.772

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

3. Credit Risk Explanations

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

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

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

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

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

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

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

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

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

There is a signal and limit structure showing that credit risk limits are approached as a result of developments within or outside the Bank. The parameters related to this signal and limit structure and the limit values of the parameters are determined by the risk management by taking the opinions of the relevant units. The approval of the Audit Committee and the Board of Directors is obtained in order for the parameters and signal/limit threshold values to be implemented in the Bank. It is ensured that the risk signal and limit structure in the Bank is communicated to the relevant units and that the relevant personnel there understand the structure, and the realized values are closely monitored by the risk management periodically. Actual values of signal and limit parameters are subject to reports made to the Bank’s Senior Management.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

3.3. Structure and organization of credit risk management and control function

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

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

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

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

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

3.6. Credit Quality of Assets

Current Period	Defaulted	Non-defaulted	Allowances/Amortization	Net values
			and impairments	
Loans	13.700.891	1.252.649.959	47.955.637	1.218.395.213
Debt Securities	-	476.439.573	14.651.369	461.788.204
Off-balance sheet exposures	1.400.028	639.781.886	9.108.014	632.073.900
Total	15.100.919	2.368.871.418	71.715.020	2.312.257.317

Prior Period	Defaulted	Non-defaulted	Allowances/Amortization	Net values
			and impairments	
Loans	15.140.631	763.263.258	29.072.369	749.331.520
Debt Securities	-	255.715.754	8.388.604	247.327.150
Off-balance sheet exposures	1.222.526	399.459.021	3.285.225	397.396.322
Total	16.363.157	1.418.438.033	40.746.198	1.394.054.992

3.7. Changes on Defaulted Loans and Debt Securities

Current Period

1	Defaulted loans and debt securities at end of the previous reporting period	15.140.631
2	Loans and debt securities that have defaulted since the last reporting period	4.603.925
3	Returned to non-defaulted status	1.037.119
4	Amounts written off	-
5	Other changes	(5.006.546)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) ^(*) definitions	13.700.891

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Prior Period

1	Defaulted loans and debt securities at end of the previous reporting period	13.895.119
2	Loans and debt securities that have defaulted since the last reporting period	6.433.514
3	Returned to non-defaulted status	1.053.332
4	Amounts written off	-
5	Other changes	(4.134.670)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) ^(*) definitions ^(*)	15.140.631

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

3.8. Additional Explanations on Credit Quality of Assets

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

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

The portion of the overdue receivables (over 90 days) that are not considered as “provisioned” and the reasons for this practice

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

Definitions of methods used for determining provision amount

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Definitions of restructured receivable

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

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

	Loans and Receivables	Non-Performing Loans	Expected Loss Provisions	Total
Domestic	1.241.715.763	13.596.197	47.760.212	1.207.551.748
European Union Countries	2.283.563	58.451	78.764	2.263.250
USA, Canada	31.058	4.249	4.364	30.943
OECD Countries ⁽¹⁾	1.632.289	-	4.694	1.627.595
Off-Shore Banking Regions	-	-	-	-
Other	6.987.286	41.994	107.603	6.921.677
Total	1.252.649.959	13.700.891	47.955.637	1.218.395.213

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

	Loans and Receivables	Non-Performing Loans	Expected Loss Provisions	Total
Agriculture	261.617.031	910.556	2.112.829	260.414.758
Farming and Stockbreeding	259.933.223	900.086	2.097.355	258.735.954
Forestry	561.488	5.067	7.834	558.721
Fishing	1.122.320	5.403	7.640	1.120.083
Manufacturing	313.509.241	2.103.218	18.111.840	297.500.619
Mining and Quarrying	18.410.128	24.153	164.929	18.269.352
Production	220.591.766	1.837.499	15.899.836	206.529.429
Electric, Gas and Water	74.507.347	241.566	2.047.075	72.701.838
Construction	121.009.420	3.005.429	6.858.997	117.155.852
Services	273.989.434	3.943.231	15.834.238	262.098.427
Wholesale and Retail Trade	99.495.752	2.525.448	3.558.421	98.462.779
Hotel Food and Beverage Services	26.990.999	325.349	3.115.872	24.200.476
Transportation and Telecommunication	40.871.856	155.323	253.856	40.773.323
Financial Institutions	15.468.401	7.141	51.628	15.423.914
Real Estate and Leasing Services	85.407.400	887.488	8.229.515	78.065.373
Self-Employment Services	-	-	-	-
Education Services	2.224.385	17.864	191.669	2.050.580
Health and Social Services	3.530.641	24.618	433.277	3.121.982
Other	282.524.833	3.738.457	5.037.733	281.225.557
Total	1.252.649.959	13.700.891	47.955.637	1.218.395.213

Information regarding breakdown of receivables according to remaining maturities is given in Note II-4.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Aging Analysis for Overdue Receivables

Day Past Due	Current Period	Prior Period
1-30 Days	3.118.259	3.410.714
31-60 Days	1.367.635	2.227.979
61-90 Days	822.700	1.054.843
90 +	69.803	165.405
Total	5.378.397	6.858.941

Loans under close monitoring amounting to TL 81.253.767 (31 December 2021: TL 73.083.510) are not overdue.

Breakdown of restructured receivables by allocation of provision

Out of the Bank’s total restructured loans amounting to TL 77.037.963, TL 75.581.370 consists of live loans and TL 1.456.593 consists of non-performing loans. The total first and second stage expected loss provision for those restructured from non-performing loans is TL 27.016.905, and the third stage expected loss provision for nonperforming loans is TL 1.132.408. (December 31, 2021: Of the Bank’s total restructured loans amounting to TL 56.682.835, TL 54.595.239 consists of non-performing loans, while TL 2.087.596 is composed of non-performing loans. Total first and second stage expected loss provision for non-performing loans. TL 13.532.973 and the third stage expected loss provision for those restructured from non-performing loans is TL 1.580.914. Expected loss provision for non-performing loans amounting to TL 65.200 has not been allocated).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

3.9. Credit risk mitigation

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

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

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

3.10. Credit risk mitigation techniques-Overview

	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Current Period							
Loans	910.085.153	250.693.973	35.601.084	240.095.265	31.671.295	-	-
Debt Securities	411.251.347	-	-	-	-	-	-
Total	1.321.336.500	250.693.973	35.601.084	240.095.265	31.671.295	-	-
Of which defaulted	12.752.275	926.013	217.871	912.025	217.568	-	-
	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Prior Period							
Loans	538.224.704	153.309.865	52.175.656	145.862.713	49.627.733	-	-
Debt Securities	200.984.844	-	-	-	-	-	-
Total	739.209.548	153.309.865	52.175.656	145.862.713	49.627.733	-	-
Of which defaulted	14.129.917	990.865	281.821	973.812	280.901	-	-

3.11. Credit risk if standard approach is used

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Risk classes using CRA and ERA ratings

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

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

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

Matching rating grades on the basis of risk

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount Density
Risk Classes						
Exposures to sovereigns and their central banks	710.282.705	1.786.581	741.270.918	839.830	3.260.536	0,4%
Exposures to regional and local governments	632.524	208.595	594.032	134.406	324.987	44,6%
Exposures to administrative bodies and non-commercial entities	11.478.284	2.541.026	11.473.249	1.191.066	12.632.228	99,7%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	93.280.224	21.400.805	93.920.617	12.105.809	31.788.249	30,0%
Exposures to corporates	511.794.257	309.790.124	499.889.648	172.837.429	653.580.152	97,2%
Retail exposures	327.632.871	174.352.531	308.787.287	19.154.731	246.481.248	75,2%
Exposures secured by residential property	130.144.913	3.501.063	129.528.720	1.584.055	45.885.053	35,0%
Exposures secured by commercial property	90.655.252	10.967.716	90.655.252	6.670.045	55.653.436	57,2%
Past-due items	2.045.847	-	1.828.284	-	1.142.264	62,5%
Exposures in high-risk categories	95.893.291	294.326	95.893.287	226.984	172.440.743	179,4%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	26.948.269	146.234	26.947.143	73.072	26.428.914	97,8%
Other exposures	70.417.137	-	70.417.137	-	58.041.041	82,4%
Equity share investments	20.205.048	-	20.205.048	-	9.365.711	46,4%
Total	2.091.410.622	524.989.001	2.091.410.622	214.817.427	1.317.024.562	57,1%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Wighted Amount	Risk Weighted Amount Density
Risk Classes						
Exposures to sovereigns and their central banks	448.448.814	513.114	496.650.060	665.485	9.543.672	1,9%
Exposures to regional and local governments	485.866	74.499	421.360	104.362	234.769	44,7%
Exposures to administrative bodies and non-commercial entities	5.817.265	566.846	5.159.064	566.846	5.704.900	99,6%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	82.505.805	9.057.008	74.259.520	10.138.734	16.432.472	19,5%
Exposures to corporates	379.851.827	100.591.550	281.490.310	99.441.099	378.199.467	99,3%
Retail exposures	360.370.732	11.630.728	238.056.751	11.517.405	186.524.904	74,7%
Exposures secured by residential property	67.845.397	477.136	66.963.648	477.136	23.602.123	35,0%
Exposures secured by commercial property	31.527.592	1.922.107	30.405.544	1.922.107	18.867.278	58,4%
Past-due items	2.900.742	-	2.619.845	-	2.191.142	83,6%
Exposures in high-risk categories	14.975.081	32.426	14.934.885	32.238	22.304.678	149,0%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	11.420.172	75.916	11.339.832	75.916	11.353.137	99,5%
Other exposures	28.162.738	-	28.162.737	-	21.459.602	76,2%
Equity share investments	9.926.637	-	9.926.637	-	5.742.774	57,9%
Total	1.444.238.668	124.941.330	1.260.390.193	124.941.328	702.160.918	50,7%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

Current Period Risk Classes/Risk Weight	0%	10%	20%	25%	35% secured by property mortgage	50% secured by property mortgage	50%(*)	75%	100%	150%	250%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	738.333.787	-	143.674	-	-	-	802.971	-	2.830.316	-	-	-	742.110.748
Exposures to regional and local government	69.172	-	24.081	-	-	-	630.029	-	5.156	-	-	-	728.438
Exposures to administrative bodies and non-commercial entities	31.958	-	161	-	-	-	-	-	12.632.196	-	-	-	12.664.315
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	34.983.602	-	16.557.433	-	-	-	52.008.683	-	2.472.333	-	-	4.375	106.026.426
Exposures to corporates	6.025.124	-	14.700.628	-	-	-	2.722.598	-	649.278.727	-	-	-	672.727.077
Retail exposures	2.777.602	-	462.538	-	-	-	-	313.252.546	11.449.332	-	-	-	327.942.018
Exposures secured by residential property	11.188	-	3.352	-	131.098.235	-	-	-	-	-	-	-	131.112.775
Exposures secured by commercial property	-	-	-	-	-	83.343.721	-	-	13.981.576	-	-	-	97.325.297
Past-due items	224	-	8	-	-	-	1.371.579	-	456.473	-	-	-	1.828.284
Exposures in high-risk categories	69.384	-	2.394	-	-	-	13.417	-	483	39.501.636	-	56.532.957	96.120.271
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	591.301	-	-	-	-	-	-	-	26.428.914	-	-	-	27.020.215
Equity share investments	10.839.337	-	-	-	-	-	-	-	9.365.711	-	-	-	20.205.048
Other exposures	12.374.618	-	1.848	-	-	-	-	-	58.040.671	-	-	-	70.417.137
Total	806.107.297	-	31.896.117	-	131.098.235	83.343.721	57.549.277	313.252.546	786.941.888	39.501.636	-	56.537.332	2.306.228.049

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

Prior Period Risk Classes/Risk Weight	0%	10%	20%	25%	35% secured by property mortgage	50% secured by property mortgage	50%(*)	75%	100%	150%	250%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	479.872.931	-	270.902	-	-	-	15.364.442	-	1.807.270	-	-	-	497.315.545
Exposures to regional and local government	58.780	-	24.081	-	-	-	425.818	-	17.043	-	-	-	525.722
Exposures to administrative bodies and non-commercial entities	20.841	-	212	-	-	-	-	-	5.704.857	-	-	-	5.725.910
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	48.262.942	-	9.185.815	-	-	-	22.501.096	-	3.322.238	-	-	1.126.163	84.398.254
Exposures to corporates	1.602.202	-	783.308	-	-	-	1.003.914	-	377.540.825	-	-	1.160	380.931.409
Retail exposures	1.599.739	-	654.718	-	-	-	3.772	243.695.409	3.620.518	-	-	-	249.574.156
Exposures secured by residential property	5.075	-	2.495	-	67.433.214	-	-	-	-	-	-	-	67.440.784
Exposures secured by commercial property	-	-	-	-	-	26.920.745	-	-	5.406.906	-	-	-	32.327.651
Past-due items	797	-	21	-	-	-	855.778	-	1.763.249	-	-	-	2.619.845
Exposures in high-risk categories	78.736	-	3.482	-	-	-	23.120	-	511	14.861.274	-	-	14.967.123
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	62.611	-	-	-	-	-	-	-	11.353.137	-	-	-	11.415.748
Equity share investments	4.183.863	-	-	-	-	-	-	-	5.742.774	-	-	-	9.926.637
Other exposures	6.703.116	-	25	-	-	-	-	-	21.459.596	-	-	-	28.162.737
Total	542.451.633	-	10.925.059	-	67.433.214	26.920.745	40.177.940	243.695.409	437.738.924	14.861.274	-	1.127.323	1.385.331.521

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

Standard approach is used in the Bank’s credit risk calculations.

3.15. Counter Party Credit Risk Explanations

Risk management goals and policies for CCR

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

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

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

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

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

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

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

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

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

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

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

The amount subject to the counterparty credit risk is determined by the “Valuation Method According to Fair Value” as of 1 July 2022 within the scope of Article 2 of the “Regulation on the Amendment to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks” published in the Official Gazette No. 31740 dated 4 February 2022.” is calculated with the “Standard Approach” and reported every month. In addition, the capital requirement is calculated for the credit valuation adjustment risk for all derivative transactions.

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

Rules for countertrend risk

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

		Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
	Valuation Method according to fair value-CCR (for derivatives)	-	-			-	-
1	Standardized approach-CCR (for derivatives)	5.741.834	4.444.698		1,4	14.261.144	4.749.680
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					94.884.042	16.566.809
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					4.768.057	1.575.711
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						22.892.200

^(*)Effective Expected Positive Exposure

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

			EEPE (Effective Expected Positive Exposure) ⁽¹⁾	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
Prior Period	Replacement cost	Potential future exposure				
	Valuation Method according to fair value-CCR (for derivatives)	7.543.403	1.966.845		9.510.248	2.292.993
1	Standardised approach-CCR (for derivatives)	-	-	1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)		-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)				121.364.657	3.246.183
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)				20.922.022	1.168.277
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit				-	-
6	Total					6.707.453

⁽¹⁾Effective Expected Positive Exposure

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

3.17. Capital Requirement for Loan Valuation Adjustment

	Exposure at default post-CRM	RWA
Current Period		
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) Value at Risk (VaR) component (including the 3×multiplier)		-
2 (ii) Stressed VaR component (including the 3×multiplier)		-
3 All portfolios subject to the Standardized CVA capital charge	14.261.144	4.918.117
4 Total subject to the CVA capital charge	14.261.144	4.918.117

	Exposure at default post-CRM	RWA
Prior Period		
Total portfolios subject to the Advanced CVA capital charge	-	-
1 (i) Value at Risk (VaR) component (including the 3×multiplier)		-
2 (ii) Stressed VaR component (including the 3×multiplier)		-
3 All portfolios subject to the Standardized CVA capital charge	9.510.248	4.510.541
4 Total subject to the CVA capital charge	9.510.248	4.510.541

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

Current Period										Total credit exposure ⁽¹⁾
Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other		
Claims from central governments and central banks	22.201.004	-	-	-	-	-	-	-	-	22.201.004
Claims from regional and local governments	1.460	-	-	2	-	-	-	-	-	1.462
Claims from administration and non-commercial entity	7.902	-	-	-	-	12	-	-	-	7.914
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	26.670.860	-	15.477.561	30.516.317	-	146.864	-	4.375	-	72.815.977
Corporates	3.281.395	-	13.954.511	-	-	1.596.981	-	-	-	18.832.887
Retail portfolios	53.349	-	-	-	5.026	-	-	-	-	58.375
Other claims ⁽²⁾	-	-	-	-	-	-	-	-	-	-
Total	52.215.970	-	29.432.072	30.516.319	5.026	1.743.857	-	4.375	-	113.917.619

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Prior Period										Total credit exposure ⁽¹⁾
Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other		
Claims from central governments and central banks	98.780.005	-	-	-	-	-	-	-	-	98.780.005
Claims from regional and local governments	3.736	-	-	215	-	-	-	-	-	3.951
Claims from administration and non-commercial entity	6.272	-	-	-	-	393	-	-	-	6.665
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-	-
Claims from institutions	35.725.103	-	8.256.265	6.343.737	-	222.724	-	1.126.163	-	51.673.992
Corporates	778.467	-	-	-	-	1.651.846	-	1.160	-	2.431.473
Retail portfolios	15.817	-	-	-	12.347	-	-	-	-	28.164
Other claims ⁽²⁾	-	-	-	-	-	-	-	-	-	-
Total	135.309.400	-	8.256.265	6.343.952	12.347	1.874.963	-	1.127.323	-	152.924.250

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

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

3.19. Risk classes and counterparty credit risk explanation

None.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	594.600	-
Cash-foreign currency	-	-	-	-	45.646.010	-
Domestic sovereign debts	-	-	-	-	5.002.809	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	51.243.419	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	14.321.418	-
Cash-foreign currency	-	-	-	-	34.393.015	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate debts	-	-	-	-	-	-
Equity securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	48.714.433	-

Credit Derivatives

None.

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

None.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Risks Related with Central Counterparties

	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs) (total)	580.186	11.604
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3 (i) OTC Derivatives	4.375	88
4 (ii) Exchange-traded Derivatives	-	-
5 (iii) Securities financing transactions	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	-
8 Non-segregated initial margin	-	-
9 Pre-funded default fund contributions	575.811	11.516
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)	-	-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)	-	-
13 (i) OTC Derivatives	-	-
14 (ii) Exchange-traded Derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	-
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

Explanations on Securitization Disclosure

None.

4. Explanations on Market Risk

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

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

The Bank’s market risk management policy and implementation procedures are determined within the scope of Risk Management, Stress Test Program and İSEDES Regulation approved by the Board of Directors.

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

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

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

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

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

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

RWA		
Standard approach	Current Period	Prior Period
Outright products		
1 Interest rate risk (general and specific)	87.407.220	30.809.989
2 Equity risk (general and specific)	10.808.152	4.312.614
3 Foreign exchange risk	4.123.072	4.642.751
4 Commodity risk	-	-
Options		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitization	-	-
9 Total	102.338.444	39.765.354

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

5. Explanations on the Operational Risk

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

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

Current Period	31.12.2019	31.12.2020	31.12.2021	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	22.554.539	31.064.310	35.951.084	29.856.645	15	4.478.497
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	55.981.209

Prior Period	31.12.2018	31.12.2019	31.12.2020	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	21.442.915	22.554.539	31.064.310	25.020.588	15	3.753.088
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	46.913.603

6. Explanations on the Interest Rate Risk for Banking Book

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. As of 31 December 2022, the following notes to be presented on a quarterly and semi-annually basis according to Communiqué have not been presented due to usage of standard approach for the calculation of capital adequacy by the Bank.

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

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

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

IX. EXPLANATIONS ON HEDGE ACCOUNTING

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

X. EXPLANATIONS ON OPERATING SEGMENTS

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

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

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

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

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

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ Commercial Banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSE						
Interest Income	26.524.054	57.870.912	23.490.683	112.214.953	529.622	220.630.224
Interest Expense	40.995.616	27.992.523	-	22.490.729	7.668.459	99.147.327
Net Interest Income/Expense	(14.471.562)	29.878.389	23.490.683	89.724.224	(7.138.837)	121.482.897
Net Fees and Commission Income/ Expense	8.606.737	6.448.289	548.543	(4.271.599)	1.792.281	13.124.251
Dividend Income	-	-	-	268.092	-	268.092
Trading Profit/Loss (Net)	-	-	-	1.915.334	-	1.915.334
Other Operating Income	62.844	1.512.670	119.277	14.290	6.026.872	7.735.953
Provision for Expected Loss (-)	5.071.530	18.750.695	5.723.181	4	28.794.108	58.339.518
Other Expenses	5.829.694	212.271	339.504	-	18.555.001	24.936.470
Net Operating Profit/Loss	(16.703.205)	18.876.382	18.095.818	87.650.337	(46.668.793)	61.250.539
Profit/Loss on Equity Method Applied						
Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(20.158.162)	(20.158.162)
Net Profit/Loss	(16.703.205)	18.876.382	18.095.818	87.650.337	(66.826.955)	41.092.377

SEGMENT ASSETS						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	33.294.879	-	33.294.879
Banks and Money Markets	-	-	-	16.849.931	-	16.849.931
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	395.673.165	-	395.673.165
Loans	214.070.201	677.988.885	243.390.998	82.945.129	-	1.218.395.213
Financial Assets Measured at Amortised Cost (Net)	-	-	-	159.329.978	-	159.329.978
Derivative Financial Assets	-	-	-	8.876.687	-	8.876.687
Associates, Subsidiaries and Entities under Common Control	-	-	-	43.204.766	-	43.204.766
Other Assets	12.446	4.980.515	98.632	361.012.143	69.936.669	436.040.405
Total Segment Assets	214.082.647	682.969.400	243.489.630	1.101.186.678	69.936.669	2.311.665.024

SEGMENT LIABILITIES						
Deposits	1.106.633.965	461.324.145	-	78.449.260	92.861.490	1.739.268.860
Derivative Financial Liabilities Held for Trading	-	-	-	3.156.119	-	3.156.119
Funds Borrowed	-	-	-	110.206.072	-	110.206.072
Money Markets Borrowing	38.795	20.986.065	-	64.037.829	-	85.062.689
Securities Issued (Net)	-	-	-	27.767.979	-	27.767.979
Provisions	-	9.108.014	-	-	39.630.754	48.738.768
Other Liabilities	-	-	-	-	94.984.674	94.984.674
Shareholders’ Equity	-	-	-	-	202.479.863	202.479.863
Total Segment Liabilities	1.106.672.760	491.418.224	-	283.617.259	429.956.781	2.311.665.024

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Prior Period	Retail Banking	Corporate/ Commercial Banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSE						
Interest Income	19.848.170	32.488.730	13.153.152	36.263.614	243.894	101.997.560
Interest Expense	25.228.448	11.695.628	-	24.824.294	481.456	62.229.826
Net Interest Income/Expense	(5.380.278)	20.793.102	13.153.152	11.439.320	(237.562)	39.767.734
Net Fees and Commission Income/ Expense	3.720.547	3.156.865	190.337	(2.007.086)	390.211	5.450.874
Dividend Income	-	-	-	137.900	-	137.900
Trading Profit/Loss (Net)	-	-	-	(11.043.777)	-	(11.043.777)
Other Operating Income	32.858	250.915	49.585	6.735	4.104.212	4.444.305
Provision for Expected Loss (-)	3.224.479	9.474.116	2.257.548	2	374.146	15.330.291
Other Expenses	4.079.235	94.600	114.590	-	10.224.878	14.513.303
Net Operating Profit/Loss	(8.930.587)	14.632.166	11.020.936	(1.466.910)	(6.342.163)	8.913.442
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	-	-	-
Tax Provision	-	-	-	-	(2.622.133)	(2.622.133)
Net Profit/Loss	(8.930.587)	14.632.166	11.020.936	(1.466.910)	(8.964.296)	6.291.309

SEGMENT ASSETS						
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	26.659.712	-	26.659.712
Banks and Money Markets	-	-	-	13.277.689	-	13.277.689
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	270.157.157	-	270.157.157
Loans	165.351.499	452.349.808	116.303.978	15.326.235	-	749.331.520
Financial Assets Measured at Amortised Cost (Net)	-	-	-	44.577.797	-	44.577.797
Derivative Financial Assets	-	-	-	12.048.564	-	12.048.564
Associates, Subsidiaries and Entities under Common Control	-	-	-	20.987.890	-	20.987.890
Other Assets	7.334	4.806.870	121.636	200.444.597	28.469.502	233.849.939
Total Segment Assets	165.358.833	457.156.678	116.425.614	603.479.641	28.469.502	1.370.890.268

SEGMENT LIABILITIES						
Deposits	697.033.528	129.831.454	-	55.355.089	66.466.544	948.686.615
Derivative Financial Liabilities Held for Trading	-	-	-	3.590.919	-	3.590.919
Funds Borrowed	-	-	-	59.316.661	-	59.316.661
Money Markets Borrowing	13.812	120.192.120	-	56.493.164	-	176.699.096
Securities Issued (Net)	-	-	-	26.162.041	-	26.162.041
Provisions	-	3.285.225	-	-	5.774.787	9.060.012
Other Liabilities	-	-	-	-	50.275.165	50.275.165
Shareholders' Equity	-	-	-	-	97.099.759	97.099.759
Total Segment Liabilities	697.047.340	253.308.799	-	200.917.874	219.616.255	1.370.890.268

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

Current Period	Book Value	Fair Value
Financial Assets	1.838.227.206	1.796.546.481
Due from Interbank Money Market	5.380.282	5.359.627
Banks	11.471.432	11.457.816
Financial Assets Measured at Fair Value Through Other Comprehensive Income	395.673.165	395.673.165
Financial Assets Measured at Amortised Cost	159.351.477	184.503.529
Loans	1.266.350.850	1.199.552.344
Financial Liabilities	1.941.595.942	1.807.531.726
Bank Deposits	78.449.260	75.566.145
Other Deposits	1.660.819.600	1.539.509.763
Funds Borrowed from Other Financial Institutions	110.206.072	99.953.061
Issued Marketable Securities	56.717.041	57.098.788
Miscellaneous Payables	35.403.969	35.403.969

Prior Period	Book Value	Fair Value
Financial Assets	1.106.424.155	1.069.235.349
Due from Interbank Money Market	281.931	280.148
Banks	12.997.362	12.993.914
Financial Assets Measured at Fair Value Through Other Comprehensive Income	270.157.157	270.157.157
Financial Assets Measured at Amortised Cost	44.583.816	51.723.967
Loans	778.403.889	734.080.163
Financial Liabilities	1.072.944.882	1.064.412.013
Bank Deposits	55.355.089	55.094.669
Other Deposits	893.331.526	882.364.672
Funds Borrowed from Other Financial Institutions	59.316.661	59.871.440
Issued Marketable Securities	47.589.642	49.729.268
Miscellaneous Payables	17.351.964	17.351.964

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	356.934	32.937.945	-	33.294.879
Government Debt Securities	19.472	27.871.333	-	27.890.805
Marketable Securities	-	-	-	-
Other Marketable Securities	337.462	5.066.612	-	5.404.074
Financial Assets at Fair Value Through Other Comphrehensive Income	393.338.985	1.409.681	766.555	395.515.221
Government Debt Securities	393.335.856	-	-	393.335.856
Marketable Securities	3.129	-	766.555	769.684
Other Marketable Securities	-	1.409.681	-	1.409.681
Derivative Financial Assets	-	8.876.687	-	8.876.687
Subsidiaries and Joint Ventures	-	-	42.987.899	42.987.899
Total Assets	393.695.919	43.224.313	43.754.454	480.674.686
Derivative Financial Liabilities	-	3.156.119	-	3.156.119
Total Liabilities	-	3.156.119	-	3.156.119

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	183.412	26.476.300	-	26.659.712
Government Debt Securities	14.268	23.883.221	-	23.897.489
Marketable Securities			-	-
Other Marketable Securities	169.144	2.593.079	-	2.762.223
Financial Assets at Fair Value Through Other Comphrehensive Income	268.634.416	1.175.310	303.025	270.112.751
Government Debt Securities	268.633.444	-	-	268.633.444
Marketable Securities	972		303.025	303.997
Other Marketable Securities	-	1.175.310	-	1.175.310
Derivative Financial Assets	-	12.048.564	-	12.048.564
Subsidiaries and Joint Ventures	-	-	20.834.986	20.834.986
Total Assets	268.817.828	39.700.174	21.138.011	329.656.013
Derivative Financial Liabilities	-	3.590.919	-	3.590.919
Total Liabilities	-	3.590.919	-	3.590.919

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

The movement of financial assets in Level 3 is presented below:

	Current Period	Prior Period
Balances at Beginning of Period	21.138.011	14.399.382
Purchases	3.241.966	867.862
Disposals Through Sale/Redemptions	-	(69.981)
Valuation Effect	19.374.477	5.979.696
Transfers	-	(38.948)
Balances at the End of Period	43.754.454	21.138.011

XII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

1. Transaction, Custody, Management and Consultancy Services of the Bank on behalf of Third Parties

The Bank acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The bank does not provide consultancy and management services.

2. Transactions with Other Financial Institutions Under Fiduciary Transaction Agreements and Financial Services Rendered to Other Financial Institutions Under the Scope Of Fiduciary Transactions and the Effects of Such Services to the Financial Position of the Bank or The Group

The Bank has no fiduciary transactions.

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Türkiye (the “CBRT”)

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	4.720.221	10.141.295	2.631.639	5.664.428
Central Bank of the Republic of Türkiye	23.524.801	335.746.356	20.687.772	179.575.342
Other	-	265.670	-	226.805
Total	28.245.022	346.153.321	23.319.411	185.466.575

Explanation on reserve requirements

Banks that are established in Türkiye or performing their operations by opening branches in Türkiye are subject to Communiqué on Required Reserves of Central Bank of the Republic of Türkiye’s numbered 2013/15. Based on accounting standards and registration layout for banks, the items specified within the Communiqué, except from liabilities to Central Bank, Treasury, Domestic banks, and head offices and branches in Türkiye of the banks established by international agreements, constitute required reserves liabilities.

Banks establish required reserves at the Central Bank of the Republic of Türkiye for their Turkish Lira and foreign currency liabilities specified in the aforementioned communiqué. Establishment of required reserves begins on Friday, two weeks after the liability calculation date, and lasts for 14 days. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the “Communiqué on Required Reserves” at the Central Bank of the Republic of Türkiye. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 3% and 8% for Turkish Lira deposits and other liabilities, and between 5% and 26% for foreign currency deposits and other liabilities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Within the scope of “Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts” numbered 2021/14, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation accounts in Turkish lira. As of 2 September 2022, it has been decided to apply an annual commission of 5%, up to the amount required to be kept for their liabilities, until the end of 2022, to banks that cannot reach the level of 20% for real person and legal accounts separately. As of the obligation date of 2 September 2022, besides the 5% commission rate applied to foreign currency deposits, a commission application based on the Turkish lira share of the deposit has been introduced. It has been decided to charge a commission of 3% over the required reserve amount (excluding foreign banks) for foreign currency deposit liabilities, excluding banks whose Turkish Lira share is above 50% separately for real and legal persons.

Information on the account of the Central Bank of the Republic of Türkiye

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	23.328.884	42.424.961	20.125.127	41.371.285
Unrestricted Time Deposit	-	102.841.750	-	18.403.250
Restricted Time Deposit	-	-	-	682
Other ⁽¹⁾	195.917	190.479.645	562.645	119.800.125
Total	23.524.801	335.746.356	20.687.772	179.575.342

⁽¹⁾Includes, required reserves and CBRT blocked electronic money funds amounting TL 17.157 is located. Required reserves amounting to TL 656.479 belonging to foreign branches are also included. TL 7.425.368 is the portion of required reserves held in foreign currency (31 December 2021: Required reserves and blocked electronic money funds of the Central Bank of the Republic of Türkiye amounting to TL 16.046. Required reserves amounting to TL 399.329 for foreign branches are also included. TL 3.731.084 is the portion of required reserves held in foreign currency, which is included in foreign currency required reserves).

2. Information on Financial Assets at Fair Value Through Profit and Loss Given or Blocked as Collateral or Subject to Repurchase Agreements

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	-	-
Assets Blocked/Given as Collateral	27.890.664	23.897.387
Total	27.890.664	23.897.387

3. Positive Differences Statement Regarding Trading Derivative Financial Asset

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	155.217	1.318	805.568	6.458
Swap Transactions	3.089.376	5.539.380	9.632.350	1.531.626
Futures Transactions	276	-	-	-
Options	8.535	82.585	-	72.562
Other	-	-	-	-
Total	3.253.404	5.623.283	10.437.918	1.610.646

4. Information on Bank Account and Foreign Banks

4.1. Information on Bank Balances

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic Banks	-	140.059	-	156.451
Foreign Banks	505.686	10.825.687	761.150	12.079.761
Foreign Head Office and Branches	-	-	-	-
Total	505.686	10.965.746	761.150	12.236.212

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

4.2. Information on Foreign Bank Accounts

	Unrestricted Amount		Restricted Amount ⁽²⁾	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	3.101.496	1.491.062	1.559.475	4.953.475
USA, Canada	887.567	685.659	1.473.749	715.740
OECD Countries ⁽¹⁾	263.045	181.959	-	-
Off-shore Banking Regions	-	-	-	-
Other	4.025.789	4.681.998	20.252	131.018
Total	8.277.897	7.040.678	3.053.476	5.800.233

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

⁽²⁾It mainly consists of collateral held in various banks for borrowings.

5. Explanation Regarding to the Comparison of Net Values of Financial Assets at Fair Value Through Other Comprehensive Income or Blocked as Collateral and Subject to Repurchase Agreements

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	83.133.879	170.822.248
Assets Blocked/Given as Collateral	101.454.331	52.938.310
Total	184.588.210	223.760.558

6. Information on Financial Assets at Fair Value Through Other Comprehensive Income

	Current Period	Prior Period
Debt Securities	413.036.166	283.683.100
Quoted in Stock Exchange	412.230.503	283.103.217
Not Quoted in Stock Exchange	805.663	579.883
Share Certificates	1.030.428	403.034
Quoted in Stock Exchange	3.127	1.130
Not Quoted in Stock Exchange	1.027.301	401.904
Provision for Impairment (-)	18.393.429	13.928.977
Total	395.673.165	270.157.157

7. Information Related to Loans

7.1. Information on All Types of Loans and Advances Given to Shareholders and Employees of The Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Granted loans to Legal Entity partners	-	-	-	-
Granted loans to Individual partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^{(1) (2)}	1.476.723	-	680.721	-
Total	1.476.723	-	680.721	-

⁽¹⁾Interest rediscount and interest accrual amounting TL 12.850 are not included (31 December 2021: Interest rediscount and interest accrual amounting TL 6.094 are not included).

⁽²⁾Since the balance of overdraft accounts related to employees amounting TL 44.832, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above (31 December 2021: Since the balance of overdraft accounts related to employees amounting TL 32.334, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

7.2. Information About Standard Loans and Loans Under Close Monitoring (First and Second Group Loans) and Loans Under Restructuring

Current Period	Loans Under Close Monitoring			
	Standard Loans	Not Under the Scope of Restructuring	Loans under restructuring	
			Loans with revised contract terms	Refinancing
Cash Loans				
Non-Specialized Loans	913.250.392	11.492.774	2.975.409	66.134.223
Commercial Loans	581.587.522	7.459.699	2.829.454	66.057.451
Export Loans	66.637.634	551.710	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	15.755.785	-	-	-
Consumer Loans	177.044.650	2.395.648	145.955	75.924
Credit Cards	71.697.802	1.082.951	-	848
Other	526.999	2.766	-	-
Specialized Lending ⁽¹⁾	228.426.244	2.147.318	36.231	873.521
Other Receivables	-	-	-	-
Interest Income Accruals	24.341.159	357.784	65.246	2.549.658
Total	1.166.017.795	13.997.876	3.076.886	69.557.402

⁽¹⁾Agricultural loans to support farmers are shown in specialized loans.

Prior Period	Loans Under Close Monitoring			
	Standard Loans	Not Under the Scope of Restructuring	Loans Under Restructuring	
			Loans with revised contract terms	Refinancing
Cash Loans				
Non-Specialized Loans	566.176.396	21.827.316	1.060.894	46.423.145
Commercial Loans	377.447.969	13.878.516	843.686	46.271.295
Export Loans	8.496.269	181.335	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	6.648.631	-	-	-
Consumer Loans	139.705.521	5.242.855	217.208	150.676
Credit Cards	31.310.393	2.369.584	-	1.174
Other	2.567.613	155.026	-	-
Specialized Lending ⁽¹⁾	104.062.560	3.789.550	38.766	1.269.130
Other Receivables	-	-	-	-
Interest Income Accruals	13.081.851	816.949	38.443	4.678.258
Total	683.320.807	26.433.815	1.138.103	52.370.533

⁽¹⁾Agricultural loans to support farmers are shown in specialized loans.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Expected Credit Loss of Stage 1 and Stage 2				
12 Month Expected Credit Losses	7.710.927	-	2.159.100	-
Significant Increase in Credit Risk	-	28.625.013	-	14.764.508

7.3. Loans According to Maturity Structure

Current Period	Loans under Close Monitoring		
	Standard Loans	Loans Not Subject to Restructuring	
		Loans Under Restructuring	Loans Under Restructuring
Short-term Loans	396.543.741	5.047.733	6.985.431
Medium and Long-term Loans	745.132.895	8.592.359	63.33.953

⁽¹⁾Accruals are not included in the table.

Prior Period	Loans under Close Monitoring		
	Standard Loans	Loans Not Subject to Restructuring	
		Loans Under Restructuring	Loans Under Restructuring
Short-term Loans	162.117.087	8.598.550	4.178.214
Medium and Long-term Loans	508.121.869	17.018.316	44.613.721

⁽¹⁾Accruals are not included in the table.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

7.4. Information on Consumer Loans, Individual Credit Cards, Personnel Loans and Personnel Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	3.292.146	172.758.145	176.050.291
Mortgage Loans	18.499	112.301.081	112.319.580
Automotive Loans	96.909	7.747.143	7.844.052
Consumer Loans	3.176.738	52.709.921	55.886.659
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	3.184	162.020	165.204
Mortgage Loans	-	14.485	14.485
Automotive Loans	-	-	-
Consumer Loans	3.184	147.535	150.719
Other	-	-	-
Retail Credit Cards-TL	31.231.156	442.363	31.673.519
With Installment	11.907.800	390.426	12.298.226
Without Installment	19.323.356	51.937	19.375.293
Retail Credit Cards-FC	4.285	-	4.285
With Installment	-	-	-
Without Installment	4.285	-	4.285
Personnel Loans-TL	54.329	850.107	904.436
Mortgage Loans	-	242	242
Automotive Loans	-	-	-
Consumer Loans	54.329	849.865	904.194
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	562.180	9.753	571.933
With Installment	228.405	9.753	238.158
Without Installment	333.775	-	333.775
Personnel Credit Cards-FC	354	-	354
With Installment	-	-	-
Without Installment	354	-	354
Overdraft Accounts-TL (Real Person)	2.542.246	-	2.542.246
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	37.689.880	174.222.388	211.912.268

⁽¹⁾TL 1.852.609 amounting of interest income rediscount and accrual is not included.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	1.160.323	141.206.544	142.366.867
Mortgage Loans ⁽²⁾	11.624	85.779.706	85.791.330
Automotive Loans	7.212	666.168	673.380
Consumer Loans ⁽²⁾	1.141.487	54.760.670	55.902.157
Other	-	-	-
Consumer Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	2.044	113.465	115.509
Mortgage Loans	-	11.511	11.511
Automotive Loans	-	-	-
Consumer Loans	2.044	101.954	103.998
Other	-	-	-
Retail Credit Cards-TL	17.032.219	219.848	17.252.067
With Installment	4.840.781	196.427	5.037.208
Without Installment	12.191.438	23.421	12.214.859
Retail Credit Cards-FC	1.415	-	1.415
With Installment	-	-	-
Without Installment	1.415	-	1.415
Personnel Loans-TL	20.826	425.907	446.733
Mortgage Loans	-	74	74
Automotive Loans	-	-	-
Consumer Loans	20.826	425.833	446.659
Other	-	-	-
Personnel Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	226.732	7.216	233.948
With Installment	61.138	6.537	67.675
Without Installment	165.594	679	166.273
Personnel Credit Cards-FC	40	-	40
With Installment	-	-	-
Without Installment	40	-	40
Overdraft Accounts-TL (Real Person)	2.387.151	-	2.387.151
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	20.830.750	141.972.980	162.803.730

⁽¹⁾TL 1.202.131 amounting of interest income rediscount and accrual is not included.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

7.5. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	4.083.052	67.901.923	71.984.975
Mortgage Loans	9.650	1.122.055	1.131.705
Automotive Loans	143.109	3.135.466	3.278.575
Consumer Loans	3.930.293	63.644.402	67.574.695
Other	-	-	-
Installment Based Commercial Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans-FC	77.099	88.332.897	88.409.996
Mortgage Loans	-	5.108	5.108
Automotive Loans	-	2.842	2.842
Consumer Loans	77.099	88.324.947	88.402.046
Other	-	-	-
Corporate Credit Cards-TL	38.094.333	2.434.194	40.528.527
With Installment	18.027.575	2.431.070	20.458.645
Without Installment	20.066.758	3.124	20.069.882
Corporate Credit Cards-FC	2.983	-	2.983
With Installment	-	-	-
Without Installment	2.983	-	2.983
Overdraft Account-TL (Legal Entity)	3.939.794	-	3.939.794
Overdraft Account-FC (Legal Entity)	-	-	-
Total⁽¹⁾	46.197.261	158.669.014	204.866.275

⁽¹⁾Accrual and rediscount amounts related to loans are not included in the table.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Prior Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	3.636.789	88.457.130	92.093.919
Mortgage Loans	3.577	812.938	816.515
Automotive Loans	128.475	2.621.274	2.749.749
Consumer Loans	3.504.737	85.022.918	88.527.655
Other	-	-	-
Installment Based Commercial Loans-Indexed to FC	-	-	-
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Based Commercial Loans-FC	126.647	70.121.314	70.247.961
Mortgage Loans	-	6.864	6.864
Automotive Loans	-	1.582	1.582
Consumer Loans	126.647	70.112.868	70.239.515
Other	-	-	-
Corporate Credit Cards-TL	15.944.209	247.639	16.191.848
With Installment	7.042.609	247.539	7.290.148
Without Installment	8.901.600	100	8.901.700
Corporate Credit Cards-FC	1.833	-	1.833
With Installment	-	-	-
Without Installment	1.833	-	1.833
Overdraft Account-TL (Legal Entity)	1.463.188	-	1.463.188
Overdraft Account-FC (Legal Entity)	-	-	-
Total⁽¹⁾	21.172.666	158.826.083	179.998.749

⁽¹⁾Accrual and rediscount amounts related to loans are not included in the table.

7.6. Loans According to Types of Borrowers

	Current Period	Prior Period
Public	58.095.201	7.936.283
Private	1.167.240.911	736.711.474
Interest Income Accruals of Loans	27.313.847	18.615.501
Total	1.252.649.959	763.263.258

7.7. Distribution of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	1.214.493.519	736.873.161
Foreign Loans	10.842.593	7.774.596
Interest Income Accruals of Loans	27.313.847	18.615.501
Total	1.252.649.959	763.263.258

7.8. Loans Granted to Investments in Associates and Subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	5.664.719	4.147.452
Indirect loans granted to subsidiaries and associates	-	-
Total	5.664.719	4.147.452

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

7.9. Credit-Impaired Losses (Stage III)

	Current Period	Prior Period
Loans and other receivables with limited collectability	748.202	352.969
Loans and other receivables with doubtful collectability	525.534	758.849
Uncollectible loans and other receivables	10.345.961	11.036.943
Total	11.619.697	12.148.761

7.10. Information on Non-performing Loans (Net)

7.10.1. Information on Non-performing Loans Restructured or Rescheduled and other Receivables

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period			
Gross amounts before the provisions	39.880	150.689	1.266.024
Restructured loans	39.880	150.689	1.266.024
Prior Period			
Gross amounts before the provisions	176.132	282.169	1.629.295
Restructured loans	176.132	282.169	1.629.295

7.10.2. Information on the Movement of Total Non-performing Loans

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Prior Period Ending Balance	997.656	1.688.208	12.454.767
Additions (+)	3.788.740	258.443	556.742
Transfers from Other Categories of Loans under Follow-Up (+)	-	2.592.786	2.667.228
Transfers to Other Categories of Loans under Follow-Up (-)	2.592.786	2.667.228	-
Collections (-) ⁽¹⁾	1.151.212	842.822	4.049.631
Write-offs (-)	-	-	-
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Current Period End Balance	1.042.398	1.029.387	11.629.106
Provision (-)	748.202	525.534	10.345.961
Net Balance on Balance Sheet	294.196	503.853	1.283.145

⁽¹⁾It includes transfers to first and second group loans amounting to TL 1.037.119

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

7.10.3. Information on Non-performing Loans Granted as Foreign Currency Loans

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period:			
Period Ending Balance	92.929	147.575	2.566.709
Provision (-)	92.721	80.440	2.536.973
Net Balance on Balance Sheet	208	67.135	29.736

Prior Period:			
Period Ending Balance	11.725	17.074	3.105.191
Provision (-)	4.494	10.376	3.027.593
Net Balance on Balance Sheet	7.231	6.698	77.598

7.10.4. Information on Gross and Net Loans Under Follow-up According to Borrowers

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period (Net)	294.196	503.853	1.283.145
Loans to Real Persons and Legal Entities (Gross)	1.042.398	1.029.387	11.468.806
Provisions (-)	748.202	525.534	10.185.661
Loans to Real Persons and Legal Entities (Net)	294.196	503.853	1.283.145
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	160.300
Provisions (-)	-	-	160.300
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	644.687	929.359	1.417.824
Loans to Real Persons and Legal Entities (Gross)	997.656	1.688.208	12.298.052
Provisions (-)	352.969	758.849	10.880.228
Loans to Real Persons and Legal Entities (Net)	644.687	929.359	1.417.824
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	156.715
Provisions (-)	-	-	156.715
Other Loans and Receivables (Net)	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

7.10.5. Information on Interest Accruals, Rediscount and Valuation Effect and Their Provisions Calculated for Non-Performing Loans
Banks which Provide Expected Credit Loss According to TFRS 9

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period (Net)	12.600	16.719	51.738
Interest Accruals and Valuation Differences	63.027	41.547	610.448
Provisions (-)	50.427	24.828	558.710
Prior Period (Net)	24.345	41.925	71.583
Interest Accruals and Valuation Differences	41.171	81.810	660.824
Provisions (-)	16.826	39.885	589.241

7.11. Information on Expected Credit Loss

Current Period	Stage 1	Stage 2	Stage 3	Total
Balance at the Beginning of the Period	2.159.100	14.764.508	12.148.761	29.072.369
Additions during the Period	5.493.430	13.881.495	1.661.104	21.036.029
Disposals (-)	(68.563)	(667.060)	(1.417.138)	(2.152.761)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	380.410	(156.483)	(223.927)	-
Transfer to Stage 2	(224.958)	853.302	(628.344)	-
Transfer to Stage 3	(28.492)	(50.749)	79.241	-
Balances at End of Period	7.710.927	28.625.013	11.619.697	47.955.637

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balance at the Beginning of the Period	2.526.931	5.961.551	10.264.236	18.752.718
Additions during the Period	112.369	8.716.458	2.792.329	11.621.156
Disposals (-) ^(*)	(349.530)	(208.420)	(743.555)	(1.301.505)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	281.528	(55.399)	(226.129)	-
Transfer to Stage 2	(338.364)	504.103	(165.739)	-
Transfer to Stage 3	(73.834)	(153.785)	227.619	-
Balances at End of Period	2.159.100	14.764.508	12.148.761	29.072.369

^(*)It includes the provision cancellation of the loan amounting to USD 1.155 million collected during monitoring in the second stage. The amount related to the portion of the provision set aside in previous years has been accounted for in the “Other Operating Income” item, and the amount related to the portion set aside in the current year has been accounted for under the “Expected Loss Provisions Expenses” item.

7.12. Information on Liquidating Policy of Uncollectible Loans and Other Receivables

Execution proceedings are carried out for the collection of receivables from loan services of the Bank’s. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor (s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

7.13. Explanations on Write-Off Policy

The Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

8. Other Financial Assets Measured at Amortized Cost

8.1. Information on Financial Assets Subject to Repurchase Agreements and those Given as Collateral/Blocked

Financial Assets Measured at Amortized Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	16.898.737	5.705.067	1.390.806	3.209.928
Treasury Bills	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	16.898.737	5.705.067	1.390.806	3.209.928

Financial Assets Measured at Amortized Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	1.107.792	-	-	-
Bonds and Similar Investment Securities	57.126.063	36.259.758	607.105	25.626.356
Other	-	-	-	-
Total	58.233.855	36.259.758	607.105	25.626.356

8.2. Information on Government Debt Securities at Amortized Cost

	Current Period	Prior Period
Government Bonds	152.996.336	43.952.455
Treasury Bills	1.107.792	-
Other Public Sector Debt Securities	1.068.417	290.413
Total	155.172.545	44.242.868

8.3. Information on Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Debt securities	159.351.477	44.583.816
Quoted at Stock Exchange	155.172.545	44.242.868
Unquoted at Stock Exchange	4.178.932	340.948
Provision for Impairment (-)	-	-
Total	159.351.477	44.583.816

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

8.4. The Movements of Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Beginning Balance	44.583.816	29.686.696
Foreign Currency Differences on Monetary Assets	10.860.407	10.816.560
Purchases During the Year ⁽¹⁾	105.683.154	6.870.391
Disposals through Sales and Redemptions	(1.775.900)	(2.789.831)
Provision for Impairment (-)	-	-
Period End Balance	159.351.477	44.583.816

⁽¹⁾Accruals are shown in “Purchases During the Year”.

9. Information on Investments in Associates (Net)

9.1. Information about Investment in Associates

Description	Address (City/Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1 Arap Türk Bankası A.Ş.	İstanbul/Türkiye	15,43	15,43
2 Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	İstanbul/Türkiye	33,34	33,34

	Total Assets ⁽¹⁾	Shareholders’ Equity ⁽¹⁾	Total Non- Current Assets ^{(1) (2)}	Interest Income ⁽¹⁾	Income from Marketable Securities ⁽¹⁾	Current Period Profit/Loss ⁽¹⁾	Prior Period Profit/Loss ⁽¹⁾	Fair Value
1	11.442.014	1.832.553	555.819	418.239	223.101	213.492	160.336	-
2	427.052	333.016	107.306	37.667	-	(18.467)	(3.291)	-

⁽¹⁾Current period financial information has been provided from unaudited financial statements as of 31 December 2022. Prior period profit/loss information has been provided from audited financial statements as of 31 December 2021.

⁽²⁾Total fixed assets include tangible and intangible assets.

⁽³⁾The share transfer agreement for the sale of the Bank’s shares in Platform Ortak Kartlı Sistemler A.Ş., which was previously a subsidiary, to Türkiye Halk Bankası A.Ş. was signed on 21.06.2022 and all of the participation shares were transferred to Türkiye Halk Bankası A.Ş. has taken over.

9.2. Information on Financial Associates

	Current Period	Prior Period
Balance at the Beginning of the Period	88.846	88.846
Movement During the Period	-	-
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	-	-
Transfer (-)	-	-
Sales	-	-
Revaluation Increase	-	-
Revaluation/Impairment	-	-
Balance at the End of the Period	88.846	88.846
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

⁽¹⁾The total of our non-financial associates is 128.021 TL. (31.12.2021: 64.058)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

9.3. Sectoral Information on Financial Associates and the Related Carrying Amounts

	Current Period	Prior Period
Banks	88.846	88.846
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

9.4. Subsidiaries Quoted to the Stock Exchange

None (31 December 2021: None).

10. Information on Subsidiaries (Net)

10.1. Information on Subsidiaries

Financial subsidiaries are followed in the unconsolidated financial statements at fair value within the scope of “Separate Financial Statements Türkiye Accounting Standard 27 (TAS 27)” in accordance with IFRS 9 Financial Instruments. Fair values were determined with the valuation reports prepared for these partnerships and were accounted under equity as of the valuation date.

Description	Address (City/Country)	The Bank’s Share Percentage-if different Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
1 Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	99,60	99,60
2 Ziraat Portföy Yönetimi A.Ş.	İstanbul/Türkiye	74,90	99,80
3 Ziraat Katılım Bankası A.Ş.	İstanbul/Türkiye	100,00	100,00
4 Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	81,06	81,06
5 Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	100,00	100,00
6 Ziraat Teknoloji A.Ş.	İstanbul/Türkiye	100,00	100,00
7 Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş. ⁽¹⁾	İstanbul/Türkiye	100,00	100,00
8 Ziraat Bank International A.G.	Frankfurt/Germany	100,00	100,00
9 Ziraat Bank BH d.d.	Sarajevo/Bosnia Herzegovina	100,00	100,00
10 Ziraat Bank (Moscow) JSC	Moscow/Russia	99,91	100,00
11 Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	99,92	99,92
12 Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	99,98	100,00
13 Ziraat Bank Montenegro AD	Podgorica/Montenegro	100,00	100,00
14 JSC Ziraat Bank Georgia	Tiflis/Georgia	100,00	100,00
15 Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	100,00	100,00

⁽¹⁾The current paid-in capital of the Company, which was established with a capital of TL 200.000 in accordance with the decision of the Bank’s Board of Directors dated 12.05.2022 and numbered 13/21, to operate in the field of Electronic Money and Payment Services is TL 50.000. The company, which was registered and announced on 23.08.2022, will start operating after the permission of the TCMB.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

			Total Non-Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value	Shareholder's equity amount needed
	Total Assets	Shareholders' Equity							
1	2.199.603	1.239.093	5.270	342.577	-	737.773	368.107	2.019.128	-
2	433.740	368.028	8.769	35.427	-	185.324	76.170	392.794	-
3	212.356.923	11.378.445	937.396	20.231.260	4.848.469	3.840.272	558.689	8.820.209	-
4	20.662.426	19.399.779	19.811.521	27.611	-	10.945.313	1.320.242	21.486.762	-
5	2.226.444	2.224.779	667	61.747	-	1.147.021	94.360	2.220.443	-
6	227.126	61.733	26.560	2.458	45	42.177	1.704	84.959	-
7	50.000	50.000	-	-	-	-	-	-	-
8	18.461.518	6.059.454	71.888	502.785	7.241	534	122.424	2.464.601	-
9	13.020.442	1.653.056	106.106	241.108	-	31.973	10.962	529.278	-
10	3.097.061	1.121.145	45.097	204.377	1.168	133.455	53.365	785.393	-
11	6.725.546	2.350.069	495.018	323.693	-	(387.925)	56.483	1.847.545	-
12	5.732.518	1.094.215	257.781	226.946	15.253	55.395	37.582	412.793	-
13	1.602.266	331.801	15.049	39.307	9.154	155	(30.082)	238.006	-
14	1.394.888	460.923	45.849	63.398	627	36.931	7.311	282.825	-
15	3.431.045	690.943	80.512	161.362	6.772	108.789	38.731	446.260	-

⁽¹⁾The amounts shown in the interest income column of Ziraat Katılım Bankası A.Ş. include profit share income.
⁽²⁾The current period financial statement information of the subsidiaries is taken from the unaudited financial statements dated 31 December 2022 and the profit/loss figures for the previous period are taken from the unaudited financial statements dated 31 December 2021.

	Current Period	Prior Period
Balance at the Beginning of the Period	20.558.487	13.901.878
Movements During the Period	21.387.548	6.656.609
Additions to Scope of Consolidation	-	-
Purchases	3.249.300	767.894
Bonus Shares Obtained	86.121	99.967
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽¹⁾	22.601.876	7.476.690
Impairment Provision (-)	4.549.749	1.687.942
Transfer (-)	-	-
Balance at the End of the Period ⁽²⁾	41.946.035	20.558.487
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾Includes changes arising from conversion of subsidiaries, whose capitals are paid in Euro amounts, into TL at period end currency rate
⁽²⁾Non-financial subsidiaries amounting to TL 134.959 are not included in the table. (31.12.2021: Non-financial subsidiaries amounting to TL 51.826 are not included in the table.)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

10.2. Sectoral Information on Financial Subsidiaries and the Related Carrying Amounts

	Current Period	Prior Period
Banks	15.826.908	8.567.353
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	26.119.127	11.991.134

10.3. Subsidiaries Quoted to the Stock Exchange

	Current Period	Prior Period
Quoted at domestic stock exchanges	21.486.762	9.280.885
Quoted at international stock exchanges	-	-

11. Information on Entities Under Common Control (Joint Ventures)

Investments on entities under common control are monitored at fair value in the unconsolidated financial statements within the scope of “Separate Financial Statements Türkiye Accounting Standard 27 (TAS 27)” according to TFRS 9 Financial Instruments Standard. The fair values were determined with the valuation reports prepared for these joint ventures and were accounted under equity as of the valuation date.

Entities under Common Control (Joint Ventures) ⁽¹⁾	Bank's Share (%)	Bank's Risk Group Share (%)	Current Assets	Non-Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	13.083.701	67.409	15.326	622.741	269.012

⁽¹⁾Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2022.

12. Information on Lease Receivables

The Bank has no financial lease receivables.

13. Information on Derivative Financial Assets for Hedging Purposes

The Bank has no hedging derivative financial assets.

14. Information on the Investment Property

None.

15. Information on non-currents assets or disposal groups “held for sale” and “from discontinued operations

Bank does not have any discontinuing operations. The assets held for sale are composed of immovables acquired due to consumer, commercial and agricultural loans and immovables for which has no necessity of usage exists by the Bank. Those immovables considered for sales are announced at the web site of the Bank.

The total of the partnership shares acquired by the Bank due to its receivables is TL 415.578 (31 December 2021: TL 181.483). To be TL 12.446 (31 December 2021: TL 7.334) due to the personal receivables of the Bank, TL 4.980.515 (31 December 2021: TL 4.806.870) due to the trade receivables and TL 98.632 (31 December 2021: TL 121.636) due to the agricultural receivables. The total of the real estates acquired for the purpose of receivables is TL 5.091.593 and the total of other real estates held for sale is TL 1.325.408 (31 December 2021: TL 4.935.840), and the total of the movables acquired due to receivables is TL 21.287. (31 December 2021: TL 1.609). The net book value of the Bank's fixed assets held for sale acquired through fiduciary rights is TL 2.310.546 (31 December 2021: TL 1.551.212).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

16. Explanations on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	6.250.005	834.218	1.828.003	218.638	275.752	-	9.406.616
Accumulated Depreciation (-)	931.843	170.075	1.238.517	143.533	265.533	-	2.749.501
Impairment (-)	2.323	-	-	-	-	-	2.323
Net Book Value	5.315.839	664.143	589.486	75.105	10.219	-	6.654.792
Current Period End							
Net Book Value at the Beginning of the Period	5.315.839	664.143	589.486	75.105	10.219	-	6.654.792
Change During the Period (Net)	8.494.357	462.641	478.724	132.495	50	-	9.568.267
-Cost	(104.009)	434.794	895.214	168.161	2.272	-	1.396.432
-Revaluation Differences	9.882.637	-	-	-	-	-	9.882.637
-Transfers (-)	1.325.408	-	-	-	-	-	1.325.408
-Depreciation (Net) (-)	(38.892)	(27.847)	416.490	35.666	2.222	-	387.639
-Impairment (-)	(2.245)	-	-	-	-	-	(2.245)
Net Currency Translation from Foreign Subsidiaries	-	-	-	-	-	-	-
Cost at Period End	14.703.225	1.269.012	2.723.217	386.799	278.024	-	19.360.277
Accumulated Depreciation at Period End (-)	892.951	142.228	1.655.007	179.199	267.755	-	3.137.140
Impairment (-)	78	-	-	-	-	-	78
Closing Net Book Value	13.810.196	1.126.784	1.068.210	207.600	10.269	-	16.223.059

17. The Impairment Provision Set or Cancelled in The Current Period According to The Asset Groups Not Individually Significant but Materially Affecting the Overall Financial Statements, and The Reason and Conditions for This

None.

18. Pledges, mortgages and other restrictions on the tangible assets, expenses arising from the construction for tangible assets, commitments given for the purchases of tangible assets

None.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

19. Explanations on Intangible Assets

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Establishment Costs	6.874	6.874	-	5.088	5.088	-
Goodwill	-	-	-	-	-	-
Intangible Rights	3.208.972	936.371	2.272.601	2.045.998	680.903	1.365.095
Total	3.215.846	943.245	2.272.601	2.051.086	685.991	1.365.095

Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements:

None.

Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:

None.

The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:

None.

The book value of intangible fixed assets that are pledged or restricted for use:

None.

Amount of purchase commitments for intangible fixed assets:

None.

Information on revalued intangible assets according to their types:

None.

Amount of total research and development expenses recorded in income statement within the period if any:

None.

Positive or negative consolidation goodwill on entity basis:

Not applicable for the unconsolidated financial statements.

Information on Goodwill:

None.

20. Information on Deferred Tax Asset

None (31 December 2021: TL 1.519.079).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

21. Information on Expected Credit Loss for Financial Assets

	Current Period	Prior Period
Cash and Balances at Central Bank	3.958	2.253
Banks and Receivables from Money Markets	1.783	1.604
Financial Assets Measured at Amortized Cost	21.499	6.019
Other assets	76.006	39.431
Total	103.246	49.307

22. Information on Other Assets

As of 31 December 2022 and 31 December 2021, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on Deposits/Funds Collected

1.1. Information on Maturity Structure of Deposits

Current Period	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and Over	Cumulative Deposits	Total
Saving Deposits ⁽¹⁾	128.264.260	-	17.521.519	222.771.598	19.102.610	8.532.376	19.995.801	148.528	416.336.692
Foreign Currency Deposits	258.588.422	-	141.626.859	175.601.183	28.186.122	22.282.870	63.997.018	14.799	690.297.273
Residents in Türkiye	204.853.054	-	137.470.201	150.336.995	18.784.624	11.236.616	28.241.731	12.343	550.935.564
Residents on Abroad	53.735.368	-	4.156.658	25.264.188	9.401.498	11.046.254	35.755.287	2.456	139.361.709
Public Sector Deposits	19.931.009	-	101.367.318	10.148.460	797.037	727.651	7.615	-	132.979.090
Commercial Inst. Deposits	76.001.456	-	101.681.473	92.964.817	4.251.238	18.892.065	2.110.247	-	295.901.296
Other Inst. Deposits	5.337.693	-	5.502.521	17.896.309	3.320.224	67.784	319.228	-	32.443.759
Precious Metals Deposit	78.364.129	-	1.890.618	10.529.097	983.185	523.067	571.394	-	92.861.490
Interbank Deposits	8.296.037	-	42.960.484	8.245.071	-	18.488.125	459.543	-	78.449.260
The CBRT	2.711.406	-	-	-	-	-	-	-	2.711.406
Domestic Banks	375.551	-	39.786.877	-	-	-	402.578	-	40.565.006
Foreign Banks	2.394.674	-	312.061	8.245.071	-	18.488.125	56.965	-	29.496.896
Participation Banks	2.814.406	-	2.861.546	-	-	-	-	-	5.675.952
Other	-	-	-	-	-	-	-	-	-
Total	574.783.006	-	412.550.792	538.156.535	56.640.416	69.513.938	87.460.846	163.327	1.739.268.860

⁽¹⁾As of 31 December 2022, the balance of the deposit includes the amount of TL 83.323.364 Treasury Currency Protected Deposit, TL 83.778.421 CBRT Currency Protected Deposit and TL 16.200.004 YUVAM Account Deposit.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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	69.081.481	-	12.341.347	106.372.892	23.985.121	2.673.848	7.565.839	181.935	222.202.463
Foreign Currency Deposits	173.028.421	-	49.157.167	160.231.048	25.048.802	15.563.665	51.786.493	15.469	474.831.065
Residents in Türkiye	145.652.163	-	47.805.777	140.021.008	17.513.749	7.925.055	23.353.389	13.806	382.284.947
Residents on Abroad	27.376.258	-	1.351.390	20.210.040	7.535.053	7.638.610	28.433.104	1.663	92.546.118
Public Sector Deposits	13.981.623	-	8.730.365	7.609.837	788.442	381.429	12.929	-	31.504.625
Commercial Inst. Deposits	23.812.359	-	31.349.097	15.987.692	625.219	2.164.146	956.357	-	74.894.870
Other Inst. Deposits	2.774.107	-	7.880.478	10.860.196	1.161.427	442.151	313.600	-	23.431.959
Precious Metals Deposit	54.301.706	-	1.279.645	9.197.319	770.292	469.926	447.656	-	66.466.544
Interbank Deposits	3.708.562	-	29.940.583	5.466.808	26.430	9.629.879	6.582.827	-	55.355.089
The CBRT	349.015	-	-	-	-	-	-	-	349.015
Domestic Banks	289.262	-	28.744.372	310.661	-	-	2.662.812	-	32.007.107
Foreign Banks	2.285.699	-	113.667	5.156.147	26.430	9.629.879	3.920.015	-	21.131.837
Participation Banks	784.586	-	1.082.544	-	-	-	-	-	1.867.130
Other	-	-	-	-	-	-	-	-	-
Total	340.688.259	-	140.678.682	315.725.792	52.405.733	31.325.044	67.665.701	197.404	948.686.615

⁽¹⁾As of 31 December 2021, the balance of the deposit includes the amount of TL 13.001.011 Treasury Currency Protected Deposit and TL 2.696.662 CBRT Currency Protected Deposit products.

1.2. Information on Saving Deposits Under the Guarantee of the Saving Deposit Insurance Fund and Amounts Exceeding the Limit of the Deposit Insurance Fund

Saving Deposits	Under the Guarantee of Deposit Insurance		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽¹⁾	217.359.340	136.169.941	197.898.374	85.235.756
Foreign Currency Saving Deposits ⁽¹⁾	158.452.416	119.403.684	344.415.016	258.417.350
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branche's Deposits under the Guarantees of Foreign Authority Insurance ⁽²⁾	5.057.008	3.353.517	2.838.629	1.629.055
Off-Shore Banking Regions' and under Foreign Authorities' Insurance	-	-	-	-

⁽¹⁾Related deposit balances do not include foreign branches.

⁽²⁾In Bulgaria and Greece, since both real person and legal entity’s saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 2.643.374 and TL 35.817 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2021: TL 1.208.852 and TL 34.311).

In accordance with the Regulation on the Amendment of the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums to be Collected by the Savings Deposit Insurance Fund, published in the Official Gazette dated 27 August 2022 and numbered 31936, all official institutions in the presence of credit institutions, except those belonging to credit institutions and financial institutions. deposits and participation funds are included in the scope of insurance. In line with this change, commercial deposits amounting to TL 26.393.503 covered by insurance are not included in the table. The portion of the said deposits exceeding the insurance limit is TL 699.147.186.

Based on the Council of Minister's decree dated 29 December 2003 and numbered 2003/6668, TL 434 (31 December 2021: TL 479) of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

1.3. Information on Saving Deposits/Real Persons’ Private Current and Accession Accounts Not Related to Commercial Transactions in a Turkish Branch of The Bank Whose Head Office is Abroad, and Reasons if it is Covered in Where The Head Office is Located

The Bank’s head office is located in Türkiye.

1.4. Saving Deposits of Real Persons which are Not Under the Guarantee of Saving Deposit Insurance Fund

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	12.805	12.236
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	51.853	30.545
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving Deposits in Banks Established in Türkiye Exclusively for Off-Shore Banking Activities	-	-

2. Negative Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	12.129	1.290	798.079	6.271
Swap Transactions	218.585	2.834.279	404.820	2.309.871
Futures Transactions	-	-	-	-
Options	-	89.836	-	71.878
Other	-	-	-	-
Total	230.714	2.925.405	1.202.899	2.388.020

3. Information on Banks and Other Financial Institutions

3.1. General Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	10.208.007	-	-	-
Domestic Banks and Institutions	199.280	13.050.361	383.712	8.878.194
Foreign Banks, Institutions and Funds	-	86.748.424	10.568	50.044.187
Total	10.407.287	99.798.785	394.280	58.922.381

3.2. Information on Maturity Structure of Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	10.406.512	6.285.936	382.907	3.654.798
Medium and Long-Term	775	93.512.849	11.373	55.267.583
Total	10.407.287	99.798.785	394.280	58.922.381

3.3. Further Information is Disclosed for the Areas of Liability Concentrations. Main Liability Concentration Areas are Fund Suppliers, Sector Groups, or other Risk Concentration Criteria

75,24% of the Bank’s total liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Bank’s liabilities are not subject to a significant concentration risk

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

4. Information on Money Market Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	21.024.860	-	139.646.059	-
Financial Institutions and Organizations	20.860.674	-	139.473.430	-
Other Institutions and Organizations	125.400	-	158.819	-
Real Person	38.786	-	13.810	-
From Overseas Operations	-	64.037.829	-	37.053.037
Financial Institutions and Organizations	-	40.090.932	-	37.053.037
Other Institutions and Organizations	-	23.946.897	-	-
Real Person	-	-	-	-
Total	21.024.860	64.037.829	139.646.059	37.053.037

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	-	644.547	-	97.988
Asset-Backed Securities	-	-	-	-
Treasury Bonds	1.010.690	26.112.742	1.010.690	25.053.363
Total	1.010.690	26.757.289	1.010.690	25.151.351

6. If Other Foreign Liabilities exceed 10% of The Total Balance Sheet, Names and Amounts of Sub Accounts That Make Up At Least 20% of These

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

7. Information on Lease Liabilities (Net)

Information on lease liabilities represented in the table below.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	47.708	24.603	23.256	11.893
Between 1-4 Years	924.110	786.166	360.218	329.674
More than 4 Years	1.135.590	597.848	812.434	447.916
Total	2.107.408	1.408.617	1.195.908	789.483

8. Information on the Hedging Derivative Financial Liabilities

There are no hedging derivative financial liabilities.

9. Information on Provisions

9.1. Provisions Related with Principal Foreign Currency Decrease of Foreign Indexed Loans and Finance Leasing Receivables

There are no foreign exchange loss provisions on foreign curren cy indexed loans and financial lease receivables (31 December 2021: None).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

9.2. Liabilities on Employee Benefits Provision

9.2.1. Termination benefit and Unused Vacation Rights

The Bank accounts for its vacation and retirement pay obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2022, unpaid vacation liability amounted to TL 746.797 and employment termination amounted to TL 5.997.944 represented under the “Employee Benefits Provision” in the financial statements (31 December 2021: unpaid vacation liability amounted to TL 368.105, and employment termination amounted to TL 1.355.145 are presented under the “Employee Benefits Provision” in the financial statements)

9.2.2. Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2022 and 31 December 2021.

The liability related to Bank’s benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act’s, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9,80% real discount rate, etc.).

According to related Actuary Report, the Fund’s surplus is TL 17.709.984 as of 31 December 2022 (31 December 2021: TL 10.235.620).

	Current Period	Prior Period
Non Medical Assets	9.609.837	6.297.140
Actual and Technical Overrun	17.709.984	10.235.620

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
-Pension benefits transferable to SSI	9,80%	9,80%
-Post employment medical benefits transferable to SSI	9,80%	9,80%

The CSO 1980 Female/Male mortality table is used to represent the expected mortality rates before and after retirement.

The distribution of fund assets is as follows:

	Current Period	Prior Period
Bank placements	1.204.050	358.942
Property and equipment	940.000	495.566
Marketable securities	7.272.413	5.417.571
Other	193.374	25.061
Total	9.609.837	6.297.140

9.3. Information on Other Provision

Except for the requirements of the BRSA Accounting and Financial Reporting Legislation, the Bank’s management has free provisions amounting to TL 3.710.000 of which TL 24.590.000 has been reserved in previous periods and TL 28.300.000 has been set aside in the current period. (31 December 2021: Except for the requirements of the BRSA Accounting and Financial Reporting Legislation, the Bank’s management has free provisions amounting to TL 3.460.000 of which TL 250.000 has been reserved in previous periods and TL 3.710.000 has been set aside in the current period.)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Expected loss provisions for non-cash loans are TL 9.108.014. (31 December 2021: Expected loss provisions for non-cash loans are TL 3.285.225. The Bank has set aside a provision amounting to TL 110.500 for cases that have not been finalized yet. (31 December 2022: The Bank has set aside a provision amounting to TL 92.600 for cases that are not yet finalized). In addition, there are other provisions amounting to TL 4.475.512. (31 December 2021: Other provisions amounting to TL 248.937.)

10. Explanations on Tax Liability

10.1. Explanations on Current Tax Liability

10.1.1. Information on Taxes Payable

As of 31 December 2022, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 5.909.763 (As of 31 December 2021, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 107.752).

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	5.909.763	107.752
Taxation on Income From Securities	527.578	407.297
Property Tax	5.640	3.716
Banking Insurance Transactions Tax (BITT)	785.989	444.573
Foreign Exchange Transactions Tax	39.653	114.244
Value Added Tax Payable	125.560	41.867
Other	272.208	91.426
Total	7.666.391	1.210.875

10.1.3. Information on Premium Payables

	Current Period	Prior Period
Social Security Premiums Employee	120	62
Social Security Premiums-Employer	153	83
Bank Social Aid Pension Fund Premium-Employee	45.528	22.904
Bank Social Aid Pension Fund Premium-Employer	66.725	33.563
Pension Fund Membership Fees and Provisions-Employee	-	4
Pension Fund Membership Fees and Provisions-Employer	36	15
Unemployment Insurance-Employee	6.536	1.641
Unemployment Insurance-Employer	13.075	3.284
Other	-	-
Total	132.173	61.556

10.2. Information on Deferred Tax Liability

The Bank calculates and reflects deferred tax in accordance with the provisions of “Turkish Accounting Standard for Income Taxes” (“TAS 12”) for taxable temporary differences that arise between the book value of an asset or liability and its tax basis determined in accordance with the tax legislation. In the calculation of deferred tax, enacted tax rates valid as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets consisting of deductible temporary differences are calculated on the condition that it is highly probable to benefit from these differences by earning taxable profit in the future. Calculated deferred tax receivables and deferred tax liabilities are shown in the financial statements by netting.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Information on deferred taxes calculated in terms of deductible temporary differences, tax losses and tax deductions and exemptions are shown below.

	Current Period	Prior Period
Deferred Tax Asset	20.431.364	7.554.531
Deferred Tax Liability	20.710.456	6.035.452
Net Deferred Tax Asset/(Liability)	(279.092)	1.519.079
Net Deferred Tax Income/(Expense)	10.166.137	171.215
	Current Period	Prior Period
Deferred Tax Asset	20.431.364	7.554.531
Expected Loss Provisions	11.039.041	3.807.261
Expected Loss Provisions	1.686.185	355.693
Securities Portfolio	5.107.439	2.673.355
Other	2.598.699	718.222
Securities Portfolio	20.710.456	6.035.452
Financial Assets Valuation Differences	18.706.247	5.502.708
Real Estate Valuation Differences	1.853.995	499.970
Other	150.214	32.774
Net Deferred Tax Asset/(Liability)	(279.092)	1.519.079

As of 31 December 2022, deferred tax income amounting to TL 10.166.137 (31 December 2021: TL 171.215) is in the profit/loss statement, deferred tax expense amounting to TL 11.964.308 (31 December 2021: TL 1.100.456 deferred tax income) is classified under equity.

11. Information on liabilities related to non-current assets “held for sale” and “held from discontinued operations”

The Bank does not have any liabilities related to non-current assets “held for sale” and “held from discontinued operations”.

12. Information on Subordinated Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	28.949.062	-	21.427.601
Subordinated loans	-		-	-
Subordinated debt instruments	-	28.949.062	-	21.427.601
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	28.949.062	-	21.427.601

⁴Subordinated loans are explained in detail in the Note “Information on debt instruments included in the calculation of equity” in Section Four.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

13. Information on Shareholders’ Equity

13.1. Presentation of Paid-In Capital

	Current Period	Prior Period
Common stock	34.900.000	13.100.000
Preferred stock	-	-

13.2. Amount of Paid-In Capital, Explanation as to Whether the Registered Share Capital System is Applied, if so the Amount of Registered Share Capital Ceiling

The Bank does not have a registered capital system.

13.3. Capital Increases and Sources in the Current Period and Other Information Based on Increased Capital Share

The decision to increase the capital to TL 34.900.000 was approved at the Bank’s Extraordinary General Assembly meeting held on 9 March 2022. It was announced in the Trade Registry Gazette numbered 10536. The accounting for the said capital increase was carried out on 14 March 2022, based on the permission obtained from the BRSA.

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
14 March 2022	21.800.000	21.800.000	-	-

13.4. Other Information on Capital Increases and Increased Share Capital with Reserves within the Current Period

There is no share capital amount included in capital.

13.5. Information on Capital Commitments, the Purpose and the Sources Until the End of the Fiscal Year and the Subsequent Interim Period

The Bank has no capital commitments.

13.6. The effects of anticipations based on the financial figures for prior periods regarding the Bank’s income, profitability and liquidity, and possible effects of these future assumptions on the Bank’s equity due to uncertainties at these indicators

In the current period, the Bank follows its operations in line with the previous periods. The Bank’s balance sheet has been managed with precaution by being affected by the interest, rate of exchange and credit risks at the minimum level. This helps to reduce the effects of fluctuations in the market to the Bank’s performance and contributes to the profitability structure to be sustainable.

13.7. Summary Information on Privileges Given to Shares Representing the Capital

The Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities under Common Control (Joint Ventures)	21.648.593	(5.781.840)	6.526.598	(2.023.299)
Financial Assets at Fair Value Through Other Comprehensive Income	37.318.737	(19.802.258)	3.162.858	(8.998.673)
Foreign Exchange Difference	5.838.443	-	4.060.946	-
Total	64.805.773	(25.584.098)	13.750.402	(11.021.972)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

1. Explanations on Off-Balance Sheet Commitments

1.1. Nature and Amount of Irrevocable Loan Commitments

	Current Period	Prior Period
Asset Purchase Commitments	38.863.491	24.260.963
Subsidiaries and Associates Capital Contribution Commitments	150.000	3.150
Loan Granting Commitments	51.525.638	22.888.073
Commitments for Cheque Payments	10.117.968	6.609.633
Commitments for Credit Card Expenditure Limits	100.861.357	61.707.772
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	162.372	101.762
Other Irrevocable Commitments	24.846.437	22.536.938
Total	226.527.263	138.108.291

1.2. A Nature and Amount of Possible Losses and Commitments Arising from the Off-Balance Sheet Items Including the Below Mentioned

The Bank has provided provision amounting to TL 9.108.014 for expected credit losses arising from the off-balance sheet items in the current period (31 December 2021: TL 3.285.225).

1.2.1. Non-Cash Loans Including Guarantees, Acceptances, Financial Guarantees and Other Letter of Credits

	Current Period	Prior Period
Letters of Guarantee	320.689.280	184.456.614
Letters of Credit	67.420.943	60.172.624
Bank Acceptances	12.202.745	11.934.551
Endorsements	14.341.683	6.009.467
Total	414.654.651	262.573.256

1.2.2. Certain Guarantees, Temporary Guarantees, Surety Ships and Similar Transactions

	Current Period	Prior Period
Letters of Certain Guarantees	197.592.777	113.961.477
Letters of Advance Guarantees	55.127.711	29.420.428
Letters of Temporary Guarantees	10.362.644	3.983.624
Letters of Guarantees Given to Customs Offices	4.308.628	1.830.957
Other Letters of Guarantees	53.297.520	35.260.128
Total	320.689.280	184.456.614

1.3. Explanations on Non-Cash Loans

1.3.1. Total Non-Cash Loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	42.693.247	30.904.082
With Original Maturity of One Year or Less	24.259.594	18.644.642
With Original Maturity of More than One Year	18.433.653	12.259.440
Other Non-Cash Loans	371.961.404	231.669.174
Total	414.654.651	262.573.256

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

1.3.2. Information on Sectoral Risk Concentrations of Non-Cash Loans

	Current Period			
	TL	(%)	FC	(%)
Agricultural	2.410.729	1,73	225.098	0,08
Farming and Raising Livestock	1.532.709	1,10	129.936	0,05
Forestry	625.115	0,45	-	-
Fishing	252.905	0,18	95.162	0,03
Manufacturing	49.226.559	35,31	112.498.704	40,87
Mining and Quarrying	1.268.770	0,91	2.130.773	0,77
Production	40.265.033	28,88	99.049.334	35,99
Electric, Gas and Water	7.692.756	5,52	11.318.597	4,11
Construction	30.122.481	21,61	88.782.279	32,26
Services	56.025.268	40,19	71.339.461	25,92
Wholesale and Retail Trade	27.764.098	19,91	18.836.667	6,84
Hotel, Food and Beverage Services	2.440.549	1,75	1.546.168	0,56
Transportation and Telecommunication	7.818.581	5,61	24.833.143	9,02
Financial Institutions	13.083.440	9,38	18.862.179	6,85
Real Estate and Leasing Services	4.245.129	3,04	6.542.868	2,38
Self-employment Services	-	-	-	-
Education Services	279.145	0,20	308.563	0,11
Health and Social Services	394.326	0,28	409.873	0,15
Other	1.631.911	1,17	2.392.161	0,87
Total	139.416.948	100,00	275.237.703	100,00

	Prior Period			
	TL	(%)	FC	(%)
Agricultural	945.334	1,68	511.960	0,25
Farming and Raising Livestock	665.531	1,18	163.941	0,08
Forestry	243.665	0,43	4.396	-
Fishing	36.138	0,06	343.623	0,17
Manufacturing	13.548.809	24,12	95.828.615	46,43
Mining and Quarrying	499.113	0,89	1.393.083	0,67
Production	9.953.480	17,72	85.653.364	41,50
Electric, Gas and Water	3.096.216	5,51	8.782.168	4,25
Construction	15.303.936	27,25	57.566.330	27,89
Services	25.271.295	45,00	52.003.602	25,19
Wholesale and Retail Trade	11.663.940	20,77	15.662.640	7,59
Hotel, Food and Beverage Services	466.041	0,83	1.787.542	0,87
Transportation and Telecommunication	3.935.910	7,01	19.032.839	9,22
Financial Institutions	6.897.133	12,28	12.271.774	5,95
Real Estate and Leasing Services	1.966.708	3,50	2.511.259	1,22
Self-employment Services	-	-	-	-
Education Services	184.010	0,33	321.700	0,16
Health and Social Services	157.553	0,28	415.848	0,20
Other	1.094.164	1,95	499.211	0,24
Total	56.163.538	100,00	206.409.718	100,00

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Information on the Non-Cash Loans Classified Under Group I and Group II

Current Period	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	137.497.166	266.108.903	1.790.419	7.858.132
Letters of Guarantee	121.382.551	188.660.394	1.738.094	7.592.198
Bank Acceptances	1.808.014	10.394.731	-	-
Letters of Credit	1.445.582	65.653.093	1.325	255.941
Endorsements	12.861.019	1.400.685	51.000	9.993
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-
Prior Period	Group I:		Group II:	
	TL	FC	TL	FC
Non-Cash Loans	54.430.210	199.723.746	1.584.065	5.612.710
Letters of Guarantee	51.471.598	124.803.193	1.553.430	5.418.818
Bank Acceptances	211.032	11.723.519	-	-
Letters of Credit	835.596	59.167.003	1.325	156.850
Endorsements	1.911.984	4.030.031	29.310	37.042
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-

2. Explanations on Derivative Transactions

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	622.823.111	410.454.995
Forward Transactions	2.102.239	12.092.546
Swap Transactions	605.339.890	388.366.019
Futures Transactions	1.260.778	-
Option Transactions	14.120.204	9.996.430
Interest Related Derivative Transactions (II)	105.383.188	84.644.944
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	105.383.188	84.644.944
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	728.206.299	495.099.939

Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Derivative Transactions	-	-
Total Derivative Transactions (A+B)	728.206.299	495.099.939

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

The Bank has no derivative instruments for hedging purposes. There are no unrealized transactions (those are estimated in the prior period and recognized based on this assumption; however, it is clear that those transactions would not be realized) or expense and income from agreements in the income statement in the current period.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	3.136.725	(120.249)	262.625	-	2.256.898	5.535.999
-Inflow	219.758.867	74.538.453	14.240.461	2.369.540	3.272.234	314.179.555
-Outflow	(216.622.142)	(74.658.702)	(13.977.836)	(2.369.540)	(1.015.336)	(308.643.556)
Interest rate derivatives	-	-	-	-	-	-
-Inflow	-	65.000	-	32.286.942	20.339.652	52.691.594
-Outflow	-	(65.000)	-	(32.286.942)	(20.339.652)	(52.691.594)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Total Inflow	219.758.867	74.603.453	14.240.461	34.656.482	23.611.886	366.871.149
Total Outflow	(216.622.142)	(74.723.702)	(13.977.836)	(34.656.482)	(21.354.988)	(361.335.150)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	6.650.672	670.981	(436.849)	-	1.267.129	8.151.933
-Inflow	143.150.310	38.587.482	23.724.330	1.558.870	2.282.472	209.303.464
-Outflow	(136.499.638)	(37.916.501)	(24.161.179)	(1.558.870)	(1.015.343)	(201.151.531)
Interest rate derivatives	-	-	-	-	-	-
-Inflow	5.000	40.000	173.902	11.923.284	30.180.286	42.322.472
-Outflow	(5.000)	(40.000)	(173.902)	(11.923.284)	(30.180.286)	(42.322.472)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Total Inflow	143.155.310	38.627.482	23.898.232	13.482.154	32.462.758	251.625.936
Total Outflow	(136.504.638)	(37.956.501)	(24.335.081)	(13.482.154)	(31.195.629)	(243.474.003)

3. Explanations on Contingent Assets and Liabilities

Provision is allocated for transactions with complete and accurate data that may influence the financial structure of the Bank and otherwise, provision is provided based on the estimations.

The Bank’s liability resulting from the cheques given to its customers amount TL 10.117.968 (31 December 2021: TL 6.609.633).

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

4. Explanations on Services in the Name of Others

The Bank acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Bank does not provide consultancy and management services.

IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT OR LOSS

1. Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans ⁽¹⁾	101.259.337	20.466.950	61.660.537	11.134.067
Short Term Loans	38.181.202	2.361.313	17.028.291	922.407
Medium and Long Term Loans	61.426.667	18.105.635	43.666.580	10.211.660
Interest on Loans Under Follow-up	1.651.468	2	965.666	-
Premiums from Resource Utilization Support Fund	-	-	-	-

⁽¹⁾Includes fees and commissions income on cash loans.

1.2. Information on Interest Income on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	12.367	-	-	-
Domestic Banks	95.642	2.072.525	5.782	12
Foreign Banks	118.505	104.967	108.515	22.338
Headquarters and Branches Abroad	-	-	-	-
Total	226.514	2.177.492	114.297	22.350

1.3. Information on Interest Income on Marketable Securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	651.669	3.926	338.221	2.868
Financial Assets at Fair Value Through Other Comprehensive Income	56.704.857	10.217.019	17.818.808	5.773.406
Financial Assets Measured at Amortized Cost	25.659.928	2.172.609	2.118.949	1.387.857
Total	83.016.454	12.393.554	20.275.978	7.164.131

1.4. Information on Interest Income Received from Associates and Subsidiaries

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	280.558	225.624

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

2. Interest Expense

2.1. Information of Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	327.245	2.845.005	127.159	1.042.675
Central Bank of the Republic of Türkiye	121.783	-	-	-
Domestic Banks	124.284	450.868	65.283	184.958
Foreign Banks	81.178	2.394.137	61.876	857.717
Foreign Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	327.245	2.845.005	127.159	1.042.675

⁽¹⁾Includes fees and commissions expenses on cash loans.

2.2. Information on Interest Expense Given to Associates and Subsidiaries

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	141.312	255.217

2.3. Information on Interest Expense Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expenses on Securities Issued	169.899	2.688.467	169.899	1.948.153

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

2.4. Maturity Structure of the Interest Expense on Deposits

Current Period		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	Cumulative Deposit	Total
TL								
Bank Deposit	-	4.418.268	-	-	-	-	-	4.418.268
Saving Deposit	-	1.632.419	24.971.205	3.599.179	852.769	3.433.057	16.027	34.504.656
Public Sector Deposit	90	6.996.508	1.238.957	118.940	75.013	1.333	-	8.430.841
Commercial Deposit	126	5.860.158	4.814.541	1.730.559	4.223.916	133.980	-	16.763.280
Other Deposit	-	537.182	1.885.048	275.010	52.737	48.422	-	2.798.399
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	216	19.444.535	32.909.751	5.723.688	5.204.435	3.616.792	16.027	66.915.444
FC								
Foreign Currency Deposit	2.052	2.962.136	2.651.260	270.728	165.716	377.387	2	6.429.281
Bank Deposit	24	73.414	66.446	-	89.852	58.197	-	287.933
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	7.320	45.467	4.156	2.287	2.452	-	61.682
Total	2.076	3.042.870	2.763.173	274.884	257.855	438.036	2	6.778.896
Grand Total	2.292	22.487.405	35.672.924	5.998.572	5.462.290	4.054.828	16.029	73.694.340

Prior Period		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	Cumulative Deposit	Total
TL								
Bank Deposit	-	4.142.850	1.653	-	-	-	-	4.144.503
Saving Deposit	-	1.662.616	16.516.063	3.706.752	406.207	1.109.198	13.679	23.414.515
Public Sector Deposit	617	1.107.852	1.081.794	75.394	32.970	9.291	-	2.307.918
Commercial Deposit	162	3.325.457	2.927.698	92.494	688.764	52.638	-	7.087.213
Other Deposit	1	382.165	1.617.560	150.565	101.214	48.993	-	2.300.498
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	780	10.620.940	22.144.768	4.025.205	1.229.155	1.220.120	13.679	39.254.647
FC								-
Foreign Currency Deposit	3.515	210.719	1.056.927	124.748	97.033	277.680	3	1.770.625
Bank Deposit	56	2.548	43.297	1.338	21.751	61.678	-	130.668
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	4.285	32.541	2.765	2.011	1.705	-	43.307
Total	3.571	217.552	1.132.765	128.851	120.795	341.063	3	1.944.600
Grand Total	4.351	10.838.492	23.277.533	4.154.056	1.349.950	1.561.183	13.682	41.199.247

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

3. Explanations on Dividend Income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	805	-
Financial Assets at Fair Value Through Other Comprehensive Income	41.040	29.810
Other ⁽¹⁾	226.247	108.090
Total	268.092	137.900

⁽¹⁾Shows the Bank’s dividend income from subsidiaries, associates and entities under common control.

4. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	406.833.503	598.329.934
Trading Gains on Securities	2.497.241	667.393
Profits on Derivative Financial Instruments	9.852.505	8.676.925
Foreign Exchange Profits	394.483.757	588.985.616
Loss (-)	404.918.169	609.373.711
Trading Losses on Securities	125.495	17.886
Losses on Derivative Financial Instruments	18.253.518	20.423.507
Foreign Exchange Loss	386.539.156	588.932.318

5. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 4.669.931 and income from sales of assets amounting to TL 596.163 (31 December 2021: Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 3.209.919 and income from sales of assets amounting to TL 339.640).

6. Expected Credit Loss and Other Provision Expense

	Current Period	Prior Period
Expected Credit Loss Provisions	29.545.406	14.956.143
12 Month Expected Credit Loss (Stage 1)	9.797.720	199.488
Significant Increase in Credit Risk (Stage 2)	15.326.057	9.860.998
Non-Performing Loans (Stage 3)	4.421.629	4.895.657
Marketable Securities Impairment Expense	4	2
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	4	2
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other ⁽¹⁾	28.794.108	374.146
Total	58.339.518	15.330.291

⁽¹⁾TL 24.590.000 free provision expense (31 December 2021: TL 250.000)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

7. Information Related to Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	681.384	395.069
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	100	250
Depreciation Expenses of Tangible Assets	772.189	520.530
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	226.378	144.050
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	7.777.251	4.683.283
Leasing Expenses Related to TFRS 16 Exceptions	104.297	87.052
Maintenance Expenses	478.546	222.138
Advertisement Expenses	467.555	281.527
Other Expenses	6.726.853	4.092.566
Loss on Sales of Assets	1.997	3.740
Other ⁽¹⁾	6.266.849	3.571.251
Total	15.726.148	9.318.173

⁽¹⁾TL 2.689.851 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 2.480.727 consists of taxes, duties and charges expense (31 December 2021: TL 1.792.478 of other items consists of Saving Deposit Insurance Fund accrual expense while, TL 1.251.672 consists of taxes, duties and charges expense.).

8. Fees for Services Received from Independent Auditor/Independent Audit Firm

The fee information for the reporting period regarding the services received from the independent auditor or independent audit firm in accordance with the decision of the POA dated 26 March 2021 is given in the table below:

	Current Period	Prior Period
Independent Audit Fee	24.073	13.039
Tax Consultancy Fee	1.310	272
Other Assurance Services Fee	1.402	877
Other Non-Audit Services Fee	1.517	596
Total	28.302	14.784

⁽¹⁾The fee information is given over the amounts excluding VAT in the table.

⁽¹⁾Amounts are presented on a consolidated basis, including domestic and foreign subsidiaries of the Bank.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

9. Information on Profit/Loss Before Tax from Continuing and Discontinuing Operations

The Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period	Prior Period
Net Interest Income	121.482.897	39.767.734
Net Fees and Commissions Income	13.124.251	5.450.874
Other Operating Income	7.735.953	4.444.305
Dividend Income	268.092	137.900
Trading Profit/Loss (Net)	1.915.334	(11.043.777)
Personnel Expenses (-)	9.210.322	5.195.130
Expected Credit Loss (-)	29.545.406	14.956.143
Other Provision Expenses (-)	28.794.112	374.148
Other Operating Expenses (-)	15.726.148	9.318.173
Profit/(Loss) From Continuing Operations	61.250.539	8.913.442

10. Information on Tax Provision for Continued and Discontinued Operations

As of 31 December 2022 TL 20.158.162 of the Bank’s total tax provision expense amounting to TL 30.324.299 consists of current tax expense while remaining balances amounting to, TL 10.166.137 consists of deferred tax income. (As of 31 December 2021 TL 2.622.133 of the Bank’s total tax provision expense amounting to TL 2.793.348 consists of current tax expense while remaining balances amounting to, TL 171.215 consists of deferred tax income.

11. Explanation on Current Period Net Profit and Loss of Continued and Discontinued Operations

The Bank’s net operating income after tax amounts to TL 41.092.377 (31 December 2021: TL 6.291.309).

12. Information on Net Profit/Loss

12.1. Nature, Amount and Frequency of Income and Expenses Arising from Ordinary Banking Activities, if Required for the Understanding the Performance of the Bank in The Current Period

The Bank mainly utilizes its resources from domestic deposits on loans, securities and interbank operations. Besides, it obtains income via commissions taken from non-cash loans, other banking operations and insurance agencies.

12.2. The Effect of the Change in Accounting Estimates to the Net Profit/Loss; Including the Effects to the Future Period, if any

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period

13. If Other Items in the Profit or Loss Statement Exceed 10% of the Profit or Loss Statement Total, Sub-Accounts Constituting At Least 20% of These Items are Shown Below

The “Other” statement under the “Fees and Commission Income” in the Profit or Loss Statement mainly consists of commissions received from credit card and fees and commissions received from banking transactions.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS’ EQUITY

1. Explanations on the Issuance of Shares:

The paid in capital of T.C. Ziraat Bank is TL 34.900.000. (31 December 2021: TL 13.100.000)

2. Explanations on Profit Distribution:

With the decision taken at the Bank’s Ordinary General Assembly Meeting dated 25 March 2022;

Pursuant to paragraph 1 of Article 33 of the Bank’s Articles of Association regarding the determination, allocation and distribution of the net profit for the period; Allocating 5% (TL 314.565) of legal reserves from the net period profit of TL 6.291.309,

Within the scope of Article 5/1-e of the Corporate Tax Law No. 5520, TL 4.685, which is the portion associated with the period profit within 50% of the real estate sales income exemption base calculated according to the TPL, is to be followed until the end of the 5th year following the year of the sale. in accordance with the relevant law article, to be taken into a special fund account under shareholders’ equity, and the remaining TL 5.972.059 to be transferred to extraordinary reserves,

From TL 63.699 resulting from real estate valuation differences and monitored in previous years’ profit within the framework of the relevant TAS, 50% of the real estate sales income exemption base calculated according to the Tax Law within the scope of Article 5/1-e of the Corporate Tax Law No. 5520, with equity accounts. TL 20.963, which is the associated portion, is taken into the special fund account opened under the shareholders’ equity in accordance with the relevant law to be followed up until the end of the 5th year following the year of the sale, 5% (TL 2.137) of legal reserves is set aside over the remaining TL 42.736, the remaining TL 40.599. It has been decided to transfer to extraordinary reserves.

The Bank plans to distribute the profit it earned in 2022 in line with its articles of association. However, as of the preparation date of the financial reports, no decision has been taken regarding profit distribution.

3. Profit Reserves:

As of the balance sheet date, profit reserves are TL 73.956.519, legal reserves are TL 5.779.782 and extraordinary reserves are TL 68.176.737 (As of 31 December 2021, profit reserves are TL 67.627.159, legal reserves are TL 5.463.080 and extraordinary reserves are TL 62.164.079).

VI. EXPLANATIONS AND NOTES RELATED TO THE CASH FLOW STATEMENT

1. Explanations on the “Other” Items and “The Effect of The Change in Foreign Currency on Cash and Cash Equivalent” item in the Cash Flow Statement:

Regarding operating profit before the change in banking activity assets and liabilities, TL 67.733.997 of the income amount, TL 179.020.646 mainly consists of the interests received from loans and securities, and TL 91.764.043 mostly consists of the interests given to deposits and money market transactions. (31 December 2021: Regarding operating profit before the change in banking activity assets and liabilities, TL 8.923.763 of the income amount, TL 87.832.699 mainly consists of the interests received from loans and securities, and TL 60.537.999 mostly consists of the interests given to deposits and money market transactions.) Other earnings mainly include net fee and commission income and other operating profits.

The effect of change in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year and amounts to TL 4.383.503 income as of 31 December 2022 (31 December 2021: TL 1.232.458 expense).

Cash in TL, cash in foreign currency, Central Bank of the Republic of Türkiye, money in transit, bank cheques purchased and cash on money market operations are defined as “cash”; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as “cash equivalents”.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Period opening and end cash and cash equivalents balance

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	8.522.872	4.967.159
Central Bank of the Republic of Türkiye and Other Banks	86.862.983	29.673.828
Money Market Operations	281.931	206.435
Total Cash and Cash Equivalents	95.667.786	34.847.422

Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	15.127.187	8.522.872
Central Bank of the Republic of Türkiye and Other Banks	175.771.059	86.862.983
Money Market Operations	5.377.473	281.931
Total Cash and Cash Equivalents	196.275.719	95.667.786

VII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE BANK BELONGS TO

1. Information on the Volume of Transactions Relating to the Bank’s Risk Group, Outstanding Loan and Deposit Transactions and Profit and Loss of the Period

1.1 Information on Loans of the Bank’s Risk Group

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	4.147.452	8.985.638	-	-	-	-
Ending Balance	5.664.719	6.688.146	-	-	-	-
Interest and Commissions Income	280.558	912	-	-	-	-

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	2.513.483	7.410.848	-	-	-	-
Ending Balance	4.147.452	8.985.638	-	-	-	-
Interest and Commissions Income	225.624	541	-	-	-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

1.2. Information on Deposits of the Bank’s Risk Group

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	3.495.970	1.674.595	-	-	-	-
Ending Balance	7.116.434	3.495.970	-	-	-	-
Interest Expense on Deposits	141.312	255.217	-	-	-	-

1.3. Information on Forward and Option Agreements and Other Similar Agreements made with the Bank’s Risk Group

	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions at fair value through Profit or Loss						
Beginning Balance	489.081	1.126.974	-	-	-	-
Ending Balance	217.368	489.081	-	-	-	-
Total Profit/Loss	45.529	(33.187)	-	-	-	-
Risk Protection Oriented Processes						
Beginning Balance	-	-	-	-	-	-
Ending Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

1.4. Information Regarding Benefits Provided to the Bank’s Key Management

Fees paid to the Bank’s senior management amount to TL 24.604 (31 December 2021: TL 17.199).

VIII. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

With the Repeated paragraph 298 (Ç) added to the Tax Procedure Law No. 213 and the Provisional Article 32, it is possible for the taxpayers included in the scope to revalue their depreciable economic assets during periods when the conditions for making inflation adjustments are not met. In order to explain the revaluation transactions, the General Communiqué of the Tax Procedure Law no. 537 has been published, and for the enterprises that prepare their financial statements in accordance with the Türkiye Accounting Standards, the General Communiqué on the Tax Procedure Law with the line number 547 published in the Official Gazette dated 14 January 2023 and numbered 32073 (order no. 537). With the Communiqué Amending the According to the Communiqué, the Bank will be able to revalue the immovables registered in its assets and other economic assets subject to depreciation, provided that the conditions in the Provisional Article 32 and Reiterated Article 298 (Ç) are met, and it will be able to pay the corporate tax on the base calculated according to the new values of these economic assets.

The consequences of earthquakes in Kahramanmaraş, which affected many cities, in the disaster area and throughout the country are closely followed. Efforts to be carried out by the Bank in order for social and economic life to return to normal are being concluded immediately.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE BANK

1. Information on the Bank’s Domestic and Foreign Branches and Foreign Representatives of The Bank

	Number	Number of Employees			
Domestic Branch ⁽¹⁾	1.733	24.388			
				Country of Incorporation	
Foreign Representative Office ⁽²⁾	-	-	-		
					Statutory Share Capital
				Total Assets	
Foreign Branch ⁽²⁾	1	5	1- England	22.518.932	1.262.174
	5	5	2- Bulgaria	5.203.806	282.828
	2	4	3- Iraq	2.483.514	888.298
	3	3	4- Greece	2.354.822	659.525
	1	2	5- Saudi Arabia	1.042.806	280.478
	4	1	6- Kosovo	2.896.667	399.712
	8	36	7- T.R. of Northern Cyprus	10.155.101	454.180
	1	3	8- Bahrain	75.499.372	93.493
Off-Shore Banking Region Branches	-	-	-	-	-

⁽¹⁾Includes the employees of the domestic branches, including the employees of head office and regional management.

⁽²⁾Excluding the local employees of the foreign branches.

2. Information on The Bank About Opening, Closing, Changing its Organization Considerably for Domestic and Foreign Branches and Foreign Representatives of The Bank:

In 2022, 8 new branches were opened in Türkiye and 2 branches were closed.

SECTION SIX

OTHER EXPLANATIONS

I. INFORMATION ON THE BANK’S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Information on the assessment done by the international rating agencies Moody’s Investors Service, Fitch Ratings and JCR Eurasia are as follows:

Moody’s Investors Service: August 2022

Outlook	Stable
Long term Foreign Currency Deposit	B3
Short term Foreign Currency Deposit	Not-Prime
Long term Domestic Currency Deposit	B3
Short term Domestic Currency Deposit	Not-Prime
Long term Issuer Rating Domestic Currency	B3
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Fitch Ratings: July 2022

Foreign Currency Long Term IDR	B-
Outlook	Negative
Foreign Currency Short Term IDR	B
Local Currency Long Term IDR	B
Outlook	Negative
Local Currency Short Term IDR	B
National Long-Term Rating	AA (tur)
Outlook	Stable
Government Support Rating	Ns
Viability Rating	b-

JCR Eurasia: January 2023

Long Term International FC	BB
Outlook	Negative
Long Term International LC	BB
Outlook	Negative
Long Term National LC	AAA (Trk)
Outlook	Stable
Short Term National LC	J1+ (Trk)
Outlook	Stable

II. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDIT REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

The unconsolidated financial statements prepared as of 31 December 2022 and for the fiscal period ending on the same date have been prepared by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is subject to audit by the independent auditors’ report dated 17 February 2023 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

CONSOLIDATED FINANCIAL STATEMENTS,
RELATED EXPLANATIONS AND NOTES
AS OF 31 DECEMBER 2022 WITH AUDITOR’S REPORT

(Convenience translation of consolidated financial statements and related disclosures originally issued in Turkish, see note I. of section three)

INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Türkiye Cumhuriyeti Ziraat Bankası Anonim Şirketi

A. Audit of the consolidated Financial Statements

1. Qualified Opinion

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

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

2. Basis for Qualified Opinion

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

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

3. Key Audit Matters

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

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

INDEPENDENT AUDITOR’S REPORT

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR’S REPORT

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

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

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

B. Other Responsibilities Arising From Regulatory Requirements

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

Additional Paragraph for Convenience Translation

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

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

Didem Demer Kaya, SMMM
Partner
İstanbul, 17 February 2023

TÜRKİYE CUMHURİYETİ ZİRAAT BANKASI A.Ş.

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

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

The Bank’s Headquarter Address : Hacıbayram Mahallesi Atatürk Bulvarı
No: 8 06050-Altındağ/ANKARA
Phone : (312) 584 20 00
Facsimile : (312) 584 49 63
Website : www.ziraatbank.com.tr

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

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

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

DOMESTIC SUBSIDIARIES	FOREIGN SUBSIDIARIES
Ziraat Yatırım Menkul Değerler A.Ş.	Ziraat Bank International AG
Ziraat Portföy Yönetimi A.Ş.	Ziraat Bank BH d.d.
Ziraat Katılım Bankası A.Ş.	Ziraat Bank (Moscow) JSC
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	Kazakhstan Ziraat International Bank
Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Ziraat Bank Azerbaijan ASC
	Ziraat Bank Montenegro AD
	JSC Ziraat Bank Georgia
	Ziraat Bank Uzbekistan JSC
	ENTITIES UNDER COMMON CONTROL
	Turkmen Turkish Joint Stock Commercial Bank
ASSOCIATES	
Arap Türk Bankası A.Ş.	

The accompanying consolidated financial statements and notes to these financial statements for the year ended which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks’ Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently audited.

Burhaneddin TANYERİ Chairman of the Board	Alpaslan ÇAKAR Member of the Board, CEO	Fazlı KILIÇ Member of the Board, Member of the Audit Committee
Mahmut KAÇAR Member of the Board, Member of the Audit Committee	Emrah GÜNDÜZ Assistant General Manager Banking Operations and Corporate Communications	Rehber BİRKAN Senior Vice President of Financial Coordination and Reporting

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

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

CONTENTS

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

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

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

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

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

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

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

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

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

SECTION TWO

Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS OF 31 DECEMBER 2022

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

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

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

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

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

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

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

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

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

					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss								
VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premiums	Share Cancellation profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Net Profit/ (Loss)	Current Period Net Profit/ (Loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
Current Period																
31 December 2022																
I. Prior Period End Balance	13.100.000	-	-	-	6.983.490	219.940	1.550.632	4.396.571	(5.813.923)	2.195.068	68.565.711	8.355.475	-	99.552.964	1.590.155	101.143.119
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	13.100.000	-	-	-	6.983.490	219.940	1.550.632	4.396.571	(5.813.923)	2.195.068	68.565.711	8.355.475	-	99.552.964	1.590.155	101.143.119
IV. Total Comprehensive Income (Loss)	-	-	-	-	17.746.646	(3.071.942)	552.474	1.226.805	25.755.285	1.597.336	-	-	46.462.121	90.268.725	151.340	90.420.065
V. Capital Increase in Cash	21.800.000	-	-	-	-	-	-	-	-	-	-	-	-	21.800.000	-	21.800.000
VI. Capital Increase Through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/(Decrease) Through Other Changes	-	-	-	-	-	-	(8.958)	-	(2.529)	-	(1.461.395)	255.739	-	(1.217.143)	1.938.529	721.386
XI. Profit distribution	-	-	-	-	-	-	25.648	-	-	-	7.628.347	(7.656.815)	-	(2.820)	-	(2.820)
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(2.820)	-	(2.820)	-	(2.820)
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	7.590.296	(7.590.296)	-	-	-	-
11.3 Other	-	-	-	-	-	-	25.648	-	-	-	38.051	(63.699)	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)																
	34.900.000	-	-	-	24.730.136	(2.852.002)	2.119.796	5.623.376	19.938.833	3.792.404	74.732.663	954.399	46.462.121	210.401.726	3.680.024	214.081.750

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

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

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

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

					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss								
VI. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premiums	Share Cancellation profits	Other capital reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Net Profit/(Loss)	Current Period Net Profit/(Loss)	Shareholders' Equity Before Minority Interest	Minority Interest	Total Equity
Prior Period																
31 December 2021																
I. Prior Period End Balance	13.100.000	-	-	(17.745)	6.136.881	3.716	(553.770)	3.036.019	839.365	644.292	58.720.828	13.159.432	-	95.069.018	4.535	95.073.553
II. Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	13.100.000	-	-	(17.745)	6.136.881	3.716	(553.770)	3.036.019	839.365	644.292	58.720.828	13.159.432	-	95.069.018	4.535	95.073.553
IV. Total Comprehensive Income (Loss)	-	-	-	-	846.609	216.224	(7.855)	1.360.552	(6.653.288)	1.550.776	-	-	7.918.978	5.231.996	69.534	5.301.530
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase Through Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/(Decrease) Through Other Changes	-	-	-	17.745	-	-	(2.117)	-	-	-	(824.515)	60.837	-	(748.050)	1.516.086	768.036
XI. Profit distribution	-	-	-	-	-	-	2.114.374	-	-	-	10.669.398	(12.783.772)	-	-	-	-
11.1 Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves	-	-	-	-	-	-	-	-	-	-	10.018.237	(10.018.237)	-	-	-	-
11.3 Other	-	-	-	-	-	-	2.114.374	-	-	-	651.161	(2.765.535)	-	-	-	-
Balance at the end of the period (III+IV+.....+X+XI)																
	13.100.000	-	-	-	6.983.490	219.940	1.550.632	4.396.571	(5.813.923)	2.195.068	68.565.711	436.497	7.918.978	99.552.964	1.590.155	101.143.119

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
AS OF 31 DECEMBER 2022

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

	Note (Section Five)	Current Period 1 January- 31 December 2022	Prior Period 1 January- 31 December 2021
VII. CONSOLIDATED STATEMENT OF CASH FLOWS			
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	76.085.746	10.843.434
1.1.1	Interest Received	198.653.832	94.115.132
1.1.2	Interest Paid	(101.490.515)	(64.892.427)
1.1.3	Dividend Received	50.126	34.726
1.1.4	Fees and Commissions Received	26.938.883	8.916.382
1.1.5	Other Income	7.779.508	2.361.370
1.1.6	Collections from Previously Written-off Loans and Other Receivables	5.918.343	4.304.146
1.1.7	Cash Payments to Personnel and Service Suppliers	(11.102.158)	(6.456.199)
1.1.8	Taxes Paid	(26.272.628)	(3.967.727)
1.1.9	Other	(24.389.645)	(23.571.969)
1.2	Changes in Operating Assets and Liabilities	137.552.640	86.411.824
1.2.1	Net Increase/Decrease in Financial Assets at Fair Value Through Profit or Loss	(7.726.578)	(4.464.178)
1.2.2	Net (Increase)/Decrease in due from banks and other financial institutions	(69.431.199)	(71.745.309)
1.2.3	Net (Increase)/Decrease in loans	(533.065.970)	(120.024.538)
1.2.4	Net (Increase)/Decrease in other assets	(36.614.028)	(4.962.795)
1.2.5	Net Increase/(Decrease) in bank deposits	16.267.070	14.345.169
1.2.6	Net Increase/(Decrease) in other deposits	802.670.078	203.578.494
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8	Net Increase/(Decrease) in funds borrowed	28.351.629	(2.610.288)
1.2.9	Net Increase/(Decrease) in payables	-	-
1.2.10	Net Increase/(Decrease) in other liabilities	(62.898.362)	72.295.269
I.	Net Cash Provided from Banking Operations	213.638.386	97.255.258
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided from Investing Activities	(113.078.290)	(31.137.042)
2.1	Cash Paid for Acquisition of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)	(109.579)	(147.737)
2.2	Cash Obtained from Disposal of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)	1.750	-
2.3	Purchases of Property and Equipment	(4.567.101)	(2.052.540)
2.4	Disposals of Property and Equipment	286.760	1.328.311
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(102.493.761)	(70.946.216)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	76.625.461	41.672.891
2.7	Purchase of Financial Assets at Measured at Amortized Cost	(84.597.720)	(3.781.582)
2.8	Sale of Financial Assets at Measured at Amortized Cost	1.775.900	2.789.831
2.9	Other	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net Cash Provided from Financing Activities	13.872.885	(438.619)
3.1	Cash Obtained from Funds Borrowed and Securities Issued	18.931.781	17.907.409
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	(26.307.725)	(17.962.537)
3.3	Issued Equity Instruments	21.800.000	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(551.171)	(383.491)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(1)	1.439.724
V.	Net Increase in Cash and Cash Equivalents (I+II+III+IV)	119.183.882	67.119.321
VI.	Cash and Cash Equivalents at the Beginning of the Period	(1)	43.002.234
VII.	Cash and Cash Equivalents at the End of the Period	(1)	229.305.437
		229.305.437	110.121.555

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

STATEMENT OF PROFIT DISTRIBUTION
AS OF 31 DECEMBER 2022

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

Benchmark Rate Reform

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

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

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

III. INFORMATION ON CONSOLIDATED SUBSIDIARIES

1. Consolidation Principles Applied

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

1.1. Consolidation Principles for Subsidiaries

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

1.2. Consolidation Principles of Associates and Entities under common control

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

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

1.3. Principles Applied During Share Transfer, Merger and Acquisition

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

1.4. Transactions with Minority Shareholders

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

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

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

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

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

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

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

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

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

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

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

Classification and Measurement within the Scope of TFRS 9

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Financial Assets at Fair Value Through Profit or Loss

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

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

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

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

Financial Assets at Measured at Amortized Cost

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Loans

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

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

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

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

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

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

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

Impairment

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

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

- Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument and the following aspects are important for the measurement:
- Probability-weighted and neutral amount determined by taking into account possible outcomes,
 - Time value of the money,
 - Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

12 Month Expected Credit Losses (Stage 1)

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

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

Significant Increase in Credit Risk (Stage 2)

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

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

Credit-Impaired Losses (Stage 3)

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

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

- Objective Default Definition: It means debt having past due more than 90 days. This assumption can be proved otherwise in the light of supportable information.
- Subjective Default Definition: It means it is considered as unlikeliness to pay. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

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

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

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

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

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

Probability of Default (PD)

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

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

Exposure at Default (EAD)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

Loss Given Default (LGD)

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

Future Expectations

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

The Methodology of Behavioral Maturity Calculation

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

Write-off Policy

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

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

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

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

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

XIII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

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

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

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

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

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

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

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

XIV. EXPLANATIONS ON INVESTMENT PROPERTIES

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

XV. EXPLANATIONS ON LEASING TRANSACTIONS

Leases in TFRS 16

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

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

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

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

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

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

The Group does not apply the standard provisions for leases shorter than 1 year in line with the exception provisions of the relevant standard. The Bank reflects the lease payments associated with these leases linearly throughout the lease period and reflects them in the financial statements.

Subject to financial leasing in the consolidated balance sheet of the entity is shown as a receivable equal to net leasing. The interest income is determined so as to form a fixed revenue return ratio using net investment method related to lease asset of the lessor, and the portion of interest income which does not take part in the related term is followed under the unearned interest income account.

Tangible assets that are acquired under leasing are amortized with respect to the rates used for directly acquired assets that have similar nature. Assets held under leases are recognized under the tangible assets account and are depreciated on annual and monthly basis with respect to their useful lives. Principal and installment paid for tangible assets that are acquired under leasing are charged to liability account “Lease Liabilities”, whereas interests are recognized in “Deferred Leasing Expenses” account. At installment payments, principal and interest amount of installment amount is debited to “Lease Liabilities” account, whereas interest is credited in “Deferred Leasing Expenses” account and recorded to the “Other Interest Expenses”.

XVI. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES

Provisions other than provisions for impairment set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 “Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding”.

The Group provides provision in case of an existing liability (legal or implicit) as a result of an incident that took place in the past, there is possibility of disposal of assets that bring economic benefit, and the liability is measurable. When a reliable estimate of the amount of obligation from the Parent Bank cannot be made, it is considered that a “contingent” liability exists, and it is disclosed in the related notes to the financial statements.

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements in which the change occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

XVII. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Employment Termination and Vacation Benefits

The Group recognizes its liabilities of employment terminations and vacation benefits in accordance with TAS 19 “Turkish Accounting Standard about Benefits for Employee” and estimates the net present value of future liabilities arising from employment terminations and vacation benefits and reflects this provision amount in the financial statements.

Under the Turkish legislation as supplemented by union agreements, Employment Termination Benefit payments are made in case of retirement or employment termination or resignation depending on the arise of the legal conditions. According to the related legislation, depending on the status and position of the employee in the Group and social security institution, retirement bonus pension/ severance payments are calculated for the time that the personnel has worked. Employment termination is calculated based on actuarial assumptions. These assumptions based on the calculation are below:

The Parent Bank uses independent actuaries in determining liability and makes assumptions about issues such as discount rate and inflation. As of 31 December 2022, retirement benefit obligation is TL 6.140.669 (31 December 2021: TL 1.393.410).

	Current Period	Prior Period
Discount Rate	10,60%	19,20%
Inflation	10,08%	14,30%

The Group accounts for actuarial losses and gains under shareholders’ equity in accordance with the revised TAS 19 Turkish Accounting Standard for Employee Benefits, which came into force as of 1 January 2013. The Group reclassified actuarial loss of TL 2.852.002 after deferred tax effect under shareholders’ equity. (31 December 2021: TL 219.940 loss).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days.

The Parent Bank is not employing its personnel by means of limited-period contracts.

Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

Some of the Parent Bank and Ziraat Katılım Bankası A.Ş. personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees’ Pension Fund (“Fund”) which was established by 20th provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Banking Law numbered 5411; the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution (“SSI”) is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 31 March 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

With the publication of the reasoning of the decision, the Grand National Assembly of Türkiye (“GNAT”) started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the “Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations” No 5754 (“the New Law”) regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870, and came into force.

According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9,80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

In accordance with 58th article and 7th provisional article of the Banking Law, restricting banks from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from 1 January 2008, has been delayed up to 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Based on the Council of Ministers’ decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years.

Besides, the phrase of “two years” in Clause (2), Article 1 of the temporary 20th provision of the law numbered 5510 is revised as “four years” with the law numbered 6283 amending on the Social Insurance and General Health Insurance Law, published in the Official Gazette numbered 28227, dated 8 March 2012.

Based on the Council of Ministers’ decree numbered 2014/6042 and issued in the Official Gazette numbered 28987 dated 30 April 2014, the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for one year.

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; “Council of Ministers is the authority to determine the date of transfer of banks, insurance and reassurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506. As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 31 December 2022 which is prepared in accordance with the new law and the rate determined as 9,80%, concluded no technical deficit arises in the above-mentioned fund. Since the Parent Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Parent Bank’s financial statements.

XVIII. EXPLANATIONS ON TAXATION

Current Tax

The corporate tax rate of 20% was designated in Corporate Tax Law No. 5520 which was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205 for corporate earnings.

However;

Pursuant to Article 25 of Law No. 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810; Corporate tax rate has been determined as 25% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. This provision entered into force on 15 April 2022 to be applied to corporate earnings for the 2022 taxation period, and as of December 31, 2022, the corporate tax rate was applied as 25% in the financial statements.

The corporate tax rate is applied to the tax base to be found as a result of the addition of the non-deductible expenses in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions (such as the participation earnings exemption) and deductions in the tax laws. No further tax is paid if the profit is not distributed.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Türkiye or to resident corporations are not subject to withholding tax. While dividends paid to individuals and corporations were subject to withholding tax at the rate of 15%, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated 22 December 2021 and No. 31697. Addition of profit to capital is not considered as profit distribution and withholding tax is not applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Corporations calculate advance tax quarterly on their financial profits at the corporate tax rate valid for that year and declare and pay until the 17th day of the second month following that period. Advance tax paid by corporations for the current period is offset against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be used to offset any other financial liabilities to the government.

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations’ 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from corporation tax (It was changed with 89th article of code 7061 that entries into force in 5 December 2017).

This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered tax loss.

Taxes which do not accrue on time because the applying exemption for the transfer of the exempted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warranters’ real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors’ revenues that used for against debts or transferring to SDIF, 50% of the profits arising from the sale of the said assets obtained by the banks in this way, and 75% of the profits arising from the sale of others are exempted from corporation tax.

Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Losses cannot be carried back to offset profits from previous periods.

Tax returns are required to be filled and delivered to the related tax office until the end of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings. As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, including the provisional tax periods. Financial statements will not be subject to inflation adjustment for the 2022 and 2023 accounting periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met, It has been enacted that the 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years’ profit/loss account.

Tax rates used in tax calculation considering the related countries’ tax legislation as of 31 December 2022 are presented below:

Russia	20%
Kazakhstan	20%
Germany	15%
Bosnia Herzegovina	10%
Azerbaijan	20%
Montenegro	15%
Georgia	15%
Uzbekistan	20%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Deferred Tax

In accordance with TAS 12 “Turkish Accounting Standards Relating to Income Tax” and taking into account the additional regulation introduced by the Law No. 7316 of 22 April 2021, the Parent Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation.

In accordance with the Law No. 7316 published in the Official Gazette dated 22 April 2021, the corporate tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of 1 July 2021 and being valid for the taxation period starting from 1 January 2021. It was announced that this rate would be applied as 23% for the taxation period of 2022 and 20% for the taxation periods of 2023 and beyond. However, with the Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette dated 15 April 2022 and numbered 31810, and the Law on Amendments to Some Laws and Decree-Laws, Article 26 With the paragraph added to the temporary article 13 of the Corporate Tax Law No. 5520, it is stated that the Corporate Tax rate will be rearranged for the corporate earnings of the 2022 taxation period and the tax rate will be applied as 25% for the banks.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. In the deferred tax calculation, the Parent Bank estimates the time when temporary differences will be taxable/deductible and uses the legal tax rates valid as of the balance sheet date in accordance with the current tax legislation. As deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) effective or almost certain to come into effect as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Parent Bank has as of 31 December 2022, deferred tax calculations were made based on rates varying 25% on assets and liabilities. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled, or the asset realized and reflected in the statement of income as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity.

Deferred tax assets and liabilities are reflected in the consolidated financial statements by offsetting in the separate financial statements of the consolidated subsidiaries.

According to December 8, 2004 BRSA.DZM.2/13/1-a-3 notice, there is no deferred tax assets on general provision and free provision. In addition to this, deferred tax asset calculation has started to be measured over temporary expected provision losses differences according to TFRS 9 articles, beginning from 1 January 2018. Deferred rate calculation for free provisions are not calculated.

XIX. EXPLANATIONS ON BORROWINGS

The Group recognizes its debt instruments in accordance with TFRS 9 “Financial Instruments” and all financial liabilities are carried at amortized cost by using effective interest rate method. The Group has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings.

If required, the Group borrows from domestic and foreign real people and entities with debt instruments such as bill/bond issuance. These transactions are recognized at fair value including acquisition costs at the transaction date while accounted with effective interest rate method over their discounted costs in the following periods.

The Group has issued no convertible bonds to shares and has no instruments representing its own borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

XX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES

There are no issued shares by the Group.

XXI. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Commitments regarding bill guarantees and acceptances of the Group are presented in the “Off-Balance Sheet” commitments.

XXII. EXPLANATIONS ON GOVERNMENT GRANTS

There are no government incentives utilized by the Group as of the balance sheet date.

XXIII. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturities of 3 months or less following the date of acquisition, which is readily convertible to a known amount of cash and does not bear the risk of significant amount of value change. The book values of these assets represent their fair values. FC cash equivalents and balances regarding banks are valued by the period end counter foreign currency buying rate of the Bank.

For the purposes of the cash flow statement, “Cash” includes cash, effectives, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and “Cash equivalents” include interbank money markets receivables and time deposits at banks with original maturity periods of less than three months.

XXIV. EXPLANATIONS ON SEGMENT REPORTING

Information about operating segments which are determined in line with TFRS 8 “Turkish Accounting Standard Operating Segments” together with organizational and internal reporting structure of the Group, are disclosed in Note X of Section Four.

XXV. EXPLANATIONS ON OTHER MATTERS

None.

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

I. EXPLANATIONS ON THE COMPONENTS OF CONSOLIDATED SHAREHOLDERS’ EQUITY

Shareholders’ equity and capital adequacy ratio were calculated within the framework of “Regulation on Banks’ Equity” and “Regulation on Measurement and Evaluation of Capital Adequacy of Banks” and in addition to these, the following regulations of the BRSA.

- In accordance with the Decision of the Banking Regulation and Supervision Agency dated 28 April 2022 and numbered 10188, the Central Bank’s foreign exchange buying rate of 31 December 2021 was used while calculating the valued amounts in foreign currency in calculating the amount subject to credit risk.
- Within the framework of the regulation dated 21 December 2021 No. 9996, if the net valuation differences of the securities held by banks in the portfolio of “Financial Assets at Fair Value through Other Comprehensive Income” are negative, these differences may not be taken into consideration in the calculation of equity amount. The said exception was not used in the calculation of equity as of 31 December 2022.

As of 31 December 2022, the Group’s total capital has been calculated as TL 255.818.605 (31 December 2021: TL 135.084.119), capital adequacy ratio is 15,78% (31 December 2021: 15,66%). This ratio is well above the minimum ratio required by the legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1. Information Related to the Components of Shareholders’ Equity

	Current Period 31 December 2022	Prior Period 31 December 2021
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	34.900.000	13.100.000
Share issue premiums	-	-
Reserves	74.732.663	68.565.711
Gains recognized in equity as per TAS	72.993.953	18.413.122
Profit	47.416.520	8.355.475
Current Period Profit	46.462.121	7.918.978
Prior Period Profit	954.399	436.497
Shares acquired free of charge from associates, subsidiaries and entities under common control and cannot be recognized within profit for the period	279.341	138.703
Minority Interest	1.986	923
Common Equity Tier 1 Capital Before Deductions	230.324.463	108.573.934
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1 st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	19.920.751	3.209.640
Improvement costs for operating leasing	154.357	76.178
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	2.766.382	1.677.133
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4 th clause of the 56 th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2 nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	Current Period 31 December 2022	Prior Period 31 December 2021
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA (-)	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	22.841.490	4.962.951
Total Common Equity Tier I Capital	207.482.973	103.610.983
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	30.236.921	21.860.635
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital--	-	-
Third parties' share in the Additional Tier I capital (Covered by Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	30.236.921	21.860.635
Deductions from Additional Tier I Capital	-	-
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other Items to be defined by the BRSA (-)	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	30.236.921	21.860.635
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	237.719.894	125.471.618
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	-	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Third parties' share in the secondary capital	-	-
Third parties' share in the secondary capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	18.123.366	9.628.527
Tier II Capital Before Deductions	18.123.366	9.628.527
Deductions from Tier II Capital	-	-
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	18.123.366	9.628.527
Total Capital (The sum of Tier I Capital and Tier II Capital)	255.843.260	135.100.145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	Current Period 31 December 2022	Prior Period 31 December 2021
Total Tier I Capital and Tier II Capital (Total Equity)	255.843.260	135.100.145
Deductions from Capital Loans granted contrary to the 50 th and 51 st Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale Purpose but Retained more than Five Years	-	-
Other items to be defined by the BRSA	24.655	16.026
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	255.818.605	135.084.119
Total Risk Weighted Assets	1.621.034.385	862.578.752
CAPITAL ADEQUACY RATIOS		
Consolidated CET 1 Capital Ratio (%)	12,80	12,01
Consolidated Tier I Capital Ratio (%)	14,67	14,55
Consolidated Capital Adequacy Ratio (%)	15,78	15,66
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	4,56	4,56
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific countercyclical buffer requirement (%)	0,06	0,06
c) Higher bank buffer requirement ratio (%)	2	2
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	8,30	7,51
Amounts Lower than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	307.624	251.635
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	135.876	95.387
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	5.928.087	2.991.519
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand	46.570.632	19.856.675
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	18.123.366	9.628.527
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. Information on the Items Included in the Equity Calculation

Information about instruments included in total capital calculation-Current Period	
Issuer	T.C. Ziraat Bankası A.Ş.
Identifier (CUSIP, ISIN vb.)	XS1984644739
Governing law (s) of the instrument	Subject to English Law and in terms of certain articles to Turkish Regulations. It is issued within the scope of the Communiqué VII-128.8 on Debt Instruments of the Capital Markets Board and the Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity of the BRSA.
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	None.
Eligible on consolidated and/or unconsolidated basis	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Bond Issuance (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	27.980
Nominal value of instrument (TL million)	27.980
Accounting classification of the instrument	347001-Subordinated Debts Instruments
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24.04.2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Subject to the approval of the BRSA, a repayment option is available at the end of each 5-year period from the date of issue.
Subsequent call dates, if applicable	24.04.2024
Interest/dividend payment	
Fixed or floating coupon/dividend payments	Fixed
Coupon rate and any related index	First 5 years fixed 5,076%, next 5 years MS + 5,031% fixed
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	Fully discretionary
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger (s)	Yes. Article 7 of the Regulation on Bank Capital
If bond can be written-down, full or partial	Has full or partial write down feature
If bond can be written-down, permanent or temporary	Has permanent or temporary write down feature
If temporary write-down, description of write-up mechanism.	Has-write up mechanism
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	After the debt instruments to be included in secondary capital calculation, the depositors and all other creditors
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Information about instruments included in total capital calculation-Current Period	
Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Identifier (CUSIP, ISIN vb.)	-
Governing law (s) of the instrument	The Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity of the BRSA. 5 October 2013
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	None
Eligible on consolidated and/or unconsolidated basis	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Credit (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	1.557
Nominal value of instrument (TL million)	1.995
Accounting classification of the instrument	347000-Subordinated Loans
Original date of issuance	24.04.2019
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	24.04.2019
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Option date is 5 years, (subject to BRSA permission)
Subsequent call dates, if applicable	-
Interest/dividend payment	
Fixed or floating coupon/dividend payments	None
Coupon rate and any related index	None
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	None
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger (s)	If the Core Capital adequacy ratio or the consolidated Core Capital adequacy ratio falls below 5,125 percent
If bond can be written-down, full or partial	Yes
If bond can be written-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism.	It is possible to write up after temporary write down.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	i. After payments within the scope of Priority Liabilities, ii. Equal (pari passu) among themselves and with all other Co-Liabilities without order of preference, and iii. Prior to all payments under Low-Degree Liabilities
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Information about instruments included in total capital calculation-Current Period	
Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Identifier (CUSIP, ISIN vb.)	-
Governing law (s) of the instrument	The Regulation on Bank Capital and Communiqué on Principles Regarding Debt Securities to be Included in the Calculation of Banks’ Equity of the BRSA. 5 October 2013
Regulatory treatment	
Subject to 10% deduction as of 1/1/2015	None
Eligible on consolidated and/or unconsolidated basis	Eligible on consolidated and unconsolidated
Instrument type	Additional Capital Credit (Tier 1 Capital)
Amount recognized in regulatory capital (Currency in TL million, as of most recent reporting date)	700
Nominal value of instrument (TL million)	1.138
Accounting classification of the instrument	347000-Subordinated Loans
Original date of issuance	09.03.2022
Maturity structure of the instrument (perpetual/dated)	Perpetual
Issue date of the instrument	09.03.2022
Issuer call subject to prior supervisory (BRSA) approval	Yes
Call option dates, conditioned call dates and call amount	Option date is 5 years, (subject to BRSA permission)
Subsequent call dates, if applicable	-
Interest/dividend payment	
Fixed or floating coupon/dividend payments	None
Coupon rate and any related index	None
Existence of any dividend payment restriction	None
Fully discretionary, partially discretionary or mandatory	None
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	None
Convertible into equity shares	
If convertible, conversion trigger (s)	None
If convertible, fully or partially	None
If convertible, conversion rate	None
If convertible, mandatory or optional conversion	None
If convertible, type of instrument convertible into	None
If convertible, issuer of instrument to be converted into	None
Write-down feature	
If bonds can be written-down, write-down trigger (s)	If the Core Capital adequacy ratio or the consolidated Core Capital adequacy ratio falls below 5,125 percent
If bond can be written-down, full or partial	Yes
If bond can be written-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism.	It is possible to write up after temporary write down.
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	i. After payments within the scope of Priority Liabilities, ii. Equal (pari passu) among themselves and with all other Co-Liabilities without order of preference, and iii. Prior to all payments under Low-Degree Liabilities
In compliance with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital.
Details of incompliances with article number 7 and 8 of Regulation on Bank Capital	Instrument is in compliant with Article 7 of the Regulation on Bank Capital

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3. Necessary Explanations in order to Reach an Agreement Between the Statement of Shareholder’s Equity and Balance-Sheet Amounts		
	Current Period	Prior Period
Balance Sheet-Equity	214.081.750	101.143.119
Operational Leasing Development Costs	(154.357)	(76.178)
Goodwill and Other Intangible Assets and Related Deferred Taxes Liabilities	(2.766.382)	(1.677.133)
TIER 2 Capital (Provisions)	18.123.366	9.628.527
Debt Instruments and the Related Issuance Premiums Defined by the BRSA TIER 2 Capital (Provisions)	30.236.921	21.860.635
Other deductions from common equity	(24.655)	(16.026)
Minority interest	(3.678.038)	(1.589.232)
Other regulations	-	5.810.407
Amount recognized in regulatory capital	255.818.605	135.084.119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

II. EXPLANATIONS ON THE CONSOLIDATED CREDIT RISK

1. Information on Credit Risk

Credit risk is the possibility of loss that the Group may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The limits of the credit customers are identified, after combined assessment of various factors like the financial and nonfinancial information of the credit customers, credit requirements, sectoral and geographical features and, in conformity with the legal legislation, in line with the credit authorization limits of the branches, Group Presidencies, Department Presidencies, Assistant General Management, General Manager, Credit Committee and Board of Directors.

In order to prevent the risk intensity on the Corporate/Commercial loan portfolio, limits are determined and followed on the basis of group companies, private and public firms, and different debtor groups. Similarly, in determining the limits of the agricultural loan portfolio the structures of the regions are considered. The Group’s credit authority limits on given consumer loans are defined with the separation of type and guarantee and these limits are updated according to economic conjuncture and demands of Regional Directorates/Branches.

The limits, subjects, collateral structure, maturities, accounts booked, outstanding balances of the loans allocated by the branches are periodically analyzed depending on the number of customers and monitored on customer and regional basis.

In corporate/commercial loans, companies continue to be monitored after the allocation of the loan, and changes in the financial structures and market relations of loan companies are followed. Credit limits are determined and approved to be valid for one year, and renewals are made provided that there is no negative change in the customer’s situation (financial structure, market, collateral, etc.).

The Parent Bank is assessing credibility of the customer as the essential factor in issuing credits and creditors’ credit worthiness are ascertained during credit application and limit allocation/renewal. Documents to be obtained during the application are evidently mentioned in regulations and appropriateness of the documents obtained during application is controlled by internal audit departments. The Parent Bank considers guarantees as important in minimization and elimination of the risk. As a result of policies and process based on obtaining reliable and robust guarantees, the Parent Bank’s credit risk significantly declines.

On August 2012 the Parent Bank started applying internal ratings processes as a decision support system for analyzing credit worthiness and determining credit allocation for Corporate/Commercial consumer loans.

The Parent Bank makes provision in conformity with the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”.

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries. When banks and/or countries are financially or economically risky, identified limits can be restricted with maturity, amount or type of transaction or use of credit is called off.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Since the Parent Bank’s abroad lending operations have no significant effect on the financial statements, and operations and transactions are diversified via the use of different financial institutions in various countries, The Parent Bank is not believed to be exposed to a significant credit risk as a result of these operations.

Foreign financial institution and country risks of the Parent Bank are generally taken on financial institutions and countries which are rated by international rating institutions. Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored. Client transactions within the context of Fund Management are done in the frame of general loan limits determined for the client.

The Parent Bank engages in foreign currency swaps and forward transactions considering its asset-liability balance and legal limits within the framework of the authorities and limits determined by the Board of Directors. These are not considered to generate material risk given the amount of these transactions in the balance sheet.

Non-cash risks of customers classified as non-performing loans in accordance with the Communiqué on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions” are subjected to expected loss provision (Stage 3) under the same regulation, when the related risks are reimbursed and transformed into cash receivables, they are followed up in the same risk group as the cash loan which was previously classified as non-performing loans and the expected losses provision (Stage 3) continues to be provided.

Restructured and rescheduled loans are also booked in line with procedures and under accounts defined by the related regulation. Furthermore, they are monitored by the Parent Bank in line with credit risk policies. In this context, financial situation and commercial operations of related customers are analyzed and in terms of restructured plan, whether principal and interest payments have been paid is being checked and necessary measures are taken.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 28% and 34% respectively (31 December 2021: 29% and 34%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 46% and 56% respectively (31 December 2021: 51% and 62%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 28% and 35% respectively (31 December 2021: 30% and 37%).

The total amount of the first and second phase provisions set aside for the credit risk undertaken by the Group is TL 46.368.264. (31 December 2021: TL 19.764.706)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. The Profile of Important Risks of Important Regions

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development bank	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporate receivables	Conditional and unconditional receivables from retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	Total
Current Period																		
Domestic	767.061.180	727.678	13.023.438	-	-	27.763.097	748.829.337	359.264.273	238.788.891	3.008.502	98.510.074	-	-	-	1.776.330	837.504	94.342.338	2.353.932.642
European Union Countries	808.846	-	-	-	-	26.248.385	11.845.538	416.238	328.654	4.092	58.241	-	-	-	-	4.035	167.915	39.881.944
OECD Countries ⁽¹⁾	-	-	-	-	-	55.740.210	639.944	38.663	46.822	484	3.669	-	-	-	-	-	-	56.469.792
Off-shore banking	41	-	-	-	-	1.728.423	-	1.935	1.803	5	249	-	-	-	-	-	-	1.732.456
USA, Canada	-	-	-	-	-	2.687.129	1.005.136	24.951	37.669	749	3.069	-	-	-	-	-	-	3.758.703
Other Countries	3.616.421	5.193	27	-	-	6.990.082	18.653.623	3.484.358	441.501	3.994	10.661.108	-	-	-	-	30.043	3.402.784	47.289.134
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.117.093	1.892.678	-	3.009.771
Unallocated Assets/ Liabilities ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	771.486.488	732.871	13.023.465	-	-	121.157.326	780.973.578	363.230.418	239.645.340	3.017.826	109.236.410	-	-	-	2.893.423	2.764.260	97.913.037	2.506.074.442

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

⁽¹⁾OECD Countries other than EU countries, USA and Canada.

⁽²⁾Assets and liabilities that could not be distributed on a consistent basis.

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development bank	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporate receivables	Conditional and unconditional receivables from retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high-risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other receivables	Total
Prior Period																		
Domestic	466.229.438	463.257	6.043.516	-	-	21.634.146	439.273.197	283.055.124	106.002.214	4.252.148	11.652.938	-	-	-	1.065.711	1.349.590	37.418.927	1.378.440.206
European Union Countries	403.034	-	-	-	-	53.719.505	8.317.504	356.679	145.032	6.269	33.984	-	-	-	-	3.645	173.956	63.159.608
OECD Countries ⁽¹⁾	-	-	-	-	-	1.795.066	465.167	37.947	17.369	477	4.295	-	-	-	-	-	-	2.320.321
Off-shore banking	37	-	-	-	-	1.202.275	198.913	1.496	2.557	4	134	-	-	-	-	-	-	1.405.416
USA, Canada	-	-	-	-	-	1.818.472	434.135	24.952	17.271	487	1.356	-	-	-	-	-	-	2.296.673
Other Countries	3.332.116	17.051	24	-	-	6.769.972	9.138.580	2.221.951	204.785	3.795	6.630.047	-	-	-	-	312.987	2.385.573	31.016.881
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.923	388.743	100	399.766
Unallocated Assets/ Liabilities ⁽²⁾	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	469.964.625	480.308	6.043.540	-	-	86.939.436	457.827.496	285.698.149	106.389.228	4.263.180	18.322.754	-	-	-	1.076.634	2.054.965	39.978.556	1.479.038.871

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

⁽¹⁾OECD Countries other than EU countries, USA and Canada.

⁽²⁾Assets and liabilities that could not be distributed on a consistent basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3. Risk Profile by Sectors or Counterparties

Current Period	Risk Classes									Risk Classes										
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporate receivables	Conditional and unconditional receivables from retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high-risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other Receivables	TL	FC	Total
	Sectors/Counter Parties																			
Agriculture	82	59.512	35.150	-	-	-	32.551.185	151.503.183	17.610.511	171.654	4.339.769	-	-	-	-	-	-	204.731.909	1.539.137	206.271.046
Farming and Stockbreeding	5	59.512	35.150	-	-	-	31.266.208	150.806.203	17.517.337	170.309	4.298.967	-	-	-	-	-	-	203.252.523	901.168	204.153.691
Forestry	77	-	-	-	-	-	196.687	578.986	56.669	711	4.899	-	-	-	-	-	-	814.260	23.769	838.029
Fishing	-	-	-	-	-	-	1.088.290	117.994	36.505	634	35.903	-	-	-	-	-	-	665.126	614.200	1.279.326
Manufacturing	129.541	1.104	280.106	-	-	-	342.046.768	32.641.565	4.883.286	329.160	28.687.823	-	-	-	-	-	-	239.478.978	169.520.375	408.999.353
Mining and Quarrying	-	-	-	-	-	-	15.328.789	464.649	116.469	1.982	1.978.292	-	-	-	-	-	-	6.359.175	11.531.006	17.890.181
Production	129.530	9	119.426	-	-	-	253.248.181	31.855.869	4.705.324	307.379	23.719.359	-	-	-	-	-	-	199.526.869	114.558.208	314.085.077
Electric, Gas and Water	11	1.095	160.680	-	-	-	73.469.798	321.047	61.493	19.799	2.990.172	-	-	-	-	-	-	33.592.934	43.431.161	77.024.095
Construction	-	-	11	-	-	-	87.408.734	10.550.748	4.059.157	192.104	6.680.566	-	-	-	303.180	-	-	54.783.215	54.411.285	109.194.500
Services	351.164.458	19.759	1.058.264	-	-	121.157.326	289.565.876	57.854.566	10.142.433	415.107	23.145.031	-	-	-	2.590.061	2.124.655	70.417.237	365.791.206	563.863.567	929.654.773
Wholesale and Retail Trade	-	26	4.592	-	-	-	79.654.784	42.436.423	7.093.166	329.486	14.104.647	-	-	-	-	-	-	117.554.070	26.069.054	143.623.124
Hotel Food and Beverage Services	13.886	35	2.452	-	-	-	18.585.535	3.431.655	816.343	31.373	960.196	-	-	-	-	-	-	9.924.734	13.916.741	23.841.475
Transportation and Telecommunication	-	25	932.590	-	-	-	106.457.485	5.197.136	767.913	20.221	1.753.329	-	-	-	-	-	-	14.376.718	100.751.981	115.128.699
Financial Institutions	348.728.601	-	9.074	-	-	119.425.536	10.795.982	26.891	17.141	1	3.797.251	-	-	-	1.597.500	-	70.417.237	180.518.673	374.296.541	554.815.214
Real Estatete and Leasing Services	2.300.128	19.672	31.571	-	-	1.731.790	69.604.657	5.068.111	1.192.295	27.798	2.008.023	-	-	-	992.561	2.124.655	-	37.946.411	47.154.850	85.101.261
Self Employment Services	-	-	-	-	-	-	35.863	41.064	28.355	-	19	-	-	-	-	-	-	96.270	9.031	105.301
Education Services	120.403	-	17.723	-	-	-	1.361.871	588.900	85.665	3.002	152.246	-	-	-	-	-	-	1.627.095	702.715	2.329.810
Health and Social Services	1.440	1	60.262	-	-	-	3.069.699	1.064.386	141.555	3.226	369.320	-	-	-	-	-	-	3.747.235	962.654	4.709.889
Other	420.192.407	652.496	11.649.934	-	-	-	29.401.015	110.680.356	202.949.953	1.909.801	46.383.221	-	-	-	182	639.605	27.495.800	565.468.867	286.485.903	851.954.770
Total	771.486.488	732.871	13.023.465	-	-	121.157.326	780.973.578	363.230.418	239.645.340	3.017.826	109.236.410	-	-	-	2.893.423	2.764.260	97.913.037	1.430.254.175	1.075.820.267	2.506.074.442

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Risk Classes									Risk Classes										
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporate receivables	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgage	Securitization positions	Short-term from banks, brokerage houses and corporates	Investments similar to collective investment funds	Investments in Equity Instruments	Other Receivables	TL	FC	Total
Sectors/Counter Parties																				
Agriculture	82	1.078	10.881	-	-	-	14.646.439	88.172.607	5.272.058	263.782	1.938	-	-	-	-	214.435	-	107.867.185	716.115	108.583.300
Farming and Stockbreeding	5	1.078	10.881	-	-	-	13.989.591	87.746.978	5.242.773	262.287	1.846	-	-	-	-	214.435	-	107.177.086	292.788	107.469.874
Forestry	77	-	-	-	-	-	63.782	337.997	16.740	414	2	-	-	-	-	-	-	401.413	17.599	419.012
Fishing	-	-	-	-	-	-	593.066	87.632	12.545	1.081	90	-	-	-	-	-	-	288.686	405.728	694.414
Manufacturing	1.608.905	585	272.330	-	-	-	186.384.075	24.778.485	1.979.225	373.673	11.431	-	-	-	-	196.154	-	98.491.323	117.113.540	215.604.863
Mining and Quarrying	-	-	-	-	-	-	9.233.033	369.933	51.629	4.216	28	-	-	-	-	-	-	2.038.979	7.619.860	9.658.839
Production	1.608.897	7	110.647	-	-	-	136.277.381	24.120.136	1.887.971	365.882	11.383	-	-	-	-	196.154	-	87.653.952	76.924.506	164.578.458
Electric, Gas and Water	8	578	161.683	-	-	-	40.873.661	288.416	39.625	3.575	20	-	-	-	-	-	-	8.798.392	32.569.174	41.367.566
Construction	-	-	11	-	-	-	58.679.415	8.826.535	1.965.347	222.957	36.906	-	-	-	216.669	119.622	-	34.876.109	35.191.353	70.067.462
Services	265.706.017	18.767	427.461	-	-	86.851.466	172.785.520	53.401.901	4.472.691	624.318	1.708.463	-	-	-	859.924	1.355.629	29.927.596	248.136.926	370.002.827	618.139.753
Wholesale and Retail Trade	-	20	7.573	-	-	-	43.729.838	38.868.235	2.861.309	484.077	6.751	-	-	-	-	-	-	71.468.144	14.489.659	85.957.803
Hotel Food and Beverage Services	6.711	35	1.288	-	-	-	12.440.806	3.485.085	398.457	40.838	3.308	-	-	-	-	-	-	6.035.251	10.341.277	16.376.528
Transportation and Telecommunication	-	25	328.705	-	-	-	58.067.937	4.872.330	331.060	40.702	1.800	-	-	-	-	-	-	9.687.950	53.954.609	63.642.559
Financial Institutions	265.384.098	-	9.858	-	-	82.659.649	5.197.605	26.595	6.695	5	1.694.761	-	-	-	519.087	-554.863	29.927.596	126.657.876	258.213.206	384.871.082
Sectors/Counter Parties	236.571	18.686	17.194	-	-	4.191.817	49.942.402	4.552.574	744.515	41.494	1.699	-	-	-	340.837	1.910.492	-	30.044.409	31.953.876	61.998.285
Real Estatete and Leasing Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Self-Employment Services	77.122	-	28.501	-	-	-	1.293.562	616.265	76.969	10.470	26	-	-	-	-	-	-	1.572.313	530.602	2.102.915
Education Services	1.515	1	34.342	-	-	-	2.113.370	980.817	53.686	6.732	118	-	-	-	-	-	-	2.670.983	519.598	3.190.581
Health and Social Services	202.649.621	459.878	5.332.857	-	-	87.970	25.332.047	110.518.621	92.699.907	2.778.450	16.564.016	-	-	-	41	169.125	10.050.960	307.486.287	159.157.206	466.643.493
Other	469.964.625	480.308	6.043.540	-	-	86.939.436	457.827.496	285.698.149	106.389.228	4.263.180	18.322.754	-	-	-	1.076.634	2.054.965	39.978.556	796.857.830	682.181.041	1.479.038.871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

4. Analysis of maturity-bearing exposures according to remaining maturities

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	113.615.352	3.470.587	11.947.034	59.514.961	582.938.554
Conditional and unconditional exposures to regional governments or local authorities	6.482	7.227	16.959	57.798	644.405
Conditional and unconditional receivables from administrative units and non-commercial enterprises	10.254	21.651	207.953	1.691.561	11.092.046
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	45.092.658	15.493.391	11.986.860	4.623.302	43.961.115
Conditional and unconditional exposures to corporates	43.029.859	59.743.020	69.842.761	189.452.072	418.905.866
Conditional and unconditional retail exposures	5.363.757	15.944.616	23.272.994	160.681.598	157.967.453
Conditional and unconditional exposures secured by real estate property	942.794	2.002.926	2.516.988	17.559.489	216.623.143
Past due receivables	718.888	127.365	531.432	239.937	1.400.204
Receivables defined in high risk category by BRSA	3.955.563	4.170.579	10.574.731	43.641.073	46.894.464
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	51.094	107.646	1.079.210	1.655.473
Investments in Equity Instruments	-	-	-	-	2.764.260
Grand Total	212.735.607	101.032.456	131.005.358	478.541.001	1.484.846.983

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	120.195.995	9.301.808	3.154.865	18.347.515	318.964.442
Conditional and unconditional exposures to regional governments or local authorities	7.863	1.839	9.991	91.227	369.388
Conditional and unconditional receivables from administrative units and non-commercial enterprises	46.482	3.227	506.799	194.452	5.292.580
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	32.541.315	16.932.692	5.222.004	3.474.173	28.769.252
Conditional and unconditional exposures to corporates	14.060.925	29.291.933	32.262.046	103.139.884	279.072.708
Conditional and unconditional retail exposures	3.268.755	10.042.445	11.223.112	85.474.845	175.688.992
Conditional and unconditional exposures secured by real estate property	178.822	757.971	918.768	5.389.712	99.143.955
Past due receivables	824.342	100.478	94.399	166.813	3.077.148
Receivables defined in high risk category by BRSA	2.269.085	199.529	1.121.556	1.513.906	13.218.678
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	68.611	-	89.640	918.383
Investments in Equity Instruments	-	-	-	-	2.054.965
Grand Total	173.393.584	66.700.533	54.513.540	217.882.167	926.570.491

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as “Gradeless” and take the risk weight which is appropriate for the “Gradeless” category in the related risk class.

In order to determine the risk weight of regarding items that export, or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer’s credit rating is considered in the absence of export rating.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Fitch Rating’s and the Islamic International Rating Agency’s (IIRA) risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

		Exposure to Banks and Brokerage Houses	
		Exposures with Original Maturities Less Than 3 Months	Exposures with Original Maturities More Than 3 Months
Credit Quality Grade	Fitch Ratings Long Term Credit Rating		
1	AAA to AA-	20%	20%
2	A+ to A-	20%	50%
3	BBB+ to BBB-	20%	50%
4	BB+ to BB-	50%	100%
5	B+ to B-	50%	100%
6	CCC+ and below	150%	150%

		Receivables from the Central Governments and the Central Banks
Credit Quality Grade	IIRA Long Term Credit Rating	
1	AAA to AA-	0%
2	A+ to A-	20%
3	BBB+ to BBB-	50%
4	BB+ to BB-	100%
5	B+ to B-	100%
6	CCC+ and below	150%

5. Exposures by risk weights

Current Period												
Risk Weights		0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	784.288.690	-	46.238.558	-	5.378.281	167.570.273	480.569.207	912.768.077	47.153.815	-	62.107.541
2	Exposures after Credit Risk Mitigation	863.416.292	-	45.975.174	-	136.476.515	152.214.302	327.673.855	871.185.389	47.025.374	-	62.107.541

Prepared with the numbers after conversion rate to credit

Prior Period												
Risk Weights		0%	10% ^(*)	20%	25%	35%	50%	75%	100%	150%	250%	Deductions from Equity
1	Exposures before Credit Risk Mitigation	475.305.383	-	27.463.700	-	3.438.596	76.174.991	348.878.623	514.842.373	18.313.684	-	14.621.521
2	Exposures after Credit Risk Mitigation	563.610.970	-	12.389.612	-	70.871.811	77.304.996	252.223.212	483.294.235	18.216.712	-	1.127.323

Prepared with the numbers after conversion rate to credit

^(*)In accordance with the Regulation on Measurement and Evaluation of Banks' Capital Adequacy risk weights of 2% and/or 4% have been added to the Calculation of the Capital Liability for Risks Arising from Central Counterparties as of the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

6. Information in terms of major sectors and type of counterparties

Current Period	Loans		Provisions
	Impaired (TFRS 9)		Provisions for Expected Credit Loss (TFRS)
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
Agriculture	3.798.858	953.502	1.021.046
Farming and Stockbreeding	3.787.838	938.201	1.007.413
Forestry	6.166	9.438	8.323
Fishery	4.854	5.863	5.310
Manufacturing	36.505.877	2.934.846	17.343.091
Mining and Quarrying	727.461	36.627	137.166
Production	29.252.291	2.642.643	15.677.227
Electricity, Gas and Water	6.526.125	255.576	1.528.698
Construction	9.224.863	3.935.665	6.737.985
Services	31.960.042	5.084.000	13.869.055
Wholesale and Retail Trade	6.017.430	3.033.916	3.683.167
Accommodation and Dining	6.528.333	664.395	2.308.812
Transportation and Telecom.	571.312	188.017	170.299
Financial Institutions	140.537	12.718	28.450
Real Estate and Rental Services	16.894.102	1.112.594	7.043.097
Professional Services	26.006	90	158
Educational Services	864.403	17.890	184.202
Health and Social Services	917.919	54.380	450.870
Other	9.965.134	6.339.940	6.376.993
Total	91.454.774	19.247.953	45.348.170

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Loans		Provisions
	Impaired (TFRS 9)		Provisions for Expected Credit Loss (TFRS)
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
Agriculture	6.163.652	1.252.576	1.160.147
Farming and Stockbreeding	6.134.911	1.234.196	1.144.857
Forestry	18.739	11.537	9.463
Fishery	10.002	6.843	5.827
Manufacturing	28.942.182	3.078.357	11.596.817
Mining and Quarrying	252.933	37.923	58.031
Production	23.900.303	2.809.180	10.211.423
Electricity, Gas and Water	4.788.946	231.254	1.327.363
Construction	9.602.610	3.410.313	5.032.188
Services	25.692.112	6.093.893	8.156.349
Wholesale and Retail Trade	7.439.596	3.647.863	3.125.350
Accommodation and Dining	6.076.332	594.100	1.016.795
Transportation and Telecom.	979.903	217.375	183.586
Financial Institutions	146.444	11.664	9.760
Real Estate and Rental Services	9.360.640	1.464.067	3.437.207
Professional Services	3.330	174	130
Educational Services	698.445	82.069	76.917
Health and Social Services	987.422	76.581	306.604
Other	14.287.873	6.371.061	4.319.208
Total	84.688.429	20.206.200	30.264.709

7. Information about Value Adjustment and Change in Provisions

	Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Expected Loss Provisions	15.272.896	6.007.385	(4.823.134)	(582.612)	15.874.535
2	Stage 1 and 2 Expected Loss Provisions	17.651.921	20.967.069	(124.128)	(14.688)	38.480.174

	Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1	Stage 3 Expected Loss Provisions	11.911.061	5.273.331	(2.953.820)	1.042.324	15.272.896
2	Stage 1 and 2 Expected Loss Provisions	9.111.627	9.858.415	(1.318.091)	(30)	17.651.921

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

8. Risks Included Capital Capacity Buffer Calculations

Current Period			
Country	Banking Accounts RWA	Trading Accounts RWA	Total
Bosnia and Herzegovina	13.912.126	-	13.912.126
Germany	11.235.323	-	11.235.323
Kazakhstan	4.637.595	-	4.637.595
Azerbaijan	4.455.894	-	4.455.894
Russia	3.379.162	-	3.379.162
Turkish Republic of Northern Cyprus	3.377.246	-	3.377.246
Uzbekistan	2.791.932	-	2.791.932
USA	906.371	1.300.213	2.206.584
Iraq	1.508.709	590.783	2.099.492
Kosovo	1.630.051	136.256	1.766.307
Other	8.227.356	-	8.227.356

Prior Period			
Country	Banking Accounts RWA	Trading Accounts RWA	Total
Bosnia and Herzegovina	5.057.363	-	5.057.363
Germany	49.552.789	-	49.552.789
Turkish Republic of Northern Cyprus	2.875.782	-	2.875.782
Azerbaijan	2.307.808	-	2.307.808
Holland	2.238.210	-	2.238.210
Kazakhstan	2.040.795	-	2.040.795
USA	1.585.613	-	1.585.613
Montenegro	1.130.892	422.709	1.553.601
Iraq	1.436.290	-	1.436.290
Russia	452.491	957.428	1.409.919
Other	5.711.243	223.654	5.934.897

III. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

1. Whether the Parent Bank is Exposed to Foreign Currency Risk, Whether the Effects of This Matter are Estimated, Whether Limits for The Daily Followed Positions are Determined by the Board of Directors

The Parent Bank's policy is to avoid carrying significant position by means of foreign currency management. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, Value at Risk (VAR) is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit approved by the Board of Directors is also monitored on daily basis. Additionally, dealer's position and operational limits for foreign exchange transactions are under the authorization of the Board of Directors.

2. Hedge Against Foreign Exchange Debt Instruments and Net Foreign Exchange Investments by Hedging Derivative Instruments, if Material

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3. Whether the Parent Bank Is Exposed to Currency Risk, Whether The Effects Of This Situation Are Estimated, Whether The Bank’s Board of Directors Set Limits For Positions Monitored On A Daily basis

The Parent Bank has adopted the principle of not holding a significant position within the framework of its foreign currency management policy. In addition to monitoring the currency risk through the currency risk table created within the scope of the standard method, the Bank’s daily value at risk is calculated for the foreign currency position and reported to the relevant units. VaR (Value at Risk) based currency risk limit approved by the Board of Directors is also followed daily. In addition, for foreign exchange transactions; position and transaction limits are determined by the decision of the Board of Directors.

4. Aspect of Hedging of Foreign Currency Debt Instruments and Net Foreign Currency Investments with Derivative Hedges, If Significant

None.

5. Management Policy for Foreign Currency Risk

Periodic “Liquidity Gap Analysis” and “Repricing Gap Analysis” to determine the liquidity and structural interest rate risks in the US Dollar and Euro, which are the most important foreign currencies in which the Parent Bank operates, and the historical renewal rates of foreign exchange deposit accounts. “Structural Liquidity Gap Analysis” is performed. In addition, daily VaR analysis for the follow-up of currency risk and within the scope of legal reporting, Foreign Currency Net General Position/Equity ratio and Foreign Currency Liquidity Position are regularly monitored. The Parent Bank manages the Turkish Lira or foreign currency risks that may occur in the domestic and international markets and follows the transactions that create these risks, and manages these risks at optimum levels within the framework of market expectations and within the scope of its strategies by considering the balances with other financial risks. Sensitivity analysis regarding the currency risk that the Group is exposed to is explained in Note 6.

6. Current Foreign Exchange Bid Rates of The Parent Bank for The Last 5 Business Days Prior to The Financial Statement Date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
23.12.2022	18,6053	19,7285	12,4319	2,6535	1,7683	19,9471	13,6383	1,8781	22,3922	4,9489	13,9831
26.12.2022	18,5906	19,7544	12,4971	2,6572	1,7710	19,9593	13,6769	1,8876	22,4422	4,9430	13,9859
27.12.2022	18,6369	19,8035	12,5566	2,6636	1,7811	20,0461	13,8033	1,8944	22,4049	4,9599	13,9692
28.12.2022	18,6347	19,8576	12,6591	2,6708	1,7912	20,1285	13,7821	1,8997	22,5563	4,9587	13,9258
29.12.2022	18,6818	19,9134	12,6235	2,6783	1,7891	20,2656	13,7840	1,8931	22,5292	4,9706	14,0489
30.12.2022	18,6985	19,9856	12,6977	2,6883	1,7996	20,2820	13,8076	1,9009	22,5837	4,9770	14,1884

7. Simple Arithmetic Average of The Parent Bank’s Current Foreign Exchange Bid Rates for The Last 30 Days Prior to The Balance Sheet Date

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
	18,5879	19,6845	12,5441	2,6473	1,7907	19,9534	13,6803	1,8832	22,6354	4,9445	13,7854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

8. Information on The Foreign Currency Risk of the Group

	EUR	USD	Other FC	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and Balances with Central Bank of the Republic of Türkiye	98.482.659	224.302.153	46.626.689	369.411.501
Banks ⁽⁷⁾	7.621.282	12.422.813	8.087.693	28.131.788
Financial Assets at Fair Value Through Profit and Loss	-	1.334.582	29.806.662	31.141.244
Money Markets Receivables	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	15.074.343	189.633.140	407.208	205.114.691
Loans ^{(1) (6)}	190.429.063	225.935.698	13.473.999	429.838.760
Subsidiaries, Associates, Entities Under Common Control (Joint Ventures)	-	874.175	24.903	899.078
Financial Assets Measured at Amortized Cost	36.773.171	10.847.009	156.499	47.776.679
Derivative Financial Assets for Hedging Purposes	-	-	-	-
Tangible Fixed Assets	348.097	6.860	1.345.457	1.700.414
Intangible Assets	59.668	9.548	120.246	189.462
Other Assets ⁽³⁾	2.976.628	7.513.672	512.802	11.003.102
Total Assets ⁽⁴⁾	351.764.911	672.879.650	100.562.158	1.125.206.719

Liabilities				
Interbank Deposits	31.846.012	5.773.085	3.296.443	40.915.540
Foreign Currency Deposits	346.642.423	403.256.141	126.883.137	876.781.701
Money Markets Borrowings	21.197.370	50.339.455	-	71.536.825
Funds Provided from Other Financial Institutions	40.008.657	62.862.559	1.955.518	104.826.734
Issued Marketable Securities ⁽⁵⁾	28.949.062	25.269.861	1.492.748	55.711.671
Miscellaneous Payables	5.771.801	2.695.221	403.663	8.870.685
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other Liabilities	5.807.589	4.380.128	805.591	10.993.308
Total Liabilities	480.222.914	554.576.450	134.837.100	1.169.636.464

Net Balance Sheet Position	(128.458.003)	118.303.200	(34.274.942)	(44.429.745)
Net Off-Balance Sheet Positio ⁽²⁾	128.642.563	(117.581.650)	44.630.485	55.691.398
Financial Derivative Assets	158.343.592	131.879.951	49.706.652	339.930.195
Financial Derivative Liabilities	29.701.029	249.461.601	5.076.167	284.238.797
Non-Cash Loans	107.332.041	167.451.521	26.111.429	300.894.991

Prior Period				
Total Assets	253.299.389	413.574.708	69.264.835	736.138.932
Total Liabilities	350.705.225	349.953.009	95.884.228	796.542.462
Net Balance Sheet Position	(97.405.836)	63.621.699	(26.619.393)	(60.403.530)
Net Off-Balance Sheet Position ⁽²⁾	100.986.295	(70.381.915)	32.096.177	62.700.557
Financial Derivative Assets	114.544.132	92.671.196	38.423.861	245.639.189
Financial Derivative Liabilities	13.557.837	163.053.111	6.327.684	182.938.632
Non-Cash Loans	82.654.563	128.029.712	17.311.928	227.996.203

⁽¹⁾TL 116.426 equivalent of USD and TL 80.193 equivalent of EUR loans are originated as foreign currency indexed loans (31 December 2021: TL 133.697 equivalent of USD and TL 140.542 equivalent of EUR).

⁽²⁾Indicates the net balance of receivables and payables on derivative financial instruments.

⁽³⁾Prepared expenses in other assets amounting to TL 79.997 are not included in the table.

⁽⁴⁾Expected loss provisions for financial assets and other assets are reflected in related items.

⁽⁵⁾Includes subordinated debt instruments.

⁽⁶⁾It also includes receivables from leasing and factoring transactions.

⁽⁷⁾Includes the guarantees given for derivative and repo transactions with foreign banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Analysis of Sensitivity to Currency Risk

The effect of 10% depreciation of TL against USD, Euro and other currencies on equity and profit or loss statement (excluding tax effects) for the year ended 31 December 2022 and 31 December 2021 is shown in the table below.

This analysis has been prepared with the assumption that all other variables, especially interest rates, remain constant.

	Current Period - 31 December 2022		Prior Period - 31 December 2021	
	Profit or Loss Statement	Equity ^(*)	Profit or Loss Statement	Equity ^(*)
USD	(374.171)	(831.703)	(223.208)	(472.384)
EUR	142.301	(191.527)	101.066	(252.145)
Other Currencies	670.548	670.548	100.444	100.444
Total (Net)^(**)	438.678	(352.682)	(21.698)	(624.085)

^(*)Equity effect also includes the effect of profit or loss due to the 10% depreciation of TL against the relevant foreign currencies.

^(**)Associates, subsidiaries, and entities under common control are included in the profit or loss statement impact calculation, but not in equity impact calculation. Tangible and intangible assets are not included in the equity and profit or loss statement impact calculation.

The effect of 10% appreciation of TL against USD, Euro and other currencies on equity and profit or loss statement (excluding tax effect) for the year ending on 31 December 2022 and 31 December 2021 is shown in the table below.

	Current Period - 31 December 2022		Prior Period - 31 December 2021	
	Profit or Loss Statement	Equity ^(*)	Profit or Loss Statement	Equity ^(*)
USD	374.171	831.703	223.208	472.384
EUR	(142.301)	191.527	(101.066)	252.145
Other Currencies	(670.548)	(670.548)	(100.444)	(100.444)
Total (Net)^(**)	(438.678)	352.682	21.698	624.085

^(*)Equity effect also includes the effect of profit or loss due to the 10% appreciation of TL against related foreign currencies.

^(**)Associates, subsidiaries and entities under common control are included in the profit or loss statement impact calculation, but not in equity impact calculation. Tangible and intangible assets are not included in the equity and profit or loss statement impact calculation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

IV. EXPLANATIONS ON THE CONSOLIDATED INTEREST RATE RISK

1. Information Related to Interest Rate Sensitivity of Assets, Liabilities and Off-Balance Sheet Items

(Based on days to repricing dates)

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Türkiye	38.048.117	-	-	-	-	365.898.630	403.946.747
Banks ⁽⁶⁾	7.406.743	1.386.519	189.938	-	-	19.658.732	28.641.932
Financial Assets at Fair Value Through Profit and Loss	95.350	73.869	95.397	29.811.195	18.934	5.980.371	36.075.116
Money Markets Receivables	5.380.282	-	-	-	-	902.708	6.282.990
Financial Assets at Fair Value Through Other Comprehensive Income	97.093.862	22.095.922	127.886.487	90.544.173	75.741.323	2.137.240	415.499.007
Loans Given ^{(5) (7)}	464.070.869	159.943.524	323.653.579	332.695.588	108.908.131	3.373.418	1.392.645.109
Financial Assets Measured at Amortized Cost	2.731.393	50.061.035	22.894.015	63.440.978	26.255.072	-	165.382.493
Other Assets ⁽²⁾	4.809.498	2.350.830	2.072.668	386.820	71.640	94.957.263	104.648.719
Total Asset^{(1) (5)}	619.636.114	235.911.699	476.792.084	516.878.754	210.995.100	492.908.362	2.553.122.113
Liabilities							
Interbank Deposits	51.668.178	10.298.806	9.160.162	39.629	-	9.315.628	80.482.403
Other Deposits	826.643.143	286.581.492	120.844.849	8.374.970	1.215.724	616.166.491	1.859.826.669
Money Markets Borrowings	57.723.585	20.373.383	6.970.742	7.550.978	-	-	92.618.688
Miscellaneous Payables	-	-	-	-	-	37.724.077	37.724.077
Issued Marketable Securities ⁽⁶⁾	1.668.805	4.096.385	12.089.962	42.899.866	-	-	60.755.018
Funds Provided from Other Financial Institutions	26.663.592	47.326.727	26.093.701	11.595.664	3.732.349	-	115.412.033
Other Liabilities ^{(4) (6)}	6.855.318	716.109	1.869.030	871.365	562.350	295.429.053	306.303.225
Total Liabilities⁽¹⁾	971.222.621	369.392.902	177.028.446	71.332.472	5.510.423	958.635.249	2.553.122.113
Balance Sheet Long Position	-	-	299.763.638	445.546.282	205.484.677	-	950.794.597
Balance Sheet Short Position	(351.586.507)	(133.481.203)	-	-	-	(465.726.887)	(950.794.597)
Off-Balance Sheet Long Position	3.604.188	2.684.526	262.625	-	-	-	6.551.339
Off-Balance Sheet Short Position	-	-	-	-	(1.015.345)	(13.650)	(1.028.995)
Total Position	(347.982.319)	(130.796.677)	300.026.263	445.546.282	204.469.332	(465.740.537)	5.522.344

⁽¹⁾Balances without fixed maturity are shown in the “Non-Interest Bearing” columns.

⁽²⁾Deferred tax asset is shown under the “Non-Interest Bearing” column.

⁽³⁾Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.

⁽⁴⁾Total shareholders’ equity is shown under the “Non-Interest Bearing” column.

⁽⁵⁾Allowance for expected losses for financial assets and other assets are reflected in the related items.

⁽⁶⁾Includes subordinated debt instruments.

⁽⁷⁾It also includes receivables from leasing and factoring transactions.

⁽⁸⁾Includes the guarantees given for derivative and repo transactions with foreign banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

(Based on days to repricing dates)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with Central Bank of the Republic of Türkiye	30.229.017	-	-	-	-	197.311.613	227.540.630
Banks	4.535.689	538.220	637.628	589	-	11.811.053	17.523.179
Financial Assets at Fair Value Through Profit and Loss	52.804	6.706.897	3.067.736	15.909.462	26.184	2.788.039	28.551.122
Money Markets Receivables	1.249.698	-	-	-	-	-	1.249.698
Financial Assets at Fair Value Through Other Comprehensive Income	42.468.332	20.572.880	59.285.568	96.175.210	60.561.662	714.402	279.778.054
Loans Given ⁽³⁾ ⁽⁷⁾	251.702.029	81.325.397	166.982.372	262.666.274	73.902.547	4.933.304	841.511.923
Financial Assets Measured at Amortized Cost	813.081	1.110.034	10.184.626	27.787.469	6.433.681	-	46.328.891
Other Assets ⁽²⁾	4.466.630	4.320.376	2.853.665	563.769	357.272	38.488.671	51.050.383
Total Assets ⁽¹⁾ ⁽⁵⁾	335.517.280	114.573.804	243.011.595	403.102.773	141.281.346	256.047.082	1.493.533.880
Liabilities							
Interbank Deposits	29.977.786	5.293.148	16.173.994	563.517	1.139.209	6.995.085	60.142.739
Other Deposits	399.092.536	136.846.047	78.282.668	9.080.479	4.252.706	364.163.526	991.717.962
Money Markets Borrowings	153.540.717	21.374.101	2.553.454	3.015.469	-	-	180.483.741
Miscellaneous Payables	-	-	-	-	-	19.033.000	19.033.000
Issued Marketable Securities ⁽⁶⁾	1.245.168	2.527.922	9.333.952	38.630.139	-	-	51.737.181
Funds Provided from Other Financial Institutions	3.235.390	21.521.436	24.651.350	10.806.615	714.206	11.834	60.940.831
Other Liabilities ⁽⁴⁾	337.503	804.305	1.964.292	1.982.537	636.606	123.753.183	129.478.426
Total Liabilities ⁽¹⁾	587.429.100	188.366.959	132.959.710	64.078.756	6.742.727	513.956.628	1.493.533.880
Balance Sheet Long Position	-	-	110.051.885	339.024.017	134.538.619	-	583.614.521
Balance Sheet Short Position	(251.911.820)	(73.793.155)	-	-	-	(257.909.546)	(583.614.521)
Off-Balance Sheet Long Position	7.299.963	2.263.522	-	10	-	-	9.563.495
Off-Balance Sheet Short Position	16.883	30.847	(331.774)	26.227	(1.015.345)	-	(1.273.162)
Total Position	(244.594.974)	(71.498.786)	109.720.111	339.050.254	133.523.274	(257.909.546)	8.290.333

⁽¹⁾Balances without fixed maturity are shown in the “Non-Interest Bearing” columns.

⁽²⁾Deferred tax asset is shown under the “Non-Interest Bearing” column.

⁽³⁾Net balance of loans under follow-up is shown under the “Non-Interest Bearing” column in loans given.

⁽⁴⁾Total shareholders’ equity is shown under the “Non-Interest Bearing” column.

⁽⁵⁾Allowance for expected losses for financial assets and other assets are reflected in the related items.

⁽⁶⁾Includes subordinated debt instruments.

⁽⁷⁾It also includes receivables from leasing transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. Average Interest Rate Applied to the Monetary Financial Instruments (%) (Represents Values Belonging to the Parent Bank) (%)

	EUR	USD	JPY	TL
Current Period ⁽³⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye ⁽¹⁾	-	-	-	-
Banks	4,30	-	-	-
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Markets Receivables	-	5,41	-	26,23
Financial Assets at Fair Value Through Other Comprehensive Income	3,70	5,16	-	26,73
Loans Given ⁽¹⁾	5,83	7,71	-	13,59
Financial Assets Measured at Amortized Cost	4,66	7,58	-	15,90
Liabilities				
Interbank Deposits	1,40	4,17	-	10,43
Other Deposits	1,03	3,44	-	15,67
Money Markets Borrowings	3,52	5,58	-	9,17
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽²⁾	5,08	5,05	-	16,99
Funds Provided from Other Financial Institutions	2,84	4,85	-	8,83

⁽¹⁾Credit card loans are not included.

⁽²⁾Subordinated debt instruments are included

⁽³⁾Foreign branches are excluded.

	EUR	USD	JPY	TL
Prior Period ⁽⁴⁾				
Assets				
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye ⁽¹⁾	-	-	-	8,50
Banks	4,30	-	-	17,63
Financial Assets at Fair Value Through Profit or Loss	-	5,36	-	-
Money Markets Receivables	-	-	-	17,31
Financial Assets at Fair Value Through Other Comprehensive Income	3,72	4,83	-	14,70
Loans Given ⁽²⁾	4,74	5,68	6,00	13,42
Financial Assets Measured at Amortized Cost	4,76	7,47	-	14,33
Liabilities				
Interbank Deposits	0,22	0,25	-	14,14
Other Deposits	0,27	0,93	-	14,15
Money Markets Borrowings	-	1,78	-	14,22
Miscellaneous Payables	-	-	-	-
Issued Marketable Securities ⁽³⁾	5,08	5,05	-	16,99
Funds Provided from Other Financial Institutions	1,69	2,38	-	15,67

⁽¹⁾The rate on TL column denotes the interest rates applied for required reserve at CBRT.

⁽²⁾Credit card loans are not included.

⁽³⁾Subordinated debt instruments are included

⁽⁴⁾Foreign branches are excluded

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

V. EXPLANATIONS ON THE POSITION RISK OF CONSOLIDATED EQUITY INSTRUMENTS

1. Equity Instruments Position Risk Derived from Banking Books

Comparison with the market value if the market value is significantly different from the fair value for balance sheet, fair and market values of equity shares

Investments in Equity Instruments - Current Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ⁽¹⁾	987.208	987.208	-

⁽¹⁾The mentioned stock investments are not traded on the stock exchange and there is no stock market price since they are not open to the public.

Investments in Equity Instruments - Prior Period	Comparison		
	Balance Sheet Value	Fair Value	Market Value
1. Investment in Equity Instruments Group A	-	-	-
Traded on Stock Exchange	-	-	-
2. Investment in Equity Instruments Group B	-	-	-
Traded on Stock Exchange	-	-	-
3. Investment in Equity Instruments Group C	-	-	-
Traded on Stock Exchange	-	-	-
4. Investment in Equity Instruments Group Other	-	-	-
Other ⁽¹⁾	379.440	379.440	-

⁽¹⁾The mentioned stock investments are not traded on the stock exchange and there is no stock market price since they are not open to the public

The breakdown of capital requirements on the basis of related investments in equity instruments depending on the method of the calculation of capital requirement which is chosen by Bank among approaches that are allowed to be used within the Communiqué regarding Credit Risk Standard Method or the Calculation of Counterparty Credit Risk based upon Interior Rating Approaches

The investments in equity instruments, partaking in banking accounts according to the credit risk standard method, are amounted TL 987.208 and all of them are 100% risk weighted (31 December 2021: are amounted TL 379.440 and all of them are 100% risk weighted).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Total unrealized gains or losses, total revaluation value increases and their amounts included in principal and contribution capital

Portfolio	Realized Gain/ Loss in Current Period	Revaluation Surplus		Unrealized Gain and Loss		
		Total	Included in Contribution Capital	Total	Included in Supplementary Capital	Included in Contribution Capital
1. Private Capital Investments	-	-	-	-	-	-
2. Publicly Traded Stocks	-	-	-	-	-	-
3. Other Stocks	-	533.193	533.193	-	-	-
Total	-	533.193	533.193	-	-	-

VI. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

Matters related to liquidity and financial emergency management are determined in the Liquidity and Financial Emergency Management- Liquidity Funding Plan Approved by the Board of Directors.

The Parent Bank conducts the remaining maturity analysis in order to observe the maturity structure of its balance sheet, liquidity gap and structural liquidity gap analysis to monitor the liquidity need by periods, and Liquidity Stress Test in order to evaluate the liquidity need of the Parent Bank in the worst possible situation. Core deposit analysis is carried out to determine the stable part of the deposit, which is the most important fund resource of the Parent Bank. In addition, the Parent Bank-sector maturity structures and legal liquidity ratios are monitored in order to compare the Parent Bank’s liquidity risk level with the sector.

1. Liquidity Risk

Explanations related to the liquidity risk management including the Parent Bank’s risk capacity, responsibilities and structure of liquidity risk management, reporting of liquidity risk in internal banking, the strategy of liquidity risk and how to provide the communication of policies and implementations with board of directors and business lines

The Parent Bank’s risk capacity, risk appetite, responsibilities and tasks of liquidity risk management and sharing of issues related to liquidity risk management with the Parent Bank network are explained in “Regulations of Risk Management, Stress Test Program and ICAAP Regulations” of the Parent Bank. In this context, liquidity risk strategies, policies and implementations are shared within the Parent Bank on a weekly, monthly, quarterly and annual basis with all relevant departments and the Parent Bank’s senior management. The analysis and reports made within this scope are handled at the Asset-Liability Committee meetings and the Board of Directors is informed through the Audit Committee.

Liquidity management and the degree of centralization of fund strategies, the information about the procedure between Bank and the subsidiaries of Bank

Continuously the information exchange is actualized about the liquidity need and surpluses between the Parent Bank and its subsidiaries, the necessary guidance and procedures are moderated by Treasury Management and International Banking Group Presidency in order to manage liquidity need and surplus in effective way.

Information on the Bank’s funding strategy, including policies on diversity of funding sources and duration

The Parent Bank’s main funding resource is deposit and the strategy of preserving the granular deposit structure is sustained. Moreover, within the diversification of funding strategy, long-term and cost-effective non-deposit funding is also targeted. In the non-deposit funding; repurchase agreements, post finance, syndication loan facility, loans from international financial institutions, marketable securities issuances, subordinated debt instruments and bilateral loan agreements are at the forefront.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Explanation related to liquidity management as currencies forming at least 5 percentage of aggregate liabilities of the Parent Bank

The Parent Bank’s total liabilities are consisted of mostly TL, USD and EUR currencies. Besides these currencies, for other currencies, daily and long-term cash flows are monitored and future projections are made for effective liquidity management purposes.

Information related to the techniques about the reduction of current liquidity risk

The Parent Bank’s source of funds is mainly formed of deposits. The Parent Bank’s deposits do not fluctuate considerably in line with the broadly dispersed customer network and the granular structure of the deposits. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non-deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed.

Explanation regarding the usage of the stress test

In the presence of unexpected negative circumstances, stress tests being done in order to test the endurance of the Parent Bank. These actions have been shared with key management of the Parent Bank and all related units for the purpose of taking necessary precautions. Additionally, stress tests also taken into consideration on subjects like the Parent Bank’s estimated financial position for the next period, the progress of legal ratios and the liquidity need in short and long term as part of budget practices.

General information on liquidity urgent and unexpected situation plan

The internal and external sources which can be used in an emergency case to satisfy the liquidity need are periodically monitored and the borrowing limits of the Parent Bank from organized market and other banks are on the level where they meet the structural liquidity deficits on different maturity segments. The Parent Bank lines off its exposition to liquidity risk by limits that are approved by Board of Directors and within the frame of “Regulation on Risk Management, Stress Test Program and ICAAP Regulations”. In addition, matters related to liquidity and financial emergency management were determined.

2. Liquidity Coverage Ratio

Within the framework of “Regulation on Calculation of Liquidity Covered Rate of Banks” published in the Official Gazette dated 21 March 2014 and numbered 28948 by the BRSA, The Parent Bank calculates the liquidity coverage ratio and transmits to BRSA monthly on consolidated basis. Within the last 3 months the consolidated realized ratios are as follows:

Current Period-31 December 2022

	FC		TL+FC	
	Date	Ratio	Date	Ratio
Liquidity Coverage Ratio	October 2022	363,66	October 2022	179,92
	November 2022	410,45	November 2022	189,99
	December 2022	435,7	December 2022	194,62

Prior Period-31 December 2021

	FC		TL+FC	
	Date	Ratio	Date	Ratio
Liquidity Coverage Ratio	October 2021	501,32	October 2021	170,92
	November 2021	380,26	November 2021	178,36
	December 2021	412,09	December 2021	194,09

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Current Period	Total Unweighted Amount ^(*)		Total Weighted Amount ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			705.756.623	460.311.702
Cash Outflows				
Retail and Small Business Customers, of which;	1.007.872.426	548.849.632	90.416.451	54.883.503
Stable deposits	207.415.835	29.214	10.370.792	1.461
Less stable deposits	800.456.591	548.820.418	80.045.659	54.882.042
Unsecured wholesale funding, of which;	758.643.744	358.274.285	348.437.665	170.001.407
Operational deposit	33.907.001	6.853.366	8.425.176	1.661.768
Non-operational deposits	630.467.392	308.542.116	265.000.856	126.428.533
Other unsecured funding	94.269.351	42.878.803	75.011.633	41.911.106
Secured funding			-	-
Other cash outflows, of which;	228.595.424	38.687.464	32.179.698	24.553.084
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	17.014.572	21.207.751	17.014.572	21.207.751
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	211.580.852	17.479.713	15.165.126	3.345.333
Other revocable off-balance sheet commitments and contractual obligations	32.216.626	32.216.626	1.610.831	1.610.831
Other irrevocable or conditionally revocable off-balance sheet obligations	161.218.935	104.884.625	9.220.927	5.244.231
Total Cash Outflows			481.865.571	256.293.056
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	151.525.343	67.844.985	103.090.462	49.871.192
Other cash inflows	4.030.649	91.420.876	3.985.252	91.375.479
Total Cash Inflows	155.555.992	159.265.861	107.075.714	141.246.671
			Upper Limit Applied Amounts	
TOTAL HQLA STOCK			705.756.623	460.311.702
TOTAL NET CASH OUTFLOWS			374.789.858	115.046.385
LIQUIDITY COVERAGE RATIO (%)			188,31	400,11

^(*)The average of last three months' liquidity coverage ratio calculated by monthly simple averages.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Total Unweighted Amount ^(*)		Total Weighted Amount ^(*)	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			322.965.247	218.841.464
Cash Outflows				
Retail and Small Business Customers, of which;	623.380.047	365.198.371	55.387.908	36.516.645
Stable deposits	139.001.924	63.842	6.950.096	3.192
Less stable deposits	484.378.123	365.134.529	48.437.812	36.513.453
Unsecured wholesale funding, of which;	307.755.422	144.545.013	143.765.782	68.741.940
Operational deposit	23.234.553	3.413.121	5.790.583	834.806
Non-operational deposits	228.893.514	126.380.404	101.843.105	53.562.568
Other unsecured funding	55.627.355	14.751.488	36.132.094	14.344.566
Secured funding			-	-
Other cash outflows, of which;	125.446.996	23.639.081	13.735.813	13.511.035
Derivatives cash outflow and liquidity needs related to market valuation changes on derivatives or other transactions	3.918.175	9.958.096	3.918.175	9.958.096
Obligations related to structured financial products	-	-	-	-
Commitments related to debts to financial markets and other off-balance sheet obligations	121.528.821	13.680.985	9.817.638	3.552.939
Other revocable off-balance sheet commitments and contractual obligations	15.827.184	15.827.184	791.359	791.359
Other irrevocable or conditionally revocable off-balance sheet obligations	100.068.408	71.449.597	5.525.433	3.572.480
Total Cash Outflows			219.206.295	123.133.459
Cash Inflows				
Secured lending	-	-	-	-
Unsecured lending	61.962.519	30.516.139	37.983.787	20.076.485
Other cash inflows	4.457.071	50.092.952	4.440.532	50.076.413
Total Cash Inflows	66.419.590	80.609.091	42.424.319	70.152.898
Upper Limit Applied Amounts				
TOTAL HQLA STOCK			322.965.247	218.841.464
TOTAL NET CASH OUTFLOWS			176.781.976	52.980.561
LIQUIDITY COVERAGE RATIO (%)			182,69	413,06

^(*)The average of last three months’ liquidity coverage ratio calculated by monthly simple averages.

Important points affecting the results of liquidity coverage ratio and the changes of the considered items in the course of time to calculate this ratio

The Parent Bank deposits, which constitute a significant part of its resources and cash outflows in the liquidity coverage ratio, have a non-fluctuating structure, but may cause periodic changes in total deposits compared to public deposits and other deposits. While considering the previous periods, the amount of the total deposits has an increasing trend.

Although they have low conversion into cash rate, non-cash loans also have a remarkable extent in proportion to financial statement, they have an impact on the calculation of liquidity coverage ratio. Comparing to previous periods, non-cash loans are in increasing trend.

Bonds and bills in the securities portfolio are being used in repo transactions as collateral. Since the securities used in repo transactions lose the characteristic of being free, in accordance with that securities can be used as collateral, liquidity coverage ratio is affected.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

The content of high-quality liquid assets

All of the high-quality liquid assets in the calculation of liquidity coverage ratio are first quality liquid assets. These are cash, the accounts in Central Bank, reserve requirements and securities from the portfolio (the important part of bonds and T-bills issued by Republic of Türkiye Ministry of Treasury and Finance and other bonds).

The content of funds and their share in the total liabilities and funding

A major part of the resources of funds in Group is comprised of deposits, the remaining is divided according to their share in the balance sheet as repo, funds borrowed, and issued securities.

Information about cash out-flows arising from derivative operations and margin operations likely to processing

Derivative operations in the Parent Bank are carried out on the purpose of protection from the risks that may exist or occur in the balance sheet, liquidity management, or meeting customer demand. Customer operations are carried out under the “Framework Agreement on Purchase and Sale of Derivative Instruments” or ISDA (International Swaps and Derivatives Association) and CSA (Credit Support Annex), as well as transactions with banks are performed again under ISDA and CSA agreements signed. Operations performed under the said contracts in the determined periods are subject to daily market valuation and additional cash margining. Operations could create additional collateral inflow or outflow depending on market valuation.

The concentration limits regarding collateral and counterparty and product-based fund resources

For the counterparty and product-based concentration limits are determined under Regulation on Risk Management, Stress Test Program and the Parent Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”) with the approval of the Parent Bank’s Senior Management. These limits are followed in particular frequency. Besides, it is being reported to the relevant units and senior management. There is no excess regarding the limits during operating period.

Liquidity risk and needed funding on the basis of the Bank itself, the branches in foreign countries and the partnerships consolidated by considering operational and legal factors preventing liquidity transfer

The needed and surplus of liquidity of the branches in foreign countries of the Parent Bank and partnerships consolidated are followed and managed regularly. There is no constraint of operational and legal factors preventing liquidity transfer. In the analysis made, it is observed that the impact of the foreign branches and subsidiaries on the Parent Bank’s liquidity structure remain limited comparing to the size of the balance sheet. The need and surplus of the liquidity is encountered properly between partnerships, as well as the branches abroad.

Explanations of cash in-flow and cash out-flow items that are considered to be related to liquidity profile of the Bank and to be placed on the calculation of liquidity coverage ratio but not on the second paragraph of the disclosure template

All items on the calculation of liquidity coverage ratio are included in calculation in aggregated form on the table. In this context, there is no point included in the calculation of liquidity coverage ratio and not included in the disclosure template.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

4. Presentation of Assets and Liabilities According to Their Remaining Maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistri buted ⁽¹⁾	Total
Current Period								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	199.077.738	204.869.009	-	-	-	-	-	403.946.747
Banks ⁽⁵⁾	19.658.732	7.308.446	1.364.054	310.700	-	-	-	28.641.932
Financial Assets at Fair Value Through Profit and Loss	561.399	95.350	73.869	110.295	29.811.195	18.934	5.404.074	36.075.116
Money Markets Receivables	902.708	5.380.282	-	-	-	-	-	6.282.990
Financial Assets at Fair Value Through Other Comprehensive Income	-	40.615.109	10.664.052	110.727.273	152.971.621	99.533.742	987.210	415.499.007
Loans Given ⁽⁴⁾	-	62.194.313	150.198.228	544.515.766	444.858.021	187.505.363	3.373.418	1.392.645.109
Investments Held-to-Maturity	-	691.263	15.078.755	13.287.059	72.126.318	64.199.098	-	165.382.493
Other Assets	34.299.418	4.509.634	2.350.830	2.072.668	386.820	71.640	60.957.709	104.648.719
Total Assets ⁽²⁾	254.499.995	325.663.406	179.729.788	671.023.761	700.153.975	351.328.777	70.722.411	2.553.122.113
Liabilities								
Interbank Deposits	9.315.628	51.668.179	10.298.805	9.160.162	39.629	-	-	80.482.403
Other Deposits	616.166.491	826.636.070	286.560.371	120.747.779	8.495.952	1.220.006	-	1.859.826.669
Funds Provided from Other Financial Institutions	-	2.149.784	9.628.789	50.862.693	41.954.745	10.816.022	-	115.412.033
Money Markets Borrowings	-	57.723.585	20.373.383	6.970.742	7.550.978	-	-	92.618.688
Issued Marketable Securities ⁽³⁾	-	1.643.087	4.122.103	12.089.962	42.899.866	-	-	60.755.018
Miscellaneous Payables	10.703.657	24.942.182	-	-	-	-	2.078.238	37.724.077
Other Liabilities ⁽³⁾	52.147.323	2.429.086	6.666.329	1.869.030	871.365	7.307.090	235.013.002	306.303.225
Total Liabilities	688.333.099	967.191.973	337.649.780	201.700.368	101.812.535	19.343.118	237.091.240	2.553.122.113
Liquidity Gap	(433.833.104)	(641.528.567)	(157.919.992)	469.323.393	598.341.440	331.985.659	(166.368.829)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	3.078.210	(76.776)	263.284	-	2.256.893	-	5.521.611
Financial Derivative Liabilities	-	217.080.558	79.987.344	14.378.870	2.369.535	3.272.238	-	317.088.545
Non-cash Loans	-	214.002.348	80.064.120	14.115.586	2.369.535	1.015.345	-	311.566.934
Net Off-Balance Sheet Position	-	129.374.760	17.327.045	48.622.420	155.246.177	94.685.727	16.473.798	-
Non-cash Loans	129.374.760	17.327.045	48.622.420	155.246.177	94.685.727	16.473.798	-	461.729.927
Prior Period								
Total Assets	124.942.133	183.171.856	97.392.560	361.739.421	499.811.718	195.221.307	31.254.885	1.493.533.880
Total Liabilities	395.787.842	600.408.932	168.541.577	132.621.236	81.083.581	13.789.107	101.301.605	1.493.533.880
Liquidity Gap	(270.845.709)	(417.237.076)	(71.149.017)	229.118.185	418.728.137	181.432.200	(70.046.720)	-
Net Off-Balance Sheet Position								
Financial Derivative Assets	-	6.981.760	181.276	(400.762)	10	1.267.128	-	8.029.412
Financial Derivative Liabilities	-	148.640.930	34.588.934	23.872.474	1.558.882	2.282.473	-	210.943.693
Non-cash Loans	-	141.659.170	34.407.658	24.273.236	1.558.872	1.015.345	-	202.914.281
Net Off-Balance Sheet Position	-	84.421.912	13.045.014	36.067.565	98.489.814	51.648.354	8.632.545	-
Non-cash Loans	84.421.912	13.045.014	36.067.565	98.489.814	51.648.354	8.632.545	-	292.305.204

⁽¹⁾Assets which are required for banking operations and could not be converted into cash in short-term, such as; property and equipment, associates, subsidiaries and entities under common control, office supply inventory, prepaid expenses and net under follow-up loans as well as securities representing a share in capital; and other liabilities such as provisions which are not considered as payables and equity are classified as undistributed.

⁽²⁾Expected credit losses for financial assets and other assets are recognized in the related account.

⁽³⁾Includes subordinated debt instruments.

⁽⁴⁾It also includes receivables from leasing and factoring transactions.

⁽⁵⁾Includes the guarantees given for derivative and repo transactions with foreign banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

5. Presentation of Liabilities According to Their Remaining Maturities

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Bank Deposit	60.920.736	10.383.237	9.782.322	6.898.361	3.064.964	91.049.620
Other Deposit	1.445.115.696	290.768.113	123.453.918	8.824.595	1.223.545	1.869.385.867
Funds borrowed from other financial institutions	2.112.084	9.855.090	52.540.900	37.518.110	8.446.343	110.472.527
Funds borrowed from Interbank Money Market	57.798.179	20.501.945	7.034.894	8.237.972	-	93.572.990
Total	1.565.946.695	331.508.385	192.812.034	61.479.038	12.734.852	2.164.481.004
Prior Period						
Bank Deposit	36.999.725	5.380.801	16.321.306	563.517	1.139.209	60.404.558
Other Deposit	764.160.661	138.238.821	79.424.483	9.237.447	4.260.840	995.322.252
Funds borrowed from other financial institutions	1.244.384	1.726.143	25.083.011	29.015.479	6.563.627	63.632.644
Funds borrowed from Interbank Money Market	153.782.720	21.574.464	2.564.750	3.024.105	-	180.946.039
Total	956.187.490	166.920.229	123.393.550	41.840.548	11.963.676	1.300.305.493

VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO

1. Explanations on Issues that Cause Differences Between Leverage Ratios

The Group’s consolidated leverage calculated by force of the regulation “Regulation on Measurement and Assessment of Leverage Ratios of Banks” is 7,12% (31 December 2021: 6,41%). The increase in leverage ratio occurs from the increase in total risk amount. The regulation sentenced the minimum leverage as 3%.

Balance sheet assets	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
On-balance sheet items (excluded derivative financial instruments and credit derivatives, included collateral)	2.442.705.557	1.383.075.977
(Assets deducted in determining Tier 1 capital)	(24.795.544)	(8.358.335)
Total on-balance sheet risks (sum of lines 1 and 2)	2.417.910.013	1.374.717.642
Derivative financial instruments and credit derivatives		
Replacement cost associated with all derivative financial instruments and credit Derivatives	8.528.403	10.782.578
Add-on amounts for PFE associated with all derivative financial instruments and credit derivatives	7.724.823	2.703.788
Total risks of derivative financial instruments and credit derivatives	16.253.226	13.486.366
Securities or commodity financing transactions (SCFT)		
Risks from SCFT assets	54.738.885	18.983.986
Risks from brokerage activities related exposures	-	-
Total risks related with securities or commodity financing transactions	54.738.885	18.983.986
Other off-balance sheet transactions		
Gross notional amounts of off-balance sheet transactions	702.194.547	409.632.556
(Adjustments for conversion to credit equivalent amounts)	(27.990.411)	(14.215.523)
Total risks of off-balance sheet items	674.204.136	395.417.033
Capital and total risks		
Tier 1 capital	225.438.413	114.811.438
Total risks	3.163.106.260	1.802.605.027
Leverage ratio		
Leverage ratio %	7,12	6,41

⁽¹⁾Three-month average of the amounts in the table are taken into account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. An Extract Comparison Table of Total Risks Placed in Consolidated Financial Statements Coordinated in Accordance With TAS

	Current Period ^(*)	Prior Period ^(*)
Total assets in consolidated financial statements prepared in accordance with Turkish Accounting Standards ^(**)	2.553.175.374	1.493.538.396
The difference between total assets prepared in accordance with Turkish Accounting Standards and total assets in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements”	53.261	4.516
The difference between the amounts of derivative financial instruments and credit derivatives in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such instruments	731.715.641	458.963.706
The difference between the amounts of securities or commodity financing transactions in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts	62.450.262	131.178.567
The difference between the amounts of off-balance items in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	27.990.411	14.215.523
Other differences between the amounts in consolidated financial statements prepared in accordance with the communiqué “Preparation of Consolidated Financial Statements” and risk amounts of such items	(108.660.745)	(139.379.975)
Total Risk Amount	3.163.106.260	1.802.605.027

^(*)The amounts shown in the table are 3-month averages.

^(**)The current year balance of the Consolidated Financial Statements prepared in accordance with paragraph 6 of Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks has been prepared by using the temporary financial statements dated 31 December 2022 of the nonfinancial subsidiaries.

VIII. EXPLANATIONS ON CONSOLIDATED RISK MANAGEMENT

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section.

1. Explanations on Risk Management and Risk Weighted Amount

1.1 The Parent Bank’s Risk Management Approach

It has to do with how the business model determines The Parent Bank’s risk profile; how it interacts with it (e.g., key risks related to the business model and how each of these risks is reflected on explanations); and how The Parent Bank’s risk profile interacts with the risk appetite approved by the board of directors

While risk appetite determines the Parent Bank’s risk level, risk capacity determines its risk appetite and, therefore, risk profile. Local and international conjuncture is also considered to determine the risk level. Establishment of forward-looking strategies and policies is also considered in this regard. The Parent Bank’s risk level is restricted to the limits consistent with its risk appetite.

Risk limits are determined in accordance with the level of risks that may be assumed by the Parent Bank, its activities, size and complexity of its products and services. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Parent Bank’s strategy and risk appetite.

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters regarding signal and limit structure as well as limit values of parameters are determined in coordination with the relevant units and implemented upon approval of the Audit Commission and Board of Directors.

Risk weighted asset-based signal and limit values are regularly monitored by the Parent Bank Risk Management Department, and actual values are reported periodically to the Parent Bank Senior Management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Risk management structure: Responsibilities distributed at The Parent Bank (e.g., supervision and delegation of authority); segregation of duties by risk type, business unit, etc.; relations between structures included in risk management processes (e.g., board of directors, top management, separate risk committee, risk management unit, compliance and internal audit function)

The Parent Bank’s Top Management and relevant units perform their risk management duties, authorities and responsibilities in line with the relevant legal legislation and internal Bank regulations.

Structure of the Parent Bank’s risk management is compliance with the Regulation on Internal Systems and Internal Capital Adequacy Assessment Processes of Banks. Accordingly, internal system units consisting of the Inspection Board, the Internal Audit Department, the Compliance Department, and the Risk Management Department, report to the Audit Committee and the Board of Directors through the Head of Group responsible for internal systems, which operates separately from the executive units.

Risk measurement and monitoring activities are conducted as part of risk management and the results are considered in strategic decision-making process by relevant units and bodies. Risk management operations are conducted in accordance with the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks, issued by the BRSA, within the scope of Regulation on Risk Management, Stress Test Program and the Parent Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”) approved by the Parent Bank’s Board of Directors.

The organizational structure of the Parent Bank’s Risk Management Department consists of credit risk management, market risk management, operational risk management and balance sheet risk management, credit risk control unit (KRKB) and validation unit services. Duties of Risk Management:

- Ensuring identification, measurement, reporting, monitoring, and control of risks exposed through policies, practices and limits established to monitor, control and revise, when necessary, the risk-return structure of the Parent Bank’s cash flows in the future, quality, and level of its associated activities
- Preparing ICAAP reports periodically.
- Conducting stress tests and scenario analyzes
- Establishing and maintaining a system that will ensure determination of capital required to cover significant risks that are or may be exposed and the evaluation of the level of capital adequacy/requirement in line with strategic objectives
- Developing internal models of our Bank’s Probability of Default (PD), Loss at Default (THK) Default Amount (TT) within the scope of TFRS 9 expected credit risk loss calculation, monitoring their performance, developing scenario-based macroeconomic models of parameters regarding future expectations
- Ensuring the accuracy, consistency and adequacy of the analytical models and processes used in decision-making processes and to evaluate their performance and to report the results at regular intervals

The analyzes and studies carried out at ICAAP, including the validation studies, are examined by the Inspection Board and an Analysis Report is prepared regarding the results

Channels used for disseminating and implementing risk culture within The Bank (e.g., codes of conduct, manuals including operational limits or procedures to be performed when risk thresholds are exceeded, procedures for identifying and sharing risk issues between business units and risk units)

The Parent Bank exercises maximum efforts to perceive both risks and returns accurately during its activities and maintain its perspective for disseminating risk culture across the Parent Bank. Accordingly, goals, vision and strategic approaches are shared in large group meetings held by the Parent Bank’s Top Management with employees.

Signal and limit structure established based on risk weighted assets is one of the channels used to disseminate risk culture within the Parent Bank. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units and approved by the Board of Directors.

It is ensured that risk signal and limit structure is forwarded to relevant units in the Parent Bank and the structure is understood by the staff. Usage levels for signal and risk parameters are subject to reports submitted to the Parent Bank’s Top Management.

If limits are exceeded, the Parent Bank’s Top Management is notified. In such a case, matters such as risk mitigation, risk transfer or risk-averse, increasing collaterals and so on can be considered as part of required actions. If limits are exceeded, forward-looking strategies and policies of the Parent Bank-including budget figures-can be reviewed or, where necessary, revised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Another channel used to disseminate the risk culture is in the scope of ICAAP activities. It is essential to include assessment results for capital adequacy in the ICAAP Report covering all significant risks of The Parent Bank. The report is prepared in coordination with risk management and with participation from other relevant units. Similarly, the Parent Bank’s budget goals for the upcoming years are also established with the participation of relevant units. The Parent Bank’s Top Management and relevant units conduct their ICAAP duties, authorities and responsibilities in line with the Parent Bank regulations and relevant legal legislation.

Principal elements and scope of risk measurement systems

The Parent Bank’s risk measurement system functions in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way. Regarding the inclusion of risk measurement results in decision-making processes, reports are elaborated with extensive explanations and assumptions to avoid any misinterpretation that may arise from errors and deficiencies.

Required activities are performed to engage in design, selection, implementation and pre-approval processes for risk measurement models; review accuracy, reliability and performance of models regularly through various methodologies and make required revisions; accordingly, and report results of analyzes conducted with such models.

The Parent Bank’s capital adequacy ratio is calculated in accordance with the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, Communiqué on Credit Risk Mitigation Techniques and other relevant legal regulations.

Counter parties/operations related to the credit risk are separated on the basis of risk classes mentioned in Appendix-1 of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks, and each of them is assigned by the weight of risk in line with the matters specified for relevant risk class. Then, they are subject to risk mitigation in accordance with the principles of Communiqué on Credit Risk Mitigation Techniques and weighted based on the risk weights.

After deduction of expected loss provisions for the loans for the stage 3 in accordance with Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves, non-cash loans and commitments are included in the calculation of credit-risk-weighted amount with loan conversion rates presented in article 5 of Communiqué on Measurement and Assessment of Capital Adequacy of Banks.

Trading accounts and the values deducted from the capital base in the shareholders’ equity computation are excluded from calculation of credit risk-weighted assets.

Calculations regarding to the counter party credit risk are made for repurchase agreement and derivative transactions. These transactions are added to the calculations after applying the rates presented in the amendments of the Communiqué on Measurement and Assessment of Capital Adequacy of Banks and Communiqué on Credit Risk Mitigation Techniques.

Calculations regarding counter parties credit risks are made with the basic financial collateral method and extensive collateral method for banking accounts and trading accounts respectively.

The amount subject to the total market risk is calculated through the standard method. Furthermore, value at risk forecasts is made on a daily basis and backward testing is performed so as to measure performance of the model.

Liquidity Coverage Ratio and Liquidity Risk Analysis reports for the liquidity risk are prepared in accordance with the relevant regulations. Furthermore, stress test is performed to assess maturity mismatch between sources and uses, contractual maturities as well as behavioral maturities of assets and liabilities, the Parent Bank’s liquidity requirement in a worst-case scenario and relevant damages that may be incurred based on scenario and sensitivity analysis activities.

Control of interest rate risk on banking accounts entails monitoring rate and maturity mismatch between sources and uses of fixed and variable interest rates, contractual maturities as well as behavioral maturities assets and liabilities and the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend.

Explanations provided to the Board of Directors and Top Management on risk reporting processes, particularly scope and main contents of reporting

It is essential to inform the Top Management about developments and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing Top Management is established and required measures are taken for healthy functioning of the system.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Informing process as part of reporting should be based on the most current data available on a periodical basis. Reports issued contain, at minimum, information on risk amount and development, legal capital requirement, legal ratios for liquidity and interest rate risks, stress test analysis results, effect of such results on capital adequacy level and ratios, realization level of risk limits and limitations, and assumptions of risk measurement method used.

As part of the reporting system, an information systems infrastructure is established for external reporting and required actions are taken to fulfill legal obligations fully in a timely manner in this regard

Explanations on stress test (e.g., assets subject to stress test, scenarios applied, methodologies used and the use of stress test in risk management)

Stress test is intended to pre-assess the effect of negative developments in specified risk factors on amounts subject to risk and capital adequacy/requirement level.

Conducting the stress test periodically is essential, and test result must be included in internal reporting and considered in strategic decision-making process or capital management. Results of stress test analysis are considered while establishing risk management policies.

In stress test activities, shock is applied to risk factors determined (factors specific to debtor or transaction or macroeconomic variables such as exchange rate, price, interest and so on), and the effects of results on risk-weighted asset amount and capital adequacy ratio are identified. Accordingly, risk factors are identified first and then assumptions to be implemented are determined and possible losses in the future are estimated. Stress test activities include creating scenarios, which are unlikely, if not impossible, and which may affect the Parent Bank’s risk level significantly.

The results of stress test are subject to internal Bank reporting and ICAAP Report. The results of stress test may be used in processes to determine the Parent Bank’s risk appetite or risk limits and identify new and current business strategies as a planning instrument and their effect on capital utilization.

Analyzes of credit risk based on internal and external risk factors, counter party credit risk, liquidity risk, interest rate risk, operational risk and market risk are conducted in the case of stress tests which are subject to internal reporting.

The Board of Directors is responsible for assessing the results of the Stress Test Program and taking actions based on the results. Accordingly, actions such as revision of risk appetite, strategy and risk limits or restriction of activities to specific sectors or portfolios can be taken.

The Parent Bank’s risk management, aversion and mitigation strategies and processes based on business model and monitoring processes for continuous efficiency of safeguards and mitigants

Amounts subject to credit risk can be mitigated by using one or more risk mitigation techniques in line with the legal regulations.

Funded or unfunded credit safeguard instruments are considered while using the risk mitigation technique. Whether credit safeguard instruments meet minimum compulsory conditions specified in legal regulations is checked via the system.

The Parent Bank performs risk mitigation with a simple financial method. Credibility of guarantors are monitored and assessed in the scope of credit revision maturity.

All Bank employees are responsible for control and mitigation of operational risks based on their job definitions and business processes. All Bank units are obliged to take risk mitigation measures for mitigation of operational risks that may occur in their respective fields of activity through insurance and other risk transfer mechanisms.

The market risk of the Parent Bank is reduced by using derivatives or other financial products, taking into account the current conjuncture, risk appetite, risk capacity and risk level. Thanks to the transactions made, long-term resources are obtained and the interest rate risk arising from liquidity and banking accounts is limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Diversification of fund is deemed important for managing the liquidity risk that may occur. While the Parent Bank’s fundamental funding resources are deposits, the strategy of preserving the common base structure of deposits is sustained. Besides, in order to increase the diversification of funds and decrease the maturity gap between assets and liabilities, non-deposit funds such as bond/bill issuances, repo transactions and funds borrowed are executed as for the asset side of the Parent Bank, policies are pursued as part of measures to improve short term cash cycle and minimize maturity mismatch between assets and liabilities. As part of management of interest rate risk, measures are taken to reduce repricing maturity mismatch of interest sensitive assets and liabilities.

Overview of Risk Weighted Amounts

		Risk Weighted Amount		Minimum capital Requirement
		Current Period	Prior Period	Current Period
1	Credit Risk (excluding counterparty credit risk)	1.419.608.937	757.683.306	113.568.715
2	Standardized approach	1.419.608.937	757.683.306	113.568.715
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	27.959.366	11.589.174	2.236.749
5	Standardized approach for counterparty credit risk	27.959.366	11.589.174	2.236.749
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models’ equity position in the Banking account	-	-	-
8	Investments made in collective investment companies-look through approach	-	-	-
9	Investments made in collective investment companies-mandate-based approach	2.300.996	1.009.692	184.080
10	Investments made in collective investment companies-1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB Supervisory Formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	109.408.827	41.011.997	8.752.706
17	Standardized approach	109.408.827	41.011.997	8.752.706
18	Internal model approaches	-	-	-
19	Operational risk	61.756.259	51.284.583	4.940.501
20	Basic Indicator approach	61.756.259	51.284.583	4.940.501
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	1.621.034.385	862.578.752	129.682.751

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. Connections Between Financial Statements and the Risk Amounts

Differences Between Accounting Consolidation and Legal Consolidation and Matching of the Subject

	Carrying values as reported in published financial statements ^(*)						
	Carrying values as reported in published financial statements ^(*)	Valued amount according to TAS within legal consolidation ^(**)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization on framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
Current Period							
Assets							
Cash and Balances at Central Bank	403.946.747	403.946.747	403.946.747	-	-	-	-
Banks	28.641.932	28.641.932	28.641.932	-	-	-	-
Receivables from Money Markets	6.282.990	6.282.990	1.167.858	5.115.132	-	-	-
Financial Assets Measured at Fair Value to Profit or Loss	36.075.116	36.075.116	696.219	-	-	35.378.897	-
Financial Assets Measured at Fair Value to Other Comprehensive Income	415.499.007	415.499.007	330.237.299	98.062.871	-	85.261.708	-
Financial Assets Measured at Amortized Cost	165.382.493	165.382.493	165.382.493	22.603.804	-	-	-
Derivative Financial Assets	8.860.105	8.860.105	-	8.860.105	-	-	-
Loans (Net)	1.392.645.109	1.371.392.988	1.409.848.507	-	-	-	24.655
Investments in Associates (Net)	693.755	693.755	693.755	-	-	-	-
Investments in Subsidiaries (Net)	1.525.892	1.525.892	1.525.892	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	1.100.239	1.100.239	1.100.239	-	-	-	-
Receivables Form Leasing Transactions	21.252.121	21.252.121	21.252.121	-	-	-	-
Factoring receivables	-	-	-	-	-	-	-
Tangible Assets (Net)	36.857.821	36.835.128	36.680.771	-	-	-	154.357
Intangible Assets (Net)	2.770.249	2.766.382	-	-	-	-	2.766.382
Investment Properties (Net)	775.075	775.075	775.075	-	-	-	-
Tax Asset	5.930.724	5.930.724	5.930.724	-	-	-	-
Non-Currents Assets or Disposal Groups “Held for Sale” and “From Discontinued Operations (Net)	7.182.481	7.182.481	7.182.481	-	-	-	-
Other Assets	17.753.518	38.978.938	38.978.938	-	-	-	-
Total Assets	2.553.175.374	2.553.122.113	2.454.041.051	134.641.912	-	120.640.605	2.945.394
Liabilities							
Deposits	1.940.237.158	1.940.309.072	-	-	-	-	-
Funds Borrowed	115.412.033	115.412.033	-	1.111.812	-	-	-
Money Markets	92.618.688	92.618.688	-	92.618.687	-	-	-
Securities Issued (Net)	31.805.956	31.805.956	-	-	-	-	-
Funds	70.337	34.703	-	-	-	-	-
Derivative Financial Liabilities	3.159.560	3.159.560	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-	-
Other Liabilities	61.435.895	61.306.135	-	-	-	-	-
Factoring Liabilities	1.850.079	1.850.079	-	-	-	-	-
Provisions	51.139.130	51.139.130	-	-	-	-	-
Tax Liability	9.858.291	9.858.291	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups “Held for Sale” and “From Discontinued Operations (Net)	-	-	-	-	-	-	-
Subordinated Debt Instruments	31.546.716	31.546.716	-	-	-	-	-
Equity	214.041.531	214.081.750	-	-	-	-	-
Total Liabilities	2.553.175.374	2.553.122.113	-	93.730.499	-	-	-

^(*)Financial statements prepared in accordance with the sixth paragraph of the fifth article of the “Communiqué on the Preparation of Banks’ Consolidated Financial Statements” have been used.

^(**)Represents the consolidated financial statements of the Bank.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Carrying values as reported in published financial statements ^(*)						Not subject to capital requirements or subject to deduction from capital
	Carrying values as reported in published financial statements ^(*)	Valued amount according to TAS within legal consolidation ^(**)	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the securitization on framework	Subject to the market risk framework	
Assets							
Cash and Balances at Central Bank	227.540.631	227.540.631	227.540.631	-	-	-	-
Banks	17.523.178	17.523.178	17.523.178	-	-	-	-
Receivables from Money Markets	1.249.698	1.249.698	570.988	678.710	-	-	-
Financial Assets Measured at Fair Value to Profit or Loss	28.551.122	28.551.122	37.342	-	-	28.513.780	-
Financial Assets Measured at Fair Value to Other Comprehensive Income	279.778.054	279.778.054	210.519.544	170.822.248	-	69.258.510	-
Financial Assets Measured at Amortized Cost	46.329.168	46.328.891	46.328.891	4.600.734	-	-	-
Derivative Financial Assets	12.067.535	12.067.535	-	12.067.535	-	-	-
Loans (Net)	831.927.113	831.927.113	849.563.008	-	-	-	16.026
Investments in Associates (Net)	476.258	476.258	476.258	-	-	-	-
Investments in Subsidiaries (Net)	657.465	657.465	657.465	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	606.376	606.376	606.376	-	-	-	-
Receivables Form Leasing Transactions	9.566.606	9.566.606	9.566.606	-	-	-	-
Factoring receivables	18.204	18.204	18.204	-	-	-	-
Tangible Assets (Net)	13.505.201	13.500.115	13.423.937	-	-	-	76.178
Intangible Assets (Net)	1.677.989	1.677.133	-	-	-	-	1.677.133
Investment Properties (Net)	1.268.500	1.268.500	1.268.500	-	-	-	-
Tax Asset	3.072.355	3.072.355	3.072.355	-	-	-	-
Non-Currents Assets or Disposal Groups “Held for Sale” and “From Discontinued Operations (Net)	5.450.287	5.450.287	5.450.287	-	-	-	-
Other Assets	12.272.656	12.274.359	12.274.359	-	-	-	-
Total Assets	1.493.538.396	1.493.533.880	1.398.897.929	188.169.227	-	97.772.290	1.769.337
Liabilities							
Deposits	1.051.829.717	1.051.860.701	-	-	-	-	-
Funds Borrowed	60.940.831	60.940.831	-	11.795.858	-	-	-
Money Markets	180.483.741	180.483.741	-	161.047.437	-	-	-
Securities Issued (Net)	30.309.580	30.309.580	-	-	-	-	-
Funds	45.908	31.956	-	-	-	-	-
Derivative Financial Liabilities	3.702.077	3.702.077	-	-	-	-	-
Factoring Liabilities	-	-	-	-	-	-	-
Other Liabilities	29.830.188	29.764.358	-	-	-	-	-
Factoring Liabilities	1.062.527	1.062.527	-	-	-	-	-
Provisions	9.791.008	9.791.008	-	-	-	-	-
Tax Liability	1.702.018	1.702.018	-	-	-	-	-
Non-Currents Liabilities or Disposal Groups “Held For Sale” and “From Discontinued Operations (Net)	-	-	-	-	-	-	-
Subordinated Debt Instruments	22.741.964	22.741.964	-	-	-	-	-
Equity	101.098.837	101.143.119	-	-	-	-	-
Total Liabilities	1.493.538.396	1.493.533.880	-	172.843.295	-	-	-

^(*)Financial statements prepared in accordance with the sixth paragraph of the fifth article of the “Communiqué on the Preparation of Banks’ Consolidated Financial Statements” have been used.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

Current Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	2.553.122.113	2.454.041.051	134.641.912	120.640.605
Liabilities carrying value amount under regulatory scope of consolidation	-	-	93.730.499	-
Total net amount under regulatory scope of consolidation	2.553.122.113	2.454.041.051	40.911.413	120.640.605
Differences in valuations	1.074.171.103	313.316.733	403.703.302	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	3.627.293.216	2.767.357.784	444.614.715	120.640.605
Prior Period	Total	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework
Asset carrying value amount under scope of regulatory consolidation	1.493.533.880	1.398.897.929	188.169.227	97.772.290
Liabilities carrying value amount under regulatory scope of consolidation	-	-	172.843.295	-
Total net amount under regulatory scope of consolidation	1.493.533.880	1.398.897.929	15.325.932	97.772.290
Differences in valuations	691.567.637	187.847.877	265.502.197	-
Valuation Differences	-	-	-	-
Differences due to different netting rules, other than those already included in row 2	-	-	-	-
Differences due to consideration of provisions	-	-	-	-
Differences due to prudential filters	-	-	-	-
Amount of Risk	2.185.101.517	1.586.745.806	280.828.129	97.772.290

Explanations on differences between risk amounts and valued amounts in accordance with the Turkish Accounting Standards

There is no significant difference between financial statement values of assets and liabilities and values included in capital adequacy calculation.

3. Credit Risk Explanations

3.1. Transformation of bank’s business model into components in credit risk profile

The Banks must allocate risk limits approved by board of directors of the Banks and monitor limit utilization pursuant to Article 38 of the Regulation on the Internal Systems and Internal Capital Adequacy Assessment Processes of Banks issued by the BRSA and published in the Official Gazette no. 29057 dated 11 July 2014. Furthermore, pursuant to paragraph 5 of the same article, it is expected to establish a signal structure that will serve as an early warning mechanism in addition to the limit structures.

Additionally, principle 5 of the Guideline for Counter Party Credit Risk Management announced to the public by the BRSA with the Agency Decision no. 6827 dated 31 March 2016 States that banks must allocate a limit for counter party credit risk (CCR).

Pursuant to aforementioned regulations, to what extent the Parent Bank gets closer to allocated limits approved by the board of directors or to what extent these levels were exceeded must be monitored by the risk management unit which was structured independent from executive units. This practice that was included in monitoring function of the risk management unit is significant as it presents a legal obligation, and it helps optimization of resource utilization.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

In accordance with the changing organizational structure of the Parent Bank, the signal and limit with risk of change in customer segmentation are on corporate, commercial and individual segment basis in accordance with the customer segment structure and are updated according to the changes in the segmentation structure. Signal and limit values for counter party credit risk transactions were determined separately for banking accounts and trading accounts based on portfolio type. Calculations were made based on ratio of risk weighted asset amounts calculated for relevant parameters to total credit and market risk weighted asset amounts and they are reported to the Parent Bank’s Top Management periodically through relevant units.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to market risk, it is essential to restrict risk level to the limits in line with the Bank’s risk appetite. Market risk limits were determined as interest rate risk and currency risk limits. Current values for such limits are calculated on a daily basis with market data and reported to the Bank’s Top Management through relevant units. Market risk signal and limit values are monitored dynamically in the light of market developments and, if necessary, updated based on the developments in the Bank’s strategy and risk appetite.

3.2. Criteria and approach adopted for determining credit risk policy and credit risk limits

As part of credit risk management, the Parent Bank’s risk management team conducts the functions of identification, measurement, monitoring and controlling of credit risk in line with the structure, size, complexity and growth rate of products and activities and reports the analysis, including stress test, and its results to the Bank’s Top Management.

In an attempt to prevent significant effects of unfavorable developments in the portfolio subject to credit risk, credit risk level was restricted to the limits in line with the Parent Bank’s risk appetite. The limits are revised and, if needed, updated regularly in line with the developments in market conditions, the Parent Bank’s strategy and risk appetite.

There is a signal and limit structure in place, indicating that credit risk limits are almost reached as a result of internal and external developments. Parameters for signal and limit structure and limit values of parameters are determined by risk management by consulting the relevant units. The approval of Audit Committee and Board of Directors is sought in order to implement parameters and signal/limit threshold values within The Parent Bank. It is ensured that risk signal and limit structure is forwarded to relevant units in the Bank and the structure is understood by the relevant staff. Actual values are monitored closely by the risk management. Actual values regarding signal and limit parameters are reported to the Bank’s Top Management.

3.3 Structure and organization of credit risk management and control function

The Parent Bank’s internal system units consist of the Inspection Board Presidency, Internal Control Presidency, Compliance Presidency and Risk Management Group Presidency. Credit risk management is one of the six services under the Risk Management Group Presidency.

Activities conducted at the credit risk management unit, which is subject to inspection and controlling activities periodically, aim to establish and maintain a credit risk management infrastructure that is structured enough to meet legal obligations and flexible enough to accommodate the best practices. Accordingly, capital amount that should be reserved for credit risk is calculated; risk mitigation techniques are implemented; stress tests are conducted; credit risk signal and limit structures are monitored; activities are conducted to calculate credit risk with advanced methods and developments that may affect the Bank’s credit risk are monitored. Analyzes conducted are reported to the Top Management and relevant units periodically.

3.4. Relationship between credit risk management, risk control, legal compliance and internal audit functions

Risk Management Group Presidency goes through inspection and control activities periodically. In case of any findings, they are reported and required activities are performed.

In addition, audit and control units are also involved in the ICAAP studies, which constitute an important part of risk management activities. Accordingly, the analyzes and studies carried out at ICAAP, including the validation studies, are examined by the Inspection Board and an Investigation Report is prepared regarding the results.

The controls on Risk Management Disclosures are carried out within the scope of Risk Management Department activities. Two separate control processes are carried out periodically in the related unit, Capital Adequacy Calculation process and other Risk Management processes control and are carried out within the scope of capital adequacy check points and guide and control points and guidance related to other risk management activities.

All activities, new transactions and products planned by the Parent Bank; compliance with relevant laws, regulations, internal policies and banking practices is controlled. In this context, the compliance of the legislative regulations regarding the Risk Management Disclosures with the intra-bank practices is also checked.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

The control activities carried out in the Head Office Units are carried out in accordance with the control periods determined by taking into account the functions and the risks of the units, the duties of the units and their effects on The Parent Bank’s balance sheet. The control processes of the Head Office Units are carried out through the control points determined according to the processes, duties and powers of the unit and the control techniques are detailed in the General Directorate Control Manual.

3.5. Scope and Main Content for Reporting to Top Management and Board Members on Credit Risk Management Function and Credit Risk Exposed

It is essential to inform the Parent Bank’s Top Management about developments in credit risk management and results of the analysis and activities conducted in order to achieve efficiency in risk management. Accordingly, a reporting system for informing the Parent Bank’s Top Management on credit risk management is established and required measures are taken for healthy functioning of the system.

Informing process as part of reporting should be based on the most current data available on a periodical basis.

Reports issued contain, at a minimum, information on risk amount and development, legal capital requirement, stress test analysis results, effect of such results on capital adequacy level, actualization level of risk limits and limitations and assumptions of risk measurement method used.

3.6. Credit Quality of Assets

			Allowances/ Amortization and impairments	Net values
Current Period	Defaulted	Non-defaulted		
Loans ^(*)	19.247.953	1.427.751.865	54.354.709	1.392.645.109
Debt Securities	-	502.471.317	14.804.756	487.666.561
Off-balance sheet exposures	1.423.307	690.361.564	9.352.474	682.432.397
Total	20.671.260	2.620.584.746	78.511.939	2.562.744.067

^(*)It also includes receivables from lease transactions.

			Allowances/ Amortization and impairments	Net values
Prior Period	Defaulted	Non-defaulted		
Loans ^(*)	20.206.200	854.230.540	32.924.817	841.511.923
Debt Securities	-	267.214.776	8.515.635	258.699.141
Off-balance sheet exposures	1.251.695	431.337.006	3.401.185	429.187.516
Total	21.457.895	1.552.782.322	44.841.637	1.529.398.580

^(*)It also includes receivables from leasing transactions.

3.7. Changes on Defaulted Loans and Debt Securities

Current Period		
1	Defaulted loans and debt securities at end of the previous reporting period	20.206.200
2	Loans and debt securities that have defaulted since the last reporting period	6.927.606
3	Returned to non-defaulted status	1.082.290
4	Amounts written off	885.220
5	Other changes	(5.918.343)
6	Amount of defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) ^(*)	19.247.953

^(*)Provisions for non-cash loans are not included in the table.

It also includes receivables from leasing transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period

1	Defaulted loans and debt securities at end of the previous reporting period	16.681.214
2	Loans and debt securities that have defaulted since the last reporting period	9.186.707
3	Returned to non-defaulted status	1.095.890
4	Amounts written off	-
5	Other changes	(4.565.831)
6	Amount of defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) ^(*)	20.206.200

^(*)Provisions for non-cash loans are not included in the table

3.8. Additional Explanations on Credit Quality of Assets

Differences between definitions and explanations of “deferred” receivables and receivables for which “provision was allocated”, and definitions of “deferred” and “provision of allocation”, if any

Group classifies its credits and other receivables and allocates expected loss provisions pursuant to the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions” published in the Official Gazette no. 29750 dated 22 June 2016. The term “Deferred Receivables” is used for credits named “Loans under Close Monitoring” whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named “Non-Performing Loans” whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Group sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as “Standard Credits” and “Under Close Monitoring” and expected loss provisions for the loans for the stage 3 for credits classified as “Non-Performing Loans”.

The portion that is not considered within the scope of “allocation of provision” among deferred receivables (over 90 days) and reasons for this practice

The Parent Bank automatically transfers the loans over 90 days past due to the follow-up accounts in accordance with the provisions of the Regulation on Provisions and allocates the provision for the relevant class.

Definitions of methods used for determining provision amount

The Parent Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”.

Definitions of restructured receivables

Real/legal persons using credit may, from time to time, face usual risks of business life such as failure to include the excessive cost increases in sales prices, loss of market share and turnover, unexpected expenses, problems in collection of receivables due to some factors that are beyond reasonable control of its own businesses or other businesses worked with. They may therefore have temporary liquidity difficulties. It involves setting new loan repayment maturities in line with cash flows for businesses which have no significant problem in credit worthiness and sustain their income-generating activities but fail, or priorly imply failure, to make their loan repayment in a timely manner due to temporary liquidity problems.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Breakdown of receivables by geographic regions, sectors, and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets

	Loans and Receivables ⁽²⁾	Non-Preforming Loans	Expected Loss Provisions	Total
Domestic	1.372.387.748	15.948.383	51.376.238	1.336.959.893
European Union Countries	8.944.291	377.401	398.013	8.923.679
USA, Canada	31.206	4.249	4.364	31.091
OECD Countries ⁽¹⁾	3.138.551	136.957	201.293	3.074.215
Off-Shore Banking Regions	-	-	-	-
Other	21.997.948	2.780.963	2.374.801	22.404.110
Total	1.406.499.744	19.247.953	54.354.709	1.371.392.988

⁽¹⁾OECD countries other than EU countries, USA, and Canada.

⁽²⁾It also includes receivables from leasing and factoring transactions.

	Loans and Receivables ⁽¹⁾	Non-Preforming Loans	Expected Loss Provisions	Total
Agriculture	266.952.007	953.502	2.178.354	265.727.155
Farming and Stockbreeding	263.418.219	938.201	2.153.571	262.202.849
Forestry	2.296.437	9.438	16.150	2.289.725
Fishing	1.237.351	5.863	8.633	1.234.581
Manufacturing	386.853.093	2.934.846	19.464.475	370.323.464
Mining and Quarrying	27.942.273	36.627	321.509	27.657.391
Production	282.825.874	2.642.643	17.067.390	268.401.127
Electric, Gas and Water	76.084.946	255.576	2.075.576	74.264.946
Construction	142.918.310	3.935.665	7.855.861	138.998.114
Services	303.014.976	5.084.000	17.113.040	290.985.936
Wholesale and Retail Trade	118.594.250	3.033.916	4.188.997	117.439.169
Hotel Food and Beverage Services	29.254.230	664.395	3.386.746	26.531.879
Transportation and Telecommunication	44.998.380	188.017	302.233	44.884.164
Financial Institutions	13.742.902	12.718	81.533	13.674.087
Real Estate and Leasing Services	89.677.067	1.112.594	8.478.487	82.311.174
Self-Employment Services	303.236	90	5.521	297.805
Education Services	2.443.587	17.890	194.688	2.266.789
Health and Social Services	4.001.324	54.380	474.835	3.580.869
Other	306.761.358	6.339.940	7.742.979	305.358.319
Total	1.406.499.744	19.247.953	54.354.709	1.371.392.988

⁽¹⁾Receivables from lease and factoring transactions are not included.

Aging Analysis for Overdue Receivables

Day Past Due	Current Period	Prior Period
1-30 Days	3.246.771	3.779.974
31-60 Days	1.511.192	2.482.529
61-90 Days	834.986	1.232.176
90 +	82.722	347.139
Total	5.675.671	7.841.818

Loans under close monitoring amounting to TL 85.779.103 (31 December 2021: TL 76.846.611) are not overdue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Breakdown of restructured receivables by allocation of provision

Out of the Group’s total restructured loans amounting to TL 79.148.706, a portion of TL 77.339.920 consists of performing loans and remaining portion of TL 1.808.786 consists of non-performing loans. The total amount of first and second stage expected loss provisions allocated for non-performing loans is TL 27.166.865 and the third stage expected loss provision for non-performing loans is TL 1.132.408. (31 December 2021: Out of the Group’s total restructured loans amounting to TL 58.726.946, a portion of TL 56.177.889 consists of performing loans and remaining portion of TL 2.549.057 consists of non-performing loans. Total first and second stage expected loss provision for structured loans is TL 13.594.681 and third stage expected loss provision amount allocated for non-performing loans is TL 1.580.914. No expected loss provision has been allocated for non-performing loans amounting to TL 65.200 whose risk does not belong to the Bank.).

3.9. Credit risk mitigation

3.9.1. Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques

Basic characteristics of policies and processes on the extent of utilization of on-balance sheet and off-balance sheet netting

The practice of on-balance sheet and off-balance sheet netting is not used while mitigating credit risk within the Group.

3.10. Credit risk mitigation techniques-Overview

	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Current Period							
Loans ^(*)	1.035.241.594	260.882.660	40.724.897	242.015.923	32.956.669	-	-
Debt Securities	437.527.982	-	-	-	-	-	-
Total	1.472.769.576	260.882.660	40.724.897	242.015.923	32.956.669	-	-
Of which defaulted	17.294.355	926.013	217.871	912.025	217.568	-	-

^(*)It also includes receivables from leasing and factoring transactions.

	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Prior Period							
Loan ^(*)	600.788.105	158.090.580	55.895.930	148.872.376	52.164.610	-	-
Debt Securities	212.202.463	-	-	-	-	-	-
Total	812.990.568	158.090.580	55.895.930	148.872.376	52.164.610	-	-
Of which defaulted	18.054.558	990.865	281.821	973.812	280.901	-	-

^(*)It also includes receivables from leasing transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.11. Credit risk in case of using standard approach

3.11.1. Qualitative explanations on ratings used by banks when calculating credit risk with the standard approach

Names of Credit Rating Agencies (CRA) and Export Rating Agencies (ERA) used by The Parent Bank and the reasons in case of any change during the reporting period

The Parent Bank uses ratings of Fitch Ratings International Rating Agency and Islamic International Rating Agency (IIRA) while calculating the amount subject to credit risk through standard approach. The country risk classification published by the Economic Cooperation and Development Organization (OECD) is taken as basis for the unrated central government and central banks.

Risk classes using CRA and ERA ratings

For the risk class received from banks and intermediary institutions, the ratings of the Fitch Ratings International Rating Agency are used for determining the risk weights for the risk classes using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as “Gradeless” and take the risk weight which is appropriate for the “Gradeless” category in the related risk class.

Explanation on how credit rating of debtor is used for other assets of debtor in banking accounts

In order to determine the risk weight of the items subject to issuance or issuer rating among the items included in the banking accounts, the issue rating is first examined, and in the absence of an issue rating, the credit rating of the issuer is taken into account.

Matching rating grades on the basis of risk

Rating grade assigned by a credit rating agency that is not listed in the BRSA’s matching table is not used in calculations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.12. Standard Approach-Loan risk Exposure and the Effects of Loan Risk Reduction Techniques

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount Density
Risk classes						
Exposures to sovereigns and their central banks	770.756.946	1.786.581	803.030.531	845.160	3.902.691	0,5%
Exposures to regional and local governments	632.524	208.595	594.032	134.406	324.987	44,6%
Exposures to administrative bodies and non-commercial entities	11.812.435	2.580.803	11.807.400	1.210.805	12.981.384	99,7%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	109.387.414	20.479.838	110.027.808	12.044.715	37.509.646	30,7%
Exposures to corporates	583.908.618	358.065.665	571.387.149	196.749.187	743.926.609	96,8%
Retail exposures	340.927.304	180.946.090	321.413.208	22.216.820	257.349.533	74,9%
Exposures secured by residential property	135.466.119	3.622.977	134.849.926	1.641.130	47.767.451	35,0%
Exposures secured by commercial property	95.292.805	11.947.689	95.292.805	7.245.287	58.259.834	56,8%
Past-due items	3.017.826	-	2.800.263	-	1.645.136	58,7%
Exposures in high-risk categories	106.413.038	12.398.539	106.413.033	2.801.183	194.877.693	178,4%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	2.831.846	123.245	2.830.720	61.577	2.300.996	79,6%
Other exposures	97.913.037	-	97.913.037	-	81.269.638	83,0%
Equity share investments	2.764.260	-	2.764.260	-	2.764.260	100,0%
Total	2.261.124.172	592.160.022	2.261.124.172	244.950.270	1.444.879.858	57,7%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk Weighted Amount	Risk Weighted Amount Density
Risk classes						
Exposures to sovereigns and their central banks	469.451.512	1.225.247	520.883.728	683.328	10.821.358	2,1%
Exposures to regional and local governments	405.809	154.555	439.398	104.750	243.982	44,8%
Exposures to administrative bodies and non-commercial entities	5.432.768	1.377.014	5.418.976	610.772	6.005.324	99,6%
Exposures to multilateral development banks	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-
Exposures to banks and brokerage houses	78.203.836	16.888.879	78.825.239	9.817.327	18.829.698	21,2%
Exposures to corporates	343.313.097	201.874.107	318.845.064	113.363.286	427.485.851	98,9%
Retail exposures	271.961.686	112.859.406	244.837.359	13.605.573	192.957.560	74,7%
Exposures secured by residential property	70.571.961	1.214.451	70.376.138	503.243	24.805.633	35,0%
Exposures secured by commercial property	33.025.808	3.729.848	33.025.808	2.288.216	20.360.465	57,7%
Past-due items	4.263.180	-	3.982.283	-	2.890.715	72,6%
Exposures in high-risk categories	16.952.456	6.528.004	16.952.451	1.370.110	27.337.835	149,2%
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	1.014.466	124.430	1.010.134	62.169	1.009.692	94,2%
Other exposures	39.978.557	-	39.978.554	-	30.941.735	77,4%
Equity share investments	2.054.965	-	2.054.965	-	2.054.965	100,0%
Total	1.336.630.101	345.975.941	1.336.630.097	142.408.774	765.744.813	51,8%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.13. Standard Approach: Receivables related with Risk Classes and Risk Weights

Current Period Risk Classes/Risk Weight	0%	10%	20%	25%	35% secured by property mortgage	50% secured by property mortgage	50%(*)	75%	100%	150%	250%	Other	Total risk amount (post- CCF and CRM)
Exposures to sovereigns and their central banks	799.456.575	-	143.674	-	-	-	802.971	-	3.472.471	-	-	-	803.875.691
Exposures to regional and local government	69.172	-	24.081	-	-	-	630.029	-	5.156	-	-	-	728.438
Exposures to administrative bodies and non-commercial entities	36.666	-	194	-	-	-	-	-	12.981.346	-	-	-	13.018.206
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	32.892.316	-	29.737.285	-	-	-	55.752.891	-	3.685.656	-	-	4.375	122.072.523
Exposures to corporates	9.802.862	-	15.415.580	-	-	-	4.148.803	-	738.769.091	-	-	-	768.136.336
Retail exposures	3.845.246	-	645.982	-	-	-	-	327.673.855	11.464.945	-	-	-	343.630.028
Exposures secured by residential property	11.189	-	3.352	-	136.476.515	-	-	-	-	-	-	-	136.491.056
Exposures secured by commercial property	-	-	-	-	-	88.556.516	-	-	13.981.576	-	-	-	102.538.092
Past-due items	283	-	8	-	-	-	2.309.675	-	490.297	-	-	-	2.800.263
Exposures in high-risk categories	69.382	-	2.394	-	-	-	13.417	-	483	47.025.373	-	62.103.166	109.214.215
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	591.301	-	-	-	-	-	-	-	2.300.996	-	-	-	2.892.297
Equity share investments	-	-	-	-	-	-	-	-	2.764.260	-	-	-	2.764.260
Other exposures	16.641.300	-	2.624	-	-	-	-	-	81.269.113	-	-	-	97.913.037
Total	863.416.292	-	45.975.174	-	136.476.515	88.556.516	63.657.786	327.673.855	871.185.389	47.025.373	-	62.107.541	2.506.074.442

(*)Demonstrates all receivables that are consisting of 50% risk weighted and out of the line “Exposures secured by commercial property”.

Prior Period Risk Classes/Risk Weight	0%	10%	20%	25%	35% secured by property mortgage	50% secured by property mortgage	50%(*)	75%	100%	150%	250%	Other	Total risk amount (post- CCF and CRM)
Exposures to sovereigns and their central banks	502.823.003	-	270.902	-	-	-	15.411.948	-	3.061.203	-	-	-	521.567.056
Exposures to regional and local government	58.779	-	24.081	-	-	-	444.245	-	17.043	-	-	-	544.148
Exposures to administrative bodies and non-commercial entities	24.254	-	212	-	-	-	-	-	6.005.282	-	-	-	6.029.748
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	47.596.002	-	9.762.183	-	-	-	26.606.959	-	3.551.259	-	-	1.126.163	88.642.566
Exposures to corporates	2.149.456	-	1.510.618	-	-	-	2.726.825	-	425.820.291	-	-	1.160	432.208.350
Retail exposures	1.775.236	-	815.558	-	-	-	3.772	252.223.212	3.625.154	-	-	-	258.442.932
Exposures secured by residential property	5.075	-	2.495	-	70.871.811	-	-	-	-	-	-	-	70.879.381
Exposures secured by commercial property	-	-	-	-	-	29.907.118	-	-	5.406.906	-	-	-	35.314.024
Past-due items	1.019	-	56	-	-	-	2.181.009	-	1.800.199	-	-	-	3.982.283
Exposures in high-risk categories	78.736	-	3.482	-	-	-	23.120	-	511	18.216.712	-	-	18.322.561
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	62.611	-	-	-	-	-	-	-	1.009.692	-	-	-	1.072.303
Equity share investments	-	-	-	-	-	-	-	-	2.054.965	-	-	-	2.054.965
Other exposures	9.036.799	-	25	-	-	-	-	-	30.941.730	-	-	-	39.978.554
Total	563.610.970	-	12.389.612	-	70.871.811	29.907.118	47.397.878	252.223.212	483.294.235	18.216.712	-	1.127.323	1.479.038.871

(*)Demonstrates all receivables that are consisting of 50% risk weighted and out of the line “Exposures secured by commercial property”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.14. Credit risk under Internal Ratings-Based (IRB) Approach

Standard approach is used in the Group’s credit risk calculations.

3.15. Counter Party Credit Risk Explanations

Risk management goals and policies for CCR

As part of the Parent Bank’s counter party credit risk management, the functions of identification, measurement, monitoring and controlling of counter party credit risk are conducted in line with the structure, size, complexity and growth rate of products and activities, and the analysis, including stress test, and its results are reported to the Top Management.

As part of capital adequacy ratio calculations, activities for counter party credit risk are an integral part of planning, monitoring and controlling of total risk profile, and counter party credit risk management is integrated to periodic risk management process.

In the scope of counter party risk management, it is aimed to meet legal obligations and to establish and maintain counter party credit risk management infrastructure that is flexible and structured enough to accommodate the best practices. Accordingly, it is planned to conduct stress test activities, improve counter party credit risk signal and limit structure and conduct relevant monitoring function.

Operational limit allocation method specified in the scope of internal capital calculated for CCR and CCP risks

Critical thresholds (signal and limit values) indicating that limits are approached due to internal or external developments have been identified. In the event that these values are approached or exceeded, relevant units take required actions.

Parameters for signal and limit structure and limit values of parameters are determined by consulting the relevant units and implemented at The Parent Bank upon approval of the Audit Committee and Board of Directors.

Internal limits are determined by considering the Parent Bank’s budget, strategy and expectations for upcoming years, developments in Türkiye and abroad and historical realization of risks.

Policies for establishing guarantee and other risk mitigation and CCR, including CCP risk

In an attempt to identify the counter party credit risk that the Parent Bank may face, risk measurement and monitoring activities are performed and their results are considered in strategic decision-making process.

Our risk management structure involves activities to ensure that counter party credit risk measurement system functions and is maintained in line with the best practices, legal regulations, fields of activity and product ranges in a consistent, reliable and integrated way.

As part of counter party credit risk management, stress test scenarios were created by anticipating any unfavorable developments in macroeconomic conditions and the Parent Bank’s balance sheet. Results of stress test analysis are considered while establishing risk management policies.

Amount subject to the counterparty credit risk is determined by the “Valuation Method According to Fair Value” as of 1 July 2022 within the scope of Article 2 of the “Regulation on the Amendment to the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks” published in the Official Gazette No. 31740 dated 4 February 2022. ” is calculated with the “Standard Approach” and reported every month. In this context, replacement cost and potential counterparty credit risk amounts are calculated. Furthermore, capital obligation is also calculated for credit appraisal adjustment for all derivatives.

Additionally, compliance of transactions posing counter party credit risk with thresholds within signal and limit structure is monitored and research is conducted for counter party credit risk calculations with advanced methods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Rules for countertrend risk

Boasting a strong lending and collateralization structure, the Parent Bank avoids collateralization in positive correlation with the debtor’s credibility and activities in connection with risk mitigation techniques are performed by considering qualitative criteria specified in legal legislation for calculation of amount subject to credit risk.

Amount of additional collateral that the Parent Bank must submit in case of a decline in credit rating

As the Parent Bank has no transactions in connection with credit rating, there is not any additional collateral amount it must pay.

3.16. Evaluation of Counterparty Credit Risk in Accordance with the Measurement Methods

		Replacement	Potential	EEPE	Alpha	Exposure	
	Current Period	Cost	Future	(Effective	used for	at default	RWA
			exposure	Expected	computing	post CRM	
				Positive	regulatory		
				Exposure) ^(*)	EAD		
	Valuation Method according to fair value- CCR (for derivatives)	-	-			-	-
1	Standardized approach-CCR (for derivatives)	5.756.111	4.505.752		1,4	14.366.607	4.801.391
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					109.813.034	16.592.062
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					4.880.380	1.576.382
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						22.969.835

^(*)Effective expected positive exposure

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

			EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
Current Period	Replacement cost	Potential Future exposure				
	Valuation Method according to fair value- CCR (for derivatives)	7,543.403	1,978.589		9,521.992	2,302.875
1	Standardized approach-CCR (for derivatives)	-	-	1,4	-	-
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)		-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)				124.090.635	3.558.087
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)				21.150.098	1.168.307
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit				-	-
6	Total					7.029.269

^(*)Effective expected positive exposure

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.17. Capital Requirement for Loan Valuation Adjustments

	Current Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardized CVA capital charge	14.366.607	4.977.919
4	Total subject to the CVA capital charge	14.366.607	4.977.919

	Prior Period	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardized CVA capital charge	9.521.992	4.517.675
4	Total subject to the CVA capital charge	9.521.992	4.517.675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.18. Standardized approach-CCR exposures by regulatory portfolio and risk weights

Current Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ⁽¹⁾
Claims from central governments and central banks	37.104.743	-	-	-	-	-	-	-	37.104.743
Claims from regional and local governments	1.460	-	-	2	-	-	-	-	1.462
Claims from administration and non-commercial entity	7.902	-	-	-	-	12	-	-	7.914
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	26.779.827	-	15.535.965	30.535.744	-	173.463	-	4.375	73.029.374
Corporates	3.281.395	-	13.954.511	-	-	1.626.622	-	-	18.862.528
Retail portfolios	53.349	-	-	-	5.026	-	-	-	58.375
Other claims ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	67.228.676	-	29.490.476	30.535.746	5.026	1.800.097	-	4.375	129.064.396

⁽¹⁾Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

⁽²⁾Other assets: the amount excludes exposures to “Central counterparty” which are reported in Counterparty credit.

Prior Period Risk Weight/Regulatory portfolio	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ⁽¹⁾
Claims from central governments and central banks	101.134.282	-	-	3.538	-	249.063	-	-	101.386.883
Claims from regional and local governments	3.736	-	-	215	-	-	-	-	3.951
Claims from administration and non-commercial entity	6.272	-	-	-	-	393	-	-	6.665
Claims from multilateral development banks	-	-	-	-	-	-	-	-	-
Claims from international organizations	-	-	-	-	-	-	-	-	-
Claims from institutions	36.001.997	-	8.263.826	6.353.929	-	285.012	-	1.126.163	52.030.927
Corporates	778.467	-	-	-	-	1.653.624	-	1.160	2.433.251
Retail portfolios	15.817	-	-	-	12.347	-	-	-	28.164
Other claims ⁽²⁾	-	-	-	-	-	-	206	-	206
Total	137.940.571	-	8.263.826	6.357.682	12.347	2.188.092	206	1.127.323	155.890.047

⁽¹⁾Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

⁽²⁾Other claims: the amount excludes exposures to “Central counterparty” which are reported in Counterparty credit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3.19. Risk classes and counterparty credit risk explanations

None.

Collaterals for CCR

Current Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	594.600	-
Cash-foreign currency	-	-	-	-	45.754.976	-
Domestic sovereign debts	-	-	-	-	5.002.809	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	51.352.385	-

Prior Period	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-		16.681.835	-
Cash-foreign currency	-	-	-		34.393.015	-
Domestic sovereign debts	-	-	-		538.955	-
Other sovereign debts	-	-	-		-	-
Government agency debts	-	-	-		-	-
Corporate Debts	-	-	-		-	-
Equity Securities	-	-	-		-	-
Other collateral	-	-	-		-	-
Total	-	-	-		51.613.805	-

Credit Derivatives

None.

Risk Weight changes under CCR on the Internal Modeling Management Methods.

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Risks Related with Other Parts of the Center

	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs)	580.563	11.612
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3 (i) OTC Derivatives	4.375	88
4 (ii) Exchange-traded Derivatives	-	-
5 (iii) Securities financing transactions	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-
7 Segregated initial margin	-	-
8 Non-segregated initial margin	-	-
9 Pre-funded default fund contributions	576.188	11.524
10 Unfunded default fund contributions	-	-
11 Exposures to non-QCCPs (total)	-	-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)	-	-
13 (i) OTC Derivatives	-	-
14 (ii) Exchange-traded Derivatives	-	-
15 (iii) Securities financing transactions	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-
17 Segregated initial margin	-	-
18 Non-segregated initial margin	-	-
19 Pre-funded default fund contributions	-	-
20 Unfunded default fund contributions	-	-

Explanations on Securitization Disclosures

None.

4. Explanations on Market Risk

4.1. The Parent Bank’s process and strategies: A disclosure on the Bank’s strategic goals for trading activities is made in a manner that includes processes for identification, measurement, monitoring and controlling of the Parent Bank’s market risks, hedging processes and strategies/processes for monitoring continuity of hedging efficiency

In order to hedge market risk within the framework of financial risk management purposes, the Bank has determined market risk management activities and taken the necessary measures within the scope of the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks and the Regulation on the Internal Systems of Banks and Internal Capital Adequacy Assessment Process.

The Parent Bank’s market risk management policies and implementation procedures have been specified in the scope of the Regulation on Risk Management, Stress Test Program and ICAAP approved by the Board of Directors.

The Parent Bank ensures that measurement, monitoring, limiting, stress test and scenario analysis activities are conducted in line with the structure and complexity of its positions for market risk management and their results are reported periodically. Activities sustained are conducted over a trading portfolio specified by the Bank’s Treasury Management and other activities subject to market risk.

The amount subject to market risk is calculated and monitored with standard method and advanced measurement method at the Parent Bank. Furthermore, scenario analysis and stress tests are also conducted periodically.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

4.2. Organization and structure of market risk management function: Definition of market risk management structure established for implementation of the Parent Bank’s strategies and processes as mentioned in line i) and definition of communication mechanism and relationship between different parties involved in market risk management

Market risk management is a subunit of Risk Management Group Presidency, one of internal systems units established independently from executive units of the Parent Bank.

Market risk management activities are conducted in line with the Regulation on Risk Management, Stress Test Program and ICAAP approved with the Board Decision no. 15/18 dated 28 April 2015 and performed by aiming the best practices in this structure.

The Parent Bank’s trading activities and transactions subject to market risk are monitored and measured regularly and required practices are performed for risk management. Required reports on market risk are submitted to relevant units and the Parent Bank’s Top Management regularly.

4.3. Structure and scope of risk reporting and/or measurement systems

The amount subject to the Parent Bank’s market risk is calculated on a monthly basis with the standard method and included in the Bank’s capital adequacy ratio.

Apart from the standard method, Value at Risk (VaR) estimations are made for trading accounts on a daily basis and reported to relevant units. VaR calculated with Historical Simulation Method is used in daily reporting and limit measurement with a confidence level of 99%. VaR can be calculated with Parametric and Monte Carlo Methods in addition to Historical Simulation Method. Backward testing is performed so as to measure performance of used model and monitor market realization. Also, the Parent Bank performs stress tests and scenario analyzes on a daily and monthly basis so as to observe the effect of excessive market fluctuations that are not covered in the models on the Parent Bank’s financial position. Scenario analysis and stress test activities are reviewed and improved regularly in line with the market dynamics.

The market risk exposure is restricted with VaR-based limits (interest rate and currency risk limit) within the context of the Regulation on Risk Management, Stress Test Program and ICAAP. Market risk limits are determined by the Bank’s Board of Directors.

	RWA	
Standard approach-Current Period	Current Period	Prior Period
Outright products		
1 Interest rate risk (general and specific)	89.603.434	31.222.830
2 Equity risk (general and specific)	11.005.734	4.312.614
3 Foreign exchange risk	8.667.624	5.456.779
4 Commodity risk	132.035	19.774
Options		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitization	-	-
9 Total	109.408.827	41.011.997

Standard method is being used by The Parent Bank to calculate the risk of the sector.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

5. Explanations on the Operational Risk

In the Parent Bank, Amount subject to Operational Risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net interest incomes to net fees and commission income, dividend income, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of securities monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Within the scope of the performances for modeling with the Advanced Measurement Approach of operational risk, based on the data in Operational Risk Loss database, Operational Value at Risk (OpVAR) measurements are calculated using Monte Carlo Simulation

Current Period	31.12.2019	31.12.2020	31.12.2021	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	24.241.440	33.944.773	40.623.802	32.936.672	15	4.940.501
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	61.756.259
Prior Period	31.12.2018	31.12.2019	31.12.2020	Total/Number of Positive GI years	Ratio (%)	Total
Gross Income	23.869.120	24.241.440	33.944.773	27.351.778	15	4.102.767
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	51.284.583

6. Explanations on the Interest Rate Risk for Banking Book

Banking accounts interest rate risk management strategy policy and implementation procedures are determined within the context of “Regulation on Risk Management, Stress Test Program and the Parent Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”)”.

The Parent Bank performs scenario analysis with measurements that are suitable for structure and complexness of positions related to the market risk management, limiting, scenario analysis and stress test and also reports the findings cyclically. The Parent Bank’s perform analysis related to interest rate risks for the entire balance sheet. New products and services are also evaluated from the point of interest rate risk that is originated from banking accounts.

In the risk management, the following methods are followed at minimum level: The follow-up of rate and maturity mismatch between sources and uses of fixed and variable interest rates, the analysis and follow-up of the effects of the usual and unusual changes in interest rates which is possibly uptrend and downtrend on the interest margin and on the current value of assets and liabilities, the analysis and follow-up of contractual maturities as well as behavioral maturities assets and liabilities, monitoring closely of interest margins for provided Turkish Liras and foreign currency, the follow-up of the effects of interest rate changes on the Bank’s economic value and capital requirement, the follow-up of potential impacts of valuation methods, the calculation and the determination of the size of interest rate shock in Bank’s internal applications, the follow-up of yield curve risk. Also, in order to limit the impact of interest rate changes on Bank’s financial structure, the interest rate risk limit arising from banking accounts which is approved by the Board of Directors is followed monthly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Type of Currency-Current Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity-(Losses)/Equity
1. TL	500	(30.350.499)	(12,40%)
2. TL	(400)	32.119.002	13,13%
3. EUR	200	4.919.788	2,01%
4. EUR	(200)	(5.162.601)	(2,11%)
5. USD	200	(9.685.343)	(3,96%)
6. USD	(200)	12.484.036	5,10%
Total (for negative shocks)	-	39.440.437	16,12%
Total (for positive shocks)	-	(35.116.054)	(14,35)

Type of Currency-Current Period	Shock Applied (+/- x basis point)	Gains/(Losses)	Gains/Equity-(Losses)/Equity
1. TL	500	(11.867.872)	(9,48%)
2. TL	(400)	11.154.863	8,91%
3. EUR	200	3.274.065	2,61%
4. EUR	(200)	(3.384.407)	(2,70%)
5. USD	200	(6.087.622)	(4,86%)
6. USD	(200)	7.760.534	6,20%
Total (for negative shocks)	-	15.530.990	12,40%
Total (for positive shocks)	-	(14.681.429)	(11,72%)

Notes and explanations prepared in accordance with “the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks” published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016 are presented in this section. The following tables, which are required to be submitted quarterly in accordance with the relevant communiqué, have not been presented as of 31 December 2022, as the Bank uses a standard approach in calculating capital adequacy:

RWA flow statements of market risk exposures under an Internal Model Approach (IMA)

RWA flow statements of Counterparty Credit Risk (CCR) exposures under the Internal Model Method (IMM)

RWA (Risk Weighted Amounts) flow statements of credit risk exposures under IRB

IX. EXPLANATIONS ON HEDGING PROCEDURES

Along with the hedge accounting, it is aimed to hedge the capital amounts allocated to foreign partnerships in the consolidated financial statements of the Parent Bank from the currency risk effect due to changes in foreign exchange rates. Within the scope of fair value hedge accounting, the fair value changes of the hedging instrument are recognized in the income statement together with the fair value changes of the hedged item.

The efficiency test is performed using the “Amount balancing method” (“Dollar off-set method”) to compare the changes in fair value of the hedging instrument and the item subject to financial risk hedging. Efficiency tests are carried out at the beginning of hedge accounting and as of reporting periods. According to this method, the change in the value of the hedged item between the date when the hedging relationship started and the end of each reporting period is compared with the change in the value of the hedging instrument and the effectiveness ratio of the hedging relationship is calculated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Hedge accounting is terminated when the hedging instrument expires, realizes, is sold or the effectiveness test is ineffective. If efficiency is restored, hedge accounting can be resumed.

Hedging instrument	Hedged Item	Risk Exposure	Fair Value Difference of Hedging Instrument	Fair Value Difference of Hedged Items	Ineffective Portion
FC Deposit (EUR)	EUR Capital Amounts Allocated to Foreign Partnerships	Foreign exchange rate risk	(3.792.404)	3.792.404	-

X. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

Organizational and internal reporting structure of the Group is determined in line with TFRS 8 “Operating Segments”.

The Group has operations in retail banking, corporate and commercial banking, specialized banking, investment banking and international banking areas.

Known as having the most extensive branch network in retail banking sector, the Parent Bank renders services, such as; deposits, consumer loans, pension payments, credit cards, automatic and regular payment, cheques and notes, money transfer order, foreign exchange transactions, ATM, internet banking, mobile banking, safe-deposit box and insurance brokerage services. Moreover, existing banking products are improved, and new banking products are launched in order to increase profitability and benefit from the services undertaken as being a state bank. By “Anahtar” IT system, which is working in a centralized manner, the Parent Bank has the technical infrastructure required by modern banking to meet its clients’ needs.

In the context of corporate and commercial banking, the Parent Bank allocates working capital loans, mid-term and long-term investment loans, foreign trade financing loans, letter of credits and guarantees in Turkish Lira and foreign currencies; renders project financing, other corporate finance related services, foreign exchange transactions and banking services to large-scale corporate clients and middle-small scale enterprises.

As the main financial institution meeting the financing needs of the agricultural sector in Türkiye, the Bank; In addition to the agricultural business and investment loans that it provides directly to producers from its own resources in the fields of plant and animal production, aquaculture and agricultural mechanization, the loans it extends to the Central Union of Agricultural Credit Cooperatives provide financial support to individuals and institutions operating in the agricultural sector.

Treasury transactions and international banking activities are conducted by the Treasury Management Group and, spot and forward TL, foreign currency, precious metal, securities, derivative transactions are executed in local and international organized and over the counter money and capital markets. Also, the Parent Bank’s liquidity and securities portfolio management, deposit and non-deposit funding management activities are being executed. Additionally, the distribution of treasury products to branches and other channels for marketing purposes and the intermediation to the customers’ trade finance are other responsibilities. The Bank acts as an intermediary for sale and purchase of securities, for public offerings as an agency of Ziraat Yatırım Menkul Değerler A.Ş. and for transaction of mutual funds founded by Ziraat Portföy Yönetimi A.Ş. and another portfolio management companies. It also provides custody service for these financial instruments and besides, long term financing from banks and international financial institutions, issuing bonds in local and international markets, managing relationship with correspondent banks so as to diversify its funding base are among the responsibilities of the department.

Besides, the Parent Bank has commission revenue from life, non-life and private pension insurance and other finance institutions by rendering agency services through its branches.

As of 31 December 2022, explanations on segment reporting as shown on the following page are in line with “Communiqué on Financial Statements to be Publicly Announced and the Accompanying Policies and Disclosures”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1. Table for Segment Reporting

Current Period	Retail Banking	Corporate/ Commercial banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
OPERATING INCOME/EXPENSE						
Interest Income	27.750.303	73.559.144	23.490.683	117.669.392	928.901	243.398.423
Interest Expense	44.940.339	34.805.875	-	24.465.170	7.732.920	111.944.304
Net Interest Income/Expense	(17.190.036)	38.753.269	23.490.683	93.204.222	(6.804.019)	131.454.119
Net Fees and Commission Income/ Expense	8.755.127	6.966.359	548.543	(4.274.791)	2.677.994	14.673.232
Dividend Income	-	-	-	50.126	-	50.126
Trading Profit/Loss (Net)	-	-	-	3.174.730	334.417	3.509.147
Other Operating Income	67.005	2.669.247	119.277	(11.157.705)	18.515.858	10.213.682
Provision for Expected Loss (-)	5.189.484	21.543.283	5.723.181	539	30.513.003	62.969.490
Other Expense	5.829.694	897.263	339.504	-	21.427.256	28.493.717
Net Operating Profit/Loss	(19.387.082)	25.948.329	18.095.818	80.996.043	(37.216.009)	68.437.099
Profit/Loss on Equity Method Applied Subsidiaries						
	-	-	-	163.155	152.590	315.745
Tax Provision	-	-	-	-	(22.139.383)	(22.139.383)
Net Profit/Loss	(19.387.082)	25.948.329	18.095.818	81.159.198	(59.202.802)	46.613.461

SEGMENT ASSETS

Financial Assets at FV Through P/L	-	-	-	36.075.116	-	36.075.116
Banks and Receivables from Money Market	-	-	-	34.924.922	-	34.924.922
Financial Assets at Fair Value Through Other Comprehensive Income (Net)						
	-	-	-	415.499.007	-	415.499.007
Loans ^(*)	226.566.559	837.286.940	243.429.971	85.361.639	-	1.392.645.109
Financial Assets Measured at Amortized Cost (Net)						
	-	-	-	165.382.493	-	165.382.493
Derivative Financial Assets	-	-	-	8.860.105	-	8.860.105
Associates, Subsidiaries and Entities under Common Control						
	-	-	-	3.319.886	-	3.319.886
Other Assets	12.446	7.519.566	98.632	366.131.260	122.653.571	496.415.475
Total Segment Assets	226.579.005	844.806.506	243.528.603	1.115.554.428	122.653.571	2.553.122.113

SEGMENT LIABILITIES

Deposits	1.191.826.877	572.260.417	-	83.145.559	93.076.219	1.940.309.072
Derivative Financial Liabilities Held for Trading						
	-	-	-	3.159.560	-	3.159.560
Funds Borrowed	-	-	-	115.412.033	-	115.412.033
Money Markets Borrowings	38.795	20.986.065	-	71.593.828	-	92.618.688
Securities Issued (Net)	-	-	-	31.805.956	-	31.805.956
Provisions	5.165	9.145.608	-	8.422	41.979.935	51.139.130
Other Liabilities	-	-	-	-	104.595.924	104.595.924
Shareholders' Equity	-	-	-	-	214.081.750	214.081.750
Total Segment Liabilities	1.191.870.837	602.392.090	-	305.125.358	453.733.828	2.553.122.113

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	Retail Banking	Corporate/ Commercial banking	Specialized Banking	Treasury/ Investment Banking	Other	Total
Prior Period						
OPERATING INCOME/EXPENSE						
Interest Income	20.524.091	37.437.587	13.153.152	37.343.822	994.669	109.453.321
Interest Expense	26.497.078	13.576.439	-	26.331.280	512.776	66.917.573
Net Interest Income/Expense	(5.972.987)	23.861.148	13.153.152	11.012.542	481.893	42.535.748
Net Fees and Commission Income/ Expense	3.773.556	3.394.562	190.337	(1.990.372)	901.533	6.269.616
Dividend Income	-	-	-	34.726	-	34.726
Trading Profit/Loss (Net)	-	-	-	(10.887.439)	114.653	(10.772.786)
Other Operating Income	35.077	1.752.074	49.585	(928.330)	4.686.155	5.594.561
Provision for Expected Loss (-)	3.304.955	10.599.560	2.257.548	-	631.788	16.793.851
Other Expense	4.079.235	340.704	114.590	8	11.463.203	15.997.740
Net Operating Profit/Loss	(9.548.544)	18.067.520	11.020.936	(2.758.881)	(5.910.757)	10.870.274
Profit/Loss on Equity Method Applied Subsidiaries	-	-	-	117.827	19.369	137.196
Tax Provision	-	-	-	-	(3.018.958)	(3.018.958)
Net Profit/Loss	(9.548.544)	18.067.520	11.020.936	(2.641.054)	(8.910.346)	7.988.512
SEGMENT ASSETS						
Financial Assets at FV Through P/L	-	-	-	28.551.122	-	28.551.122
Banks and Receivables from Money Market	-	-	-	18.772.877	-	18.772.877
Financial Assets at Fair Value Through Other Comprehensive Income (Net)	-	-	-	279.778.054	-	279.778.054
Loans ^(*)	172.972.249	535.676.379	116.362.035	16.501.260	-	841.511.923
Financial Assets Measured at Amortized Cost (Net)	-	-	-	46.328.891	-	46.328.891
Derivative Financial Assets	-	-	-	12.067.535	-	12.067.535
Associates, Subsidiaries and Entities under Common Control	-	-	-	1.740.099	-	1.740.099
Other Assets	7.334	6.743.213	121.636	201.554.947	56.356.249	264.783.379
Total Segment Assets	172.979.583	542.419.592	116.483.671	605.294.785	56.356.249	1.493.533.880
SEGMENT LIABILITIES						
Deposits	750.686.340	178.215.323	-	56.488.596	66.470.442	1.051.860.701
Derivative Financial Liabilities Held for Trading	-	-	-	3.702.077	-	3.702.077
Funds Borrowed	-	-	-	60.940.831	-	60.940.831
Money Markets Borrowings	13.812	120.192.120	-	60.277.809	-	180.483.741
Securities Issued (Net)	-	-	-	30.309.580	-	30.309.580
Provisions	2.792	3.295.851	-	-	6.492.365	9.791.008
Other Liabilities	-	-	-	-	55.302.823	55.302.823
Shareholders' Equity	-	-	-	-	101.143.119	101.143.119
Total Segment Liabilities	750.702.944	301.703.294	-	211.718.893	229.408.749	1.493.533.880

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

XI. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES

1. Information Regarding the Fair Value of Financial Assets and Liabilities

Current Period	Book Value	Fair Value
Financial Assets	2.041.610.004	1.999.929.280
Due from Interbank Money Market	6.283.112	6.262.457
Banks	28.657.103	28.643.488
Financial Assets Measured at Fair Value Through Other Comprehensive Income	415.499.007	415.499.007
Financial Assets Measured at Amortised Cost	165.423.085	190.575.137
Loans	1.425.747.697	1.358.949.191
Financial Liabilities	2.156.797.855	2.022.733.639
Bank Deposits	80.482.403	77.599.288
Other Deposits	1.859.826.669	1.738.516.832
Funds Borrowed from Other Financial Institutions	115.412.033	105.159.022
Issued Marketable Securities	63.352.672	63.734.419
Miscellaneous Payables	37.724.078	37.724.078
Prior Period	Book Value	Fair Value
Financial Assets	1.209.754.418	1.172.565.612
Due from Interbank Money Market	1.249.768	1.247.985
Banks	17.535.641	17.532.194
Financial Assets Measured at Fair Value Through Other Comprehensive Income	279.778.054	279.778.054
Financial Assets Measured at Amortised Cost	46.339.025	53.479.175
Loans	864.851.930	820.528.204
Financial Liabilities	1.184.886.076	1.176.353.207
Bank Deposits	60.142.739	59.882.319
Other Deposits	991.717.962	980.751.108
Funds Borrowed from Other Financial Institutions	60.940.831	61.495.610
Issued Marketable Securities	53.051.544	55.191.170
Miscellaneous Payables	19.033.000	19.033.000

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of held to maturity financial assets is calculated by considering market prices. In cases where these prices cannot be determined, the fair value is assessed on the basis of market prices quoted for securities that have the same attributes in terms of interest, maturity and other terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. Information on Fair Value Measurements Recognized in the Financial Statements

According to TFRS 7 “Financial Instruments: Explanations” Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related notes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank’s balance sheet, are presented with respect to such basis of classification in the table below.

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	1.003.567	35.071.549	-	36.075.116
Government Debt Securities	40.116	30.004.937	-	30.045.053
Marketable Securities	98.791	-	-	98.791
Other Marketable Securities	864.660	5.066.612	-	5.931.272
Financial Assets at Fair Value Through Other	409.485.868	5.036.299	818.896	415.341.063
Government Debt Securities	409.118.353	3.626.618	-	412.744.971
Marketable Securities	10.370	-	818.896	829.266
Other Marketable Securities	357.145	1.409.681	-	1.766.826
Derivative Financial Assets	-	8.860.105	-	8.860.105
Subsidiaries and Joint Ventures	-	-	2.626.131	2.626.131
Total Assets	410.489.435	48.967.953	3.445.027	462.902.415
Derivative Financial Liabilities	-	3.159.560	-	3.159.560
Total Liabilities	-	3.159.560	-	3.159.560

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss)	279.506	28.271.616	-	28.551.122
Government Debt Securities	37.355	25.678.537	-	25.715.892
Marketable Securities	25.041	-	-	25.041
Other Marketable Securities	217.110	2.593.079	-	2.810.189
Financial Assets at Fair Value Through Other	278.244.901	1.175.310	313.437	279.733.648
Government Debt Securities	277.342.628	-	-	277.342.628
Marketable Securities	7.940	-	313.437	321.377
Other Marketable Securities	894.333	1.175.310	-	2.069.643
Derivative Financial Assets	-	12.067.535	-	12.067.535
Subsidiaries and Joint Ventures	-	-	1.263.841	1.263.841
Total Assets	278.524.407	41.514.461	1.577.278	321.616.146
Derivative Financial Liabilities	-	3.702.077	-	3.702.077
Total Liabilities	-	3.702.077	-	3.702.077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

The movement of financial assets in Level 3 is presented below:

	Current Period	Prior Period
Balances at Beginning at Period	1.577.278	1.167.864
Purchases	50.000	-
Disposals Through Sale/Redemptions	(50)	(69.981)
Valuation effect	1.817.799	518.343
Transfers	-	(38.948)
Balances at the End at Period	3.445.027	1.577.278

XII. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

1. Transaction, Custody, Management and Consultancy Services of The Group on behalf of Third Parties:

The Group acts as an intermediary for purchases and sales of government securities on behalf of real persons and corporate, conducts repo transactions, and provides custody services. The Group does not provide consultancy and management services.

2. Transactions with Other Financial Institutions Under Fiduciary Transaction Agreements and Financial Services Rendered to Other Financial Institutions Under the Scope Of Fiduciary Transactions and the Effects of Such Services to the Financial Position of the Parent Bank or the Group

The Parent Bank has no fiduciary transactions.

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

1. Information related to cash equivalents and the account of the Central Bank of the Republic of Türkiye (the “CBRT”)

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	4.845.325	15.300.585	2.688.076	8.674.065
Central Bank of the Republic of Türkiye	29.714.106	353.380.419	23.698.821	191.052.534
Other	160	737.497	24	1.435.839
Total	34.559.591	369.418.501	26.386.921	201.162.438

Explanation on reserve requirements

Banks that are established in Türkiye or performing their operations by opening branches in Türkiye are subject to Communiqué on Required Reserves of Central Bank of the Republic of Türkiye’s numbered 2013/15. Based on accounting standards and registration layout for banks the items specified within the Communiqué, except from liabilities to Central Bank, Treasury, Domestic banks, and head offices and branches in Türkiye of the banks established by international agreements, constitute required reserves liabilities.

Banks establish required reserves at the Central Bank of the Republic of Türkiye for their Turkish Lira and foreign currency liabilities specified in the aforementioned communiqué. Establishment of required reserves begins on Friday, two weeks after the liability calculation date, and lasts for 14 days. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the “Communiqué on Required Reserves” at the Central Bank of the Republic of Türkiye. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 3% and 8% for Turkish Lira deposits and other liabilities, and between 5% and 26% for foreign currency deposits and other liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Within the scope of “Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts” numbered 2021/14, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation accounts in Turkish lira. As of 2 September 2022, it has been decided to apply an annual commission of 5%, up to the amount required to be kept for their liabilities, until the end of 2022, to banks that cannot reach the level of 20% for real person and legal accounts separately. As of the obligation date of 2 September 2022, besides the 5% commission rate applied to foreign currency deposits, a commission application based on the Turkish lira share of the deposit has been introduced. It has been decided to charge a commission of 3% over the required reserve amount (excluding foreign banks) for foreign currency deposit liabilities, excluding banks whose Turkish Lira share is above 50% separately for real and legal persons.

Information on the account of the Central Bank of the Republic of Türkiye

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	29.518.189	45.844.463	23.091.176	43.412.219
Unrestricted Time Deposit	-	102.841.750	-	18.403.250
Restricted Time Deposit	-	-	-	682
Other ⁽¹⁾	195.917	204.694.206	607.645	129.236.383
Total	29.714.106	353.380.419	23.698.821	191.052.534

⁽¹⁾Includes required reserves and CBRT restricted electronic money funds amounting to TL 17.157. Required reserve of branches abroad amounting to TL 656.479 is presented in this line. TL 8.430.798 of the current period's FC required reserve is the part of the TL required reserves that are held in FC (31 December 2021: Includes required reserves and CBRT restricted electronic money funds amounting to TL 16.046. Required reserve of branches abroad amounting to TL 399.329 is presented in this line. TL 4.103.676 of the current period's FC required reserve is the part of the TL required reserves that are held in FC).

2. Information on Financial Assets at Fair Value Through Profit and Loss Given or Blocked as Collateral or Subject to Repurchase Agreements

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	2.234.228	1.894.329
Assets Blocked/Given as Collateral	27.890.664	23.897.387
Total	30.124.892	25.791.716

3. Positive Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	155.217	1.318	818.332	8.596
Swap Transactions	3.103.594	5.508.263	9.632.350	1.535.695
Futures Transactions	276	-	-	-
Options	8.535	82.585	-	72.562
Other	111	206	-	-
Total	3.267.733	5.592.372	10.450.682	1.616.853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

4. Information on Bank Account and Foreign Banks

4.1. Information on Bank Balances

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	6.260	5.419.112	4.302	414.080
Foreign ⁽¹⁾	505.684	22.726.047	761.144	16.356.115
Foreign Head Office and Branches	-	-	-	-
Total	511.944	28.145.159	765.446	16.770.195

4.2. Information on Foreign Bank Accounts

	Unrestricted Amount		Restricted Amount ⁽²⁾	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	8.362.946	3.809.167	1.666.344	4.953.475
USA, Canada	1.807.980	1.270.401	1.734.996	715.740
OECD Countries ⁽¹⁾	504.065	1.581.935	-	-
Off-shore Banking Regions	-	-	-	-
Other	8.403.579	4.655.523	751.821	131.018
Total	19.078.570	11.317.026	4.153.161	5.800.233

⁽¹⁾OECD countries other than EU countries, USA and Canada.

⁽²⁾It mainly consists of collaterals held in various banks for borrowings.

5. Explanation Regarding to the Comparison of Net Values of Financial Assets at Fair Value Through Other Comprehensive Income or Blocked as Collateral and Subject to Repurchase Agreements

	Current Period	Prior Period
Assets Subject to Repurchase Agreements	89.010.871	173.441.580
Assets Blocked/Given as Collateral	107.579.099	53.977.913
Total	196.589.970	227.419.493

6. Information on Financial Assets Fair Value Through Other Comprehensive Income

	Current Period	Prior Period
Debt Securities	432.936.720	293.409.533
Quoted at Stock Exchange	432.117.241	292.769.022
Not Quoted in Stock Exchange	819.479	640.511
Share Certificates	1.090.010	420.414
Quoted at Stock Exchange	4.771	2.740
Not Quoted in Stock Exchange	1.085.239	417.674
Provision for Impairment (-)	18.527.723	14.051.893
Total	415.499.007	279.778.054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7. Information Related to Loans

7.1 Information on All Types of Loans and Advances Given to Shareholders and Employees of the Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	-	-
Granted loans to Legal Entity Partners	-	-	-	-
Granted loans to Individual Partners	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^{(1) (2)}	1.668.895	-	764.199	-
Total	1.668.895	-	764.199	-

⁽¹⁾Interest rediscount and interest accrual amounting TL 14.221, are not included (31 December 2021: Interest rediscount and interest accrual amounting TL 6.342 are no included).
⁽²⁾Since the balance of overdraft accounts related to employees amounting TL 46.746, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above (31 December 2021: Since the balance of overdraft accounts related to employees amounting TL 33.441, is showed under Table 7.3. as overdraft accounts (real person), it is not included to the table above).

7.2. Information about Standard Loans and Loans Under Close Monitoring (First and Second Group Loans) and Loans Under Restructuring

Current Period	Loans Under Close Monitoring ⁽²⁾			
	Standard Loans	Not Under the Scope of Restructuring	Loans under restructuring	
Cash Loans ⁽³⁾			Loans with revised contract terms	Refinancing
Non-Specialized Loans	1.058.276.703	14.497.253	3.595.922	67.195.406
Commercial Loans	669.756.433	10.124.681	3.428.576	67.116.914
Export Loans	91.729.920	587.003	20.667	-
Import Loans	68.120	-	-	-
Loans Given to Financial Sector	14.311.732	-	-	-
Consumer Loans	189.091.869	2.514.517	146.185	75.924
Credit Cards	71.964.959	1.085.446	-	848
Other	21.353.670	185.606	494	1.720
Specialized Lending ⁽¹⁾	228.426.244	2.147.318	36.231	873.521
Other Receivables	-	-	-	-
Interest Income Accruals	28.342.023	417.365	74.654	2.617.104
Total	1.315.044.970	17.061.936	3.706.807	70.686.031

⁽¹⁾Agricultural loans to support farmers are shown in specialized loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Loans Under Close Monitoring			
	Standard Loans	Not Under the Scope of Restructuring	Loans under restructuring	
Cash Loans			Loans with revised contract terms	Refinancing
Non-Specialized Loans	641.613.947	24.918.925	1.355.461	47.648.327
Commercial Loans	422.801.254	15.437.647	1.135.800	47.492.680
Export Loans	15.001.635	214.053	-	-
Import Loans	1.135.986	41.924	-	-
Loans Given to Financial Sector	6.334.659	-	-	-
Consumer Loans	146.945.300	5.359.270	218.295	150.676
Credit Cards	31.481.786	2.372.525	-	1.174
Other	17.913.327	1.493.506	1.366	3.797
Specialized Lending ⁽¹⁾	104.062.560	3.789.550	38.766	1.269.130
Other Receivables	-	-	-	-
Interest Income Accruals	14.280.794	888.668	50.298	4.729.304
Total	759.957.301	29.597.143	1.444.525	53.646.761

⁽¹⁾Agricultural loans to support farmers are shown in specialized loans.

Expected Credit Loss of Stage 1 and Stage 2	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Losses	9.006.539	-	2.660.108	-
Significant Increase in Credit Risk	-	29.473.635	-	14.991.813

7.3 Distribution of Cash Loans by Maturity Structure

Current Period	Loans under Close Monitoring		
	Standard Loans	Loans Not Subject to Restructuring	Restructured or Rescheduled
Short-term Loans	469.159.282	6.179.547	7.813.141
Medium and Long-term Loans	817.543.665	10.465.024	63.887.939

⁽¹⁾Accruals are not included in the table.

Prior Period	Loans under Close Monitoring		
	Standard Loans	Loans Not Subject to Restructuring	Restructured or Rescheduled
Short-term Loans	185.203.936	9.235.604	4.434.891
Medium and Long-term Loans	560.472.571	19.472.871	45.876.793

⁽¹⁾Accruals are not included in the table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7.4. Information on Consumer Loans, Individual Credit Cards and Personnel Loans and Personnel Credit Card

Current Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	3.321.377	181.729.842	185.051.219
Mortgage Loans	23.181	120.246.712	120.269.893
Automotive Loans	104.109	8.459.456	8.563.565
Consumer Loans	3.194.087	53.023.674	56.217.761
Other	-	-	-
Consumer Loans-Indexed to FC	840	438.458	439.298
Mortgage Loans	297	96.636	96.933
Automotive Loans	-	2.837	2.837
Consumer Loans	543	130.397	130.940
Other	-	208.588	208.588
Consumer Loans-FC	93.370	2.610.127	2.703.497
Mortgage Loans	494	564.215	564.709
Automotive Loans	7	16.213	16.220
Consumer Loans	12.166	759.632	771.798
Other	80.703	1.270.067	1.350.770
Retail Credit Cards-TL	31.332.833	442.405	31.775.238
With Installment	11.933.543	390.440	12.323.983
Without Installment	19.399.290	51.965	19.451.255
Retail Credit Cards-FC	70.719	33	70.752
With Installment	66.423	-	66.423
Without Installment	4.296	33	4.329
Personnel Loans-TL	58.127	944.163	1.002.290
Mortgage Loans	-	14.795	14.795
Automotive Loans	-	3.128	3.128
Consumer Loans	58.127	926.240	984.367
Other	-	-	-
Personnel Loans-Indexed to FC	-	16.302	16.302
Mortgage Loans	-	4.889	4.889
Automotive Loans	-	-	-
Consumer Loans	-	1.819	1.819
Other	-	9.594	9.594
Personnel Loans-FC	1.007	72.636	73.643
Mortgage Loans	-	31.302	31.302
Automotive Loans	-	-	-
Consumer Loans	20	17.028	17.048
Other	987	24.306	25.293
Personnel Credit Cards-TL	564.311	9.760	574.071
With Installment	229.106	9.753	238.859
Without Installment	335.205	7	335.212
Personnel Credit Cards-FC	2.589	-	2.589
With Installment	-	-	-
Without Installment	2.589	-	2.589
Overdraft Accounts-TL (Real Person)	2.542.246	-	2.542.246
Overdraft Accounts-FC (Real Person)	-	-	-
Total ⁽¹⁾	37.987.419	186.263.726	224.251.145

⁽¹⁾TL 2.004.758 of interest income rediscount and accrual is not included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Short-Term	Medium and Long-Term	Total
Consumer Loans-TL	1.173.135	146.481.934	147.655.069
Mortgage Loans	14.062	90.688.507	90.702.569
Automotive Loans	9.358	809.089	818.447
Consumer Loans	1.149.715	54.984.338	56.134.053
Other	-	-	-
Consumer Loans-Indexed to FC	977	422.317	423.294
Mortgage Loans	-	69.982	69.982
Automotive Loans	-	3.167	3.167
Consumer Loans	-	21.511	21.511
Other	977	327.657	328.634
Consumer Loans-FC	13.036	1.668.736	1.681.772
Mortgage Loans	270	368.305	368.575
Automotive Loans	40	16.974	17.014
Consumer Loans	8.224	224.825	233.049
Other	4.502	1.058.632	1.063.134
Retail Credit Cards-TL	17.057.839	219.892	17.277.731
With Installment	4.848.028	196.462	5.044.490
Without Installment	12.209.811	23.430	12.233.241
Retail Credit Cards-FC	87.809	1.479	89.288
With Installment	86.371	-	86.371
Without Installment	1.438	1.479	2.917
Personnel Loans-TL	20.983	435.875	456.858
Mortgage Loans	-	2.772	2.772
Automotive Loans	-	128	128
Consumer Loans	20.983	432.975	453.958
Other	-	-	-
Personnel Loans-Indexed to FC	-	14.275	14.275
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	-	14.275	14.275
Personnel Loans-FC	2.658	52.375	55.033
Mortgage Loans	-	8.261	8.261
Automotive Loans	-	400	400
Consumer Loans	2.492	1.955	4.447
Other	166	41.759	41.925
Personnel Credit Cards-TL	228.633	7.223	235.856
With Installment	61.491	6.538	68.029
Without Installment	167.142	685	167.827
Personnel Credit Cards-FC	2.177	-	2.177
With Installment	2.137	-	2.137
Without Installment	40	-	40
Overdraft Accounts-TL (Real Person)	2.387.151	-	2.387.151
Overdraft Accounts-FC (Real Person)	89	-	89
Total ⁽¹⁾	20.974.487	149.304.106	170.278.593

⁽¹⁾ TL 1.309.768 of interest income accrual is not included.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7.5. Information on Commercial Installment Loans and Corporate Credit Cards

Current Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	5.357.002	70.162.576	75.519.578
Mortgage Loans	22.962	2.316.534	2.339.496
Automotive Loans	1.403.747	4.201.640	5.605.387
Consumer Loans	3.930.293	63.644.402	67.574.695
Other	-	-	-
Installment Based Commercial Loans-Indexed to FC	1.021	1.007.982	1.009.003
Mortgage Loans	-	-	-
Automotive Loans	-	-	-
Consumer Loans	-	-	-
Other	1.021	1.007.982	1.009.003
Installment Based Commercial Loans-FC	3.915.996	94.072.097	97.988.093
Mortgage Loans	61.613	998.632	1.060.245
Automotive Loans	1.178	94.260	95.438
Consumer Loans	3.353.340	91.086.307	94.439.647
Other	499.865	1.892.898	2.392.763
Corporate Credit Cards-TL	38.094.333	2.434.194	40.528.527
With Installment	18.027.575	2.431.070	20.458.645
Without Installment	20.066.758	3.124	20.069.882
Corporate Credit Cards-FC	100.076	-	100.076
With Installment	97.093	-	97.093
Without Installment	2.983	-	2.983
Overdraft Account-TL (Legal Entity)	3.939.794	-	3.939.794
Overdraft Account-FC (Legal Entity)	-	-	-
Total⁽¹⁾	51.408.222	167.676.849	219.085.071

⁽¹⁾Accruals and rediscount amounts related to loans are not included in the table above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Short-Term	Medium and Long-Term	Total
Installment Based Commercial Loans-TL	3.763.212	90.134.805	93.898.017
Mortgage Loans	7.154	1.696.440	1.703.594
Automotive Loans	251.321	3.415.447	3.666.768
Consumer Loans	3.504.737	85.022.918	88.527.655
Other	-	-	-
Installment Based Commercial Loans-Indexed to FC	1.050.065	657.659	1.707.724
Mortgage Loans	-	-	-
Automotive Loans	-	20	20
Consumer Loans	25.436	598.659	624.095
Other	1.024.629	58.980	1.083.609
Installment Based Commercial Loans-FC	2.182.877	73.871.304	76.054.181
Mortgage Loans	178.060	475.530	653.590
Automotive Loans	91	54.056	54.147
Consumer Loans	1.661.146	72.292.426	73.953.572
Other	343.580	1.049.292	1.392.872
Corporate Credit Cards-TL	15.944.209	247.639	16.191.848
With Installment	7.042.609	247.539	7.290.148
Without Installment	8.901.600	100	8.901.700
Corporate Credit Cards-FC	58.585	-	58.585
With Installment	56.752	-	56.752
Without Installment	1.833	-	1.833
Overdraft Account-TL (Legal Entity)	1.463.188	-	1.463.188
Overdraft Account-FC (Legal Entity)	-	-	-
Total⁽¹⁾	24.462.136	164.911.407	189.373.543

⁽¹⁾Accruals and rediscount amounts related to loans are not included in the table above.

7.6. Loans According to Types of Borrowers

	Current Period	Prior Period
Public	68.261.538	13.011.446
Private	1.306.787.060	811.685.220
Interest Income Accruals of Loans	31.451.146	19.949.064
Total	1.406.499.744	844.645.730

7.7. Distribution of Domestic and Foreign Loans

	Current Period	Prior Period
Domestic Loans	1.341.843.765	802.846.934
Foreign Loans	33.204.833	21.849.732
Interest Income Accruals of Loans	31.451.146	19.949.064
Total	1.406.499.744	844.645.730

7.8. Loans Granted to Investments in Associates and Subsidiaries

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.595.222	1.522.167
Indirect loans granted to subsidiaries and associates	-	-
Total	1.595.222	1.522.167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7.9. Credit-Impaired Losses (Stage III)

	Current Period	Prior Period
Loans and other receivables with limited collectability	2.392.994	1.651.518
Loans and other receivables with doubtful collectability	758.411	1.127.454
Uncollectible loans and other receivables	12.723.130	12.493.924
Total	15.874.535	15.272.896

7.10. Information on Non-Performing Loans (Net)

7.10.1. Information on Non-Performing Loans Restructured or Rescheduled and Other Receivables

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period			
Gross amounts before the provisions	202.952	168.225	1.437.609
Rescheduled Loans	202.952	168.225	1.437.609
Prior Period			
Gross amounts before the provisions	609.360	289.568	1.650.130
Rescheduled Loans	609.360	289.568	1.650.130

7.10.2. Information on The Movement of Total Non-Performing Loans

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Prior Period Ending Balance	3.628.643	2.206.727	14.370.830
Additions (+)	5.276.345	295.826	1.355.435
Transfers from Other Categories of Loans under Follow-Up (+)	-	3.736.670	4.000.441
Transfers to Other Categories of Loans under Follow-Up (-)	3.736.670	4.000.441	-
Collections (-) ⁽¹⁾	1.514.965	848.654	4.637.014
Write-offs (-) ⁽²⁾	-	-	866.204
Sold (-) ⁽³⁾	-	-	19.016
Corporate and Commercial Loans	-	-	19.016
Consumer Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Balance at the End of the Period	3.653.353	1.390.128	14.204.472
Provision (-)	2.392.994	758.411	12.723.130
Net Balance at Balance Sheet	1.260.359	631.717	1.481.342

⁽¹⁾Includes transfers to first and second group loans amounting to TL 1.082.290.

⁽²⁾As of 31 December 2022, there is a written-off loan amounting to TL 866.204 (31 December 2021: None). When the calculation is made by taking into account the loans written off, the effect of the Group on the NPL and NPL ratio is 6 basis points.

⁽³⁾It is the amount that has been transferred from the financial statements of Ziraat Katılım Bankası A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7.10.3. Information on Non-Performing Loans Granted as Foreign Currency Loans

	Group III	Group IV	Group V
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
Current Period			
Period Ending Balance	2.680.553	330.011	3.784.489
Provision (-)	1.731.079	218.945	3.721.795
Net Balance on Balance Sheet	949.474	111.066	62.694

Prior Period:			
Period Ending Balance	2.601.244	158.900	4.170.509
Provision (-)	1.286.803	135.063	3.773.742
Net Balance on Balance Sheet	1.314.441	23.837	396.767

7.10.4. Information on Gross and Net Loans Non-Performing Loans According to Borrowers

	Group III	Group IV	Group V
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	1.260.359	631.717	1.481.342
Loans to Real Persons and Legal Entities (Gross)	3.653.353	1.390.128	14.044.172
Provisions (-)	2.392.994	758.411	12.562.830
Loans to Real Persons and Legal Entities (Net)	1.260.359	631.717	1.481.342
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	160.300
Provisions (-)	-	-	160.300
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	1.977.125	1.079.273	1.876.906
Loans to Real Persons and Legal Entities (Gross)	3.628.643	2.206.727	14.214.115
Provisions (-)	1.651.518	1.127.454	12.337.209
Loans to Real Persons and Legal Entities (Net)	1.977.125	1.079.273	1.876.906
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	156.715
Provisions (-)	-	-	156.715
Other Loans and Receivables (Net)	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7.10.5. Information on Interest Accruals, Rediscount and Valuation Effect and Their Provisions Calculated for Non-Performing Loans
Banks which Provide Expected Credit Loss According to TFRS 9

	Group III		Group IV	Group V
	Loans with limited collectibility	doubtful	Loans with collectibility	Uncollectible loans
Current Period (Net)	35.364		25.458	78.302
Interest Accruals and Valuation Differences	116.325		68.001	879.607
Provisions (-)	80.961		42.543	801.305
Prior Period (Net)	99.409		53.083	105.201
Interest Accruals and Valuation Differences	179.747		215.297	824.897
Provisions (-)	80.338		162.214	719.696

7.11. Information on Expected Credit Loss

Current Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of the Period	2.660.108	14.991.813	15.272.896	32.924.817
Additions during the Period	6.369.274	14.559.715	3.690.531	24.619.520
Disposals (-) ^(*)	(133.321)	(731.398)	(1.439.689)	(2.304.408)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	(885.220)	(885.220)
Transfer to Stage 1	388.725	(164.756)	(223.969)	-
Transfer to Stage 2	(240.936)	873.613	(632.677)	-
Transfer to Stage 3	(37.311)	(55.352)	92.663	-
Balances at End of Period	9.006.539	29.473.635	15.874.535	54.354.709

Prior Period	Stage 1	Stage 2	Stage 3	Total
Balances at Beginning of the Period	2.888.030	6.223.597	11.911.061	21.022.688
Additions during the Period	693.496	8.866.608	4.290.429	13.850.533
Disposals (-) ^(*)	(782.231)	(322.611)	(843.562)	(1.948.404)
Sales (-)	-	-	-	-
Write-offs (-)	-	-	-	-
Transfer to Stage 1	283.075	(56.898)	(226.177)	-
Transfer to Stage 2	(345.288)	534.630	(189.342)	-
Transfer to Stage 3	(76.974)	(253.513)	330.487	-
Balances at End of Period	2.660.108	14.991.813	15.272.896	32.924.817

^(*)It includes the provision cancellation of the loan amounting to USD 1.155 million collected while monitoring in the second phase. The amount related to the part of the said provision allocated in previous years has been accounted under the “Other Operating Income” item, and the amount related to the part allocated in the current year has been accounted under the “Provisions for Expected Loss” item.

7.12. Information on Liquidating Policy of Uncollectible Loans and Other Receivables

Execution proceedings are carried out for the collection of receivables from loan services of the Parent Bank’s. During this process, tangible guarantees constituting guarantees of receivables of the Parent Bank and assets of the debtor (s) are realized while receivables of the Parent Bank are also tried to be collected and liquidated by means of administrative procedures. Transactions are performed within the context of legislation agreement, which ensures the collection of receivables through administrative channels. When the debtor offers exceed authorizations transferred to the Branch/Regional Management or includes matters outside the scope of current legislation agreements and the Branch/Regional Management submit favorable opinion to the Head Office regarding this issue, receivables should be restructured on a company/debtor basis in accordance with the decisions made by the related authorities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7.13. Explanations on Write-Off Policy

The Group writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

8. Information on Financial Assets Measured at Amortized Cost

8.1. Information on Financial Assets Subject to Repurchase Agreements and those Given as

Collateral/Blocked

Financial Assets Measured at Amortized Cost subject to repo transactions

	Current Period		Prior Period	
	TL	FC	TL	FC
Government Bonds	16.898.737	5.705.067	1.390.806	3.209.928
Treasury Bills	-	-	-	-
Other Government Debts	-	-	-	-
Bank Bonds and Bank Guaranteed Bonds	-	-	-	-
Asset Backed Securities	-	-	-	-
Other	-	-	-	-
Total	16.898.737	5.705.067	1.390.806	3.209.928

Financial Assets Measured at Amortized Cost given as collateral or blocked

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	1.107.792	-	-	-
Bonds and Similar Investment Securities	57.126.063	36.259.758	607.105	25.626.356
Other	-	-	-	332.803
Total	58.233.855	36.259.758	607.105	25.959.159

8.2. Information on Government Debt Securities at Amortized Cost

	Current Period	Prior Period
Government Debt	158.551.073	45.620.065
Treasury Bills	1.107.792	87.599
Other Public Sector Debt Securities	1.585.288	290.413
Total	161.244.153	45.998.077

8.3 Information on Investments Valued at Amortized Cost

	Current Period	Prior Period
Debt Securities	165.424.164	46.339.321
Quoted at Stock Exchange	155.404.418	44.293.342
Unquoted at Stock Exchange	10.019.746	2.045.979
Impairment (-)	1.079	296
Total	165.423.085	46.339.025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

8.4. The Movement of Financial Assets at Amortized Costs

	Current Period	Prior Period
Balance at the Beginning of the Period	46.339.025	30.620.481
Foreign Currency Differences on Monetary Assets	11.437.431	11.313.351
Purchases During the Year ⁽¹⁾	109.423.608	7.195.320
Disposals through Sales and Redemptions	(1.775.900)	(2.789.831)
Impairment Provision (-)	1.079	296
Balance at the End of the Period	165.423.085	46.339.025

⁽¹⁾Accruals are shown in “Purchases During the Year”.

9. Information on Associates Accounts (Net)

9.1. Information on the Parent Bank’s Unconsolidated Associates

	Title	Address (City/Country)	The Bank’s Share Percentage, if Different, Voting Percentage (%)	The Bank’Risk Group Share Percentage (%)
1	Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	İstanbul/Türkiye	33,34	33,34

	Total Assets ⁽¹⁾	Shareholders’ Equity ⁽¹⁾	Total Non-Current Assets ^{(1) (2)}	Interest Income ⁽¹⁾	Income from Marketable Securities ⁽¹⁾	Current Period Profit/Loss ⁽¹⁾	Prior Period Profit/Loss ⁽¹⁾	Fair Value
1	427.052	333.016	107.306	37.667	-	(18.467)	(3.291)	-

⁽¹⁾Current period financial information has been provided from unaudited financial statements as of 31 December 2022. Prior period profit/loss information has been provided from independently audited financial statements as of 31 December 2021.

⁽²⁾Total noncurrent assets include tangible and intangible assets.

⁽³⁾The share transfer agreement for the sale of the Bank’s shares in Platform Ortak Kartlı Sistemler A.Ş., which was previously a subsidiary, to Türkiye Halk Bankası A.Ş. was signed on 21.06.2022 and all of the participation shares were transferred to Türkiye Halk Bankası A.Ş.

9.2. Information on Consolidated Associates

	Title	Address (City/Country)	The Parent Bank’s Share Percentage-if different Voting Percentage (%)	The Parent Bank’s Group Share Percentage (%)
1	Arap Türk Bankası A.Ş.	İstanbul/Türkiye	15,43	15,43

	Total Assets ⁽¹⁾	Shareholders’ Equity ⁽¹⁾	Total Non- Current Assets ⁽¹⁾	Interest Income ⁽¹⁾	Income from Marketable Securities ⁽¹⁾	Current Period Profit/Loss ⁽¹⁾	Prior Period Profit/Loss ⁽¹⁾	Fair Value
1	11.442.014	1.832.553	555.819	418.239	223.101	213.492	160.336	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

9.3. Information on Financial Associates

	Current Period	Prior Period
Balance at the Beginning of the Period	205.959	177.879
Movement During the Period	76.804	28.080
Additions	-	-
Bonus Share Certificates	-	-
Dividends from Current Year Income	32.942	24.740
Transfer (-)	-	-
Sales	-	-
Revaluation Increase	43.862	3.340
Revaluation/Impairment	-	-
Balance at the End of the Period	282.763	205.959
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

9.4. Sectoral Information on Financial Associates and the Related Carrying Amounts

	Current Period	Prior Period
Banks	282.763	205.959
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Associates	-	-

9.5. Subsidiaries Quoted to the Stock Exchange

None (31 December 2021: None).

10. Information on Subsidiaries (Net)

10.1. Information on the Parent Bank’s Unconsolidated Subsidiaries

	Description	Address (City/Country)	The Parent Bank’s Share Percentage-if different Voting Percentage (%)	The Parent Bank’s Group Share Percentage (%)
1	Ziraat Teknoloji A.Ş.	İstanbul/Türkiye	100,00	100,00
2	Ziraat Finansal Teknolojiler Elektronik Para ve Ödeme Hizmetleri A.Ş. ⁽¹⁾	İstanbul/Türkiye	100,00	100,00

⁽¹⁾The current paid-in capital of the Company, which was established with a capital of TL 200.000 in accordance with the decision of the Bank’s Board of Directors dated 12.05.2022 and numbered 13/21, to operate in the field of Electronic Money and Payment Services is TL 50.000. The Company, which was registered and announced on 23.08.2022, will start operating after obtaining the permission of the CBRT.

	Total Assets ⁽²⁾	Shareholders’ Equity ⁽²⁾	Total Non-Current Assets ⁽²⁾	Interest Income ⁽²⁾	Income from Marketable Securities ⁽²⁾	Current Period Profit/Loss ⁽²⁾	Prior Period Profit/Loss ⁽²⁾	Fair Value ⁽¹⁾
1	227.126	61.733	26.560	2.458	45	42.177	1.704	84.959
2	50.000	50.000	-	-	-	-	-	-

⁽¹⁾There is no fair value due to the fact that subsidiaries are not traded in the stock exchange.

⁽²⁾Current period financial information has been provided from unaudited financial statements as of 31 December 2022. Prior period profit/loss information has been provided from independently audited financial statements as of 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

10.2. Information on Consolidated Subsidiaries

		The Bank’s Share Percentage- if different Voting Percentage (%)	The Bank’s Risk Group Share Percentage (%)
Description	Address (City/Country)		
1 Ziraat Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	99,60	99,60
2 Ziraat Portföy Yönetimi A.Ş.	İstanbul/Türkiye	74,90	99,80
3 Ziraat Katılım Bankası A.Ş.	İstanbul/Türkiye	100,00	100,00
4 Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	81,06	81,06
5 Ziraat Girişim Sermayesi Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	100,00	100,00
6 Ziraat Bank International A.G.	Frankfurt/Germany	100,00	100,00
7 Ziraat Bank BH d.d.	Sarajevo/Bosnia Herzegovina	100,00	100,00
8 Ziraat Bank (Moscow) JSC	Moscow/Russia	99,91	100,00
9 Kazakhstan Ziraat Int. Bank	Almaty/Kazakhstan	99,92	99,92
10 Ziraat Bank Azerbaycan ASC	Baku/Azerbaijan	99,98	100,00
11 Ziraat Bank Montenegro AD	Podgorica/ Montenegro	100,00	100,00
12 JSC Ziraat Bank Georgia	Tbilisi/Georgia	100,00	100,00
13 Ziraat Bank Uzbekistan JSC	Tashkent/Uzbekistan	100,00	100,00

									Shareholder’s equity amount needed
Total Assets	Shareholders’ Equity	Total Non- Current Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value		
1 2.199.603	1.239.093	5.270	342.577	-	737.773	368.107	2.019.128		-
2 433.740	368.028	8.769	35.427	-	185.324	76.170	392.794		-
3 212.356.923	11.378.445	937.396	20.231.260	4.848.469	3.840.272	558.689	8.820.209		-
4 20.662.426	19.399.779	19.811.521	27.611	-	10.945.313	1.320.242	21.486.762		-
5 2.226.444	2.224.779	667	61.747	-	1.147.021	94.360	2.220.443		-
6 18.461.518	6.059.454	71.888	502.785	7.241	534	122.424	2.464.601		-
7 13.020.442	1.653.056	106.106	241.108	-	31.973	10.962	529.278		-
8 3.097.061	1.121.145	45.097	204.377	1.168	133.455	53.365	785.393		-
9 6.725.546	2.350.069	495.018	323.693	-	(387.925)	56.483	1.847.545		-
10 5.732.518	1.094.215	257.781	226.946	15.253	55.395	37.582	412.793		-
11 1.602.266	331.801	15.049	39.307	9.154	155	(30.082)	238.006		-
12 1.394.888	460.923	45.849	63.398	627	36.931	7.311	282.825		-
13 3.431.045	690.943	80.512	161.362	6.772	108.789	38.731	446.260		-

⁽¹⁾The amounts shown in the interest income column of Ziraat Katılım Bankası A.Ş. include profit share income.

⁽²⁾Current period financial statement information, Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş. and Ziraat Katılım Bankası A.Ş.’s independently audited financial statements dated 31 December 2022, and the unaudited financial statements of other subsidiaries, profit/loss figures for the previous period are taken from the independently audited financial statements dated 31 December 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

(Reflects the values of the Parent Bank)

	Current Period	Prior Period
Balance at the Beginning of the Period	20.558.487	13.901.878
Movements During the Period	21.387.548	6.656.609
Additions to Scope of Consolidation	-	-
Purchases	3.249.300	767.894
Bonus Shares Obtained	86.121	99.967
Dividends from current year income	-	-
Sales	-	-
Revaluation Increase ⁽¹⁾	22.601.876	7.476.690
Impairment Provision (-)	4.549.749	1.687.942
Transfer (-)	-	-
Balance at the End of the Period ⁽²⁾	41.946.035	20.558.487
Capital Commitments	-	-
Share percentage at the end of the period (%)	-	-

⁽¹⁾Includes changes arising from conversion of subsidiaries, whose capitals are paid in Euro amounts, into TL at period end currency rate

⁽²⁾Non-financial subsidiaries amounting to TL 134.959 are not included in the table. (31.12.2021: Non-financial subsidiaries amounting to TL 51.826 are not included in the table.)

10.3. Sectoral Information on Financial Subsidiaries and the Related Carrying Amounts

(Reflects the values of the Parent Bank)

	Current Period	Prior Period
Banks	15.826.908	8.567.353
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financing Companies	-	-
Other Financial Subsidiaries	26.119.127	11.991.134

10.4. Subsidiaries Quoted to the Stock Exchange

(Reflects the values of the Parent Bank)

	Current Period	Prior Period
Quoted at domestic stock exchanges	21.486.762	9.280.885
Quoted at international stock exchanges	-	-

11. Information on the Parent Bank’s Entities under Common Control (Joint Ventures)

Entities under Common Control (Joint Ventures) ⁽¹⁾	Parent Bank’s Share (%)	Group Share (%)	Current Assets	Non- Current Assets	Long Term Liabilities	Income	Expense
Turkmen Turkish Joint Stock Commercial Bank	50,00	50,00	13.083.701	67.409	15.326	622.741	269.012

⁽¹⁾Information on entity under joint control is provided from the unaudited financial statements as of 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

12. Information on Lease Receivables

Information on receivables from leasing transactions is shown in the table below.

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	189.351	179.909	449.965	431.939
1-5 Years	16.508.624	14.022.160	8.194.720	7.153.214
More than 5 Years	8.160.207	7.050.052	2.363.504	1.981.453
Total	24.858.182	21.252.121	11.008.189	9.566.606

13. Information on the Hedging Derivative Financial Assets

The Group has no hedging derivative financial assets.

14. Information on the Investment Property

The Group's investment properties are TL 775.075 (31 December 2021: TL 1.268.500).

15. Information on non-currents assets or disposal groups “held for sale” and “from discontinued operations

The Group does not have any discontinued operations. The assets held for sale are composed of immovables acquired due to consumer, commercial and agricultural loans and immovables for which has no necessity of usage exists by the Group. Those immovables considered for sales are announced at the web site of the Group.

The total of the partnership shares of the Group due to its receivables is TL 415.578 (31 December 2021: TL 181.483). To be TL 12.446 (31 December 2021: TL 7.334) due to the individual receivables of the Group, TL 5.255.159 due to the trade receivables (31 December 2021: TL 5.114.751) and TL 98.632 (31 December 2021: TL 121.636) due to the agricultural receivables. The total of the real estates acquired for the purpose of sale is TL 5.366.237 (31 December 2021: TL 5.243.721) and the other real estates held for sale is TL 1.325.408 (31 December 2021: TL 4.935.840). In addition, the total of the movables acquired due to its receivables was TL 75.258 (31 December 2021: TL 25.083). The net book value of the Group's non-current assets held for sale acquired through fiduciary rights is TL 2.522.486 (31 December 2021: TL 1.798.324).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

16. Information on Tangible Assets

	Immovables	Immovables with Right of Use	Movables	Movables with Right of Use	Leasing Development Costs	Other Tangibles	Total
Prior Period End							
Cost	12.568.138	1.172.709	2.157.480	262.652	388.425	-	16.549.404
Accumulated Depreciation (-)	921.289	262.106	1.393.865	156.841	312.247	-	3.046.348
Impairment (-)	2.323	-	618	-	-	-	2.941
Net Book Value	11.644.526	910.603	762.997	105.811	76.178	-	13.500.115
Current Period End							
Net Book Value at the Beginning of the Period	11.644.526	910.603	762.997	105.811	76.178	-	13.500.115
Change During the Period (Net)	21.683.556	584.808	596.532	162.533	64.519	-	23.091.948
-Cost	2.987.345	599.643	1.084.539	216.188	82.441	-	4.970.156
-Revaluation Differences	19.987.850	-	-	-	-	-	19.987.850
-Transfers (-)	1.325.408	-	-	-	-	-	1.325.408
-Depreciation (Net) (-)	(31.524)	14.835	488.007	53.655	17.922	-	542.895
-Impairment (-)	(2.245)	-	-	-	-	-	(2.245)
Net Currency Translation from Foreign Subsidiaries	164.778	32.673	29.639	2.315	13.660	-	243.065
Cost at Period End	34.382.703	1.805.025	3.271.658	481.155	484.526	-	40.425.067
Accumulated Depreciation at Period End (-)	889.765	276.941	1.881.872	210.496	330.169	-	3.589.243
Impairment (-)	78	-	618	-	-	-	696
Closing Net Book Value	33.492.860	1.528.084	1.389.168	270.659	154.357	-	36.835.128

17. The Impairment Provision Set or Cancelled in The Current Period According to The Asset Groups Not Individually Significant but Materially Affecting the Overall Financial Statements, and The Reason and Conditions for This

None.

18. Pledges, mortgages and other restrictions on the tangible assets, expenses arising from the construction for tangible assets, commitments given for the purchases of tangible assets

None.

19. Explanations on Intangible Assets

	Current Period			Prior Period		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Establishmement Costs	15.575	12.419	3.156	13.143	10.351	2.792
Goodwill	-	-	-	-	-	-
Intangible Rights	3.928.538	1.165.312	2.763.226	2.503.778	829.437	1.674.341
Total	3.944.113	1.177.731	2.766.382	2.516.921	839.788	1.677.133

Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements:

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition:

None.

The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition:

None.

The book value of intangible fixed assets that are pledged or restricted for use:

None.

Amount of purchase commitments for intangible fixed assets:

None.

Information on revalued intangible assets according to their types:

None.

Amount of total research and development expenses recorded in income statement within the period if any:

None.

Positive or negative consolidation goodwill on entity basis:

Not applicable for the consolidated financial statements.

Information on Goodwill:

None.

20. Information on Deferred Tax Asset

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit in accordance with the Turkish Accounting Standards (TAS 12) “Income Taxes”. In the computation of deferred tax, effective tax rates as of the balance sheet date are used in accordance with the current tax legislation.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Calculated deferred tax assets and deferred tax liabilities are net off in the consolidated associates individual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Information on calculated deferred tax including deductible temporary differences, financial losses, tax deductibles and tax exemptions is shown below;

	Current Period	Prior Period
Deferred Tax Assets	27.353.071	9.209.978
Deferred Tax Liabilities	(21.726.782)	(6.240.296)
Net Deferred Tax Assets/(Liabilities)	5.626.289	2.969.682
Net Deferred Tax Income/(Expense)	11.459.690	403.946

	Current Period	Prior Period
Deferred Tax Asset	27.353.071	9.209.978
Expected Loss Provisions	11.039.041	3.854.978
Reserve for Employee Benefits	1.850.397	368.858
Marketable Securities Portfolio	6.246.366	2.673.355
Other	8.217.267	2.312.787
Deferred Tax Liabilities	21.726.782	6.240.296
Financial Assets Valuation Differences	19.674.768	5.523.521
Real Estate Valuation Difference	1.853.995	499.970
Other	198.019	216.805
Net Deferred Tax Asset/(Liability)	5.626.289	2.969.682

As of 31 December 2022, deferred tax income amounting to TL 11.459.690 was classified on profit or loss table and deferred tax expense amounting TL 8.605.454 was classified under shareholders’ equity. (As of 31 December 2021, deferred tax income amounting to TL 403.946 was classified on profit or loss table and deferred tax expense amounting TL 1.615.483 was classified under shareholders’ equity).

21. Information on expected loss provisions for financial assets

	Current Period	Prior Period
Cash and Balances at Central Bank	31.345	8.729
Banks and Receivables from Money Markets	15.293	12.532
Financial Assets Measured at Amortized Cost	40.592	10.134
Other assets	115.138	60.574
Total	202.368	91.969

22. Information on Other Assets

As of 31 December 2022 and 31 December 2021, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

1. Information on Deposits/Funds Collected

1.1 Information on Maturity Structure of Deposits

		7 Day Call	Up to 1	1-3	3-6	6 Months-	1 Year	Cumulative	
Current Period	Demand	Accounts	Month	Months	Months	1 Year	and Over	Deposits	Total
Saving Deposits	131.457.914	-	18.631.036	243.164.800	20.336.549	9.534.581	25.114.190	148.528	448.387.598
Foreign Currency Deposits	283.838.398	-	143.513.425	184.535.658	39.357.690	23.688.435	71.524.578	14.799	746.472.983
Residents in Türkiye	218.226.729	-	139.052.941	157.661.536	29.048.020	11.548.296	28.962.992	12.343	584.512.857
Residents Abroad	65.611.669	-	4.460.484	26.874.122	10.309.670	12.140.139	42.561.586	2.456	161.960.126
Public Sector Deposits	20.175.077	-	114.451.418	11.097.850	4.648.975	803.714	7.615	-	151.184.649
Commercial Inst. Deposits	91.796.331	-	115.450.374	136.160.439	7.300.447	22.053.845	2.894.572	-	375.656.008
Other Institutions Deposits	6.988.093	-	5.785.624	20.258.226	4.211.618	910.923	457.932	-	38.612.416
Precious Metals Deposit	81.910.678	-	1.890.618	13.515.775	999.453	561.040	635.451	-	99.513.015
Interbank Deposits	9.315.628	-	43.085.939	9.091.642	93.317	18.396.704	499.173	-	80.482.403
The CBRT	2.714.175	-	-	-	-	-	-	-	2.714.175
Domestic Banks	451.294	-	39.787.632	654.420	-	-	402.578	-	41.295.924
Foreign Banks	5.912.844	-	3.297.632	8.437.222	93.317	18.396.704	96.595	-	36.234.314
Participation Banks	237.315	-	675	-	-	-	-	-	237.990
Other	-	-	-	-	-	-	-	-	-
Total ⁽¹⁾	625.482.119	-	442.808.434	617.824.390	76.948.049	75.949.242	101.133.511	163.327	1.940.309.072

⁽¹⁾As of 31 December 2022, the deposit balance includes the amount of TL 93.491.005 Treasury Currency Protected Deposit, TL 105.994.827 CBRT Currency Protected Deposit and TL 17.910.987 YUVAM Account Deposits.

		7 Day Call	Up to 1	1-3	3-6	6 Months-	1 Year	Cumulative	
Prior Period	Demand	Accounts	Month	Months	Months	1 Year	and Over	Deposits	Total
Saving Deposits	70.203.865	-	13.030.976	112.837.748	24.125.159	2.977.746	7.890.123	181.935	231.247.552
Foreign Currency Deposits	190.377.004	-	49.794.596	170.108.911	26.535.508	18.382.592	68.957.900	15.469	524.171.980
Residents in Türkiye	157.004.194	-	48.397.670	148.443.080	17.906.947	8.254.009	32.105.695	13.806	412.125.401
Residents Abroad	33.372.810	-	1.396.926	21.665.831	8.628.561	10.128.583	36.852.205	1.663	112.046.579
Public Sector Deposits	14.149.540	-	9.547.190	8.721.258	912.677	501.108	12.929	-	33.844.702
Commercial Inst. Deposits	29.300.264	-	33.098.860	32.960.078	1.363.882	2.729.921	4.532.757	-	103.985.762
Other Institutions Deposits	3.818.724	-	8.104.480	12.507.489	1.509.098	770.022	536.828	-	27.246.641
Precious Metals Deposit	56.314.128	-	1.279.645	11.840.063	781.965	508.828	496.696	-	71.221.325
Interbank Deposits	6.995.086	-	28.867.166	6.149.726	92.113	9.753.095	8.285.553	-	60.142.739
The CBRT	364.127	-	-	-	-	-	-	-	364.127
Domestic Banks	343.628	-	28.744.473	833.275	-	971	2.663.800	-	32.586.147
Foreign Banks	6.195.958	-	122.693	5.316.451	92.113	9.752.124	5.621.753	-	27.101.092
Participation Banks	91.373	-	-	-	-	-	-	-	91.373
Other	-	-	-	-	-	-	-	-	-
Total ⁽¹⁾	371.158.611	-	143.722.913	355.125.273	55.320.402	35.623.312	90.712.786	197.404	1.051.860.701

⁽¹⁾As of 31 December 2021, the balance of deposits includes TL 13.970.133 Treasury Currency Protected Deposits and TL 2.804.414 CBRT Currency Protected Deposits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1.2. Information on Saving Deposits Under the Guarantee of the Saving Deposit Insurance Fund and Amounts Exceeding the Limit of the Deposit Insurance Fund

	Under the Guarantee of Deposit Insurance	Exceeding Deposit Insurance Limit		
Saving Deposits	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits ⁽¹⁾	224.598.819	140.238.589	222.369.675	89.913.174
Foreign Currency Saving Deposits ⁽¹⁾	163.782.459	123.294.124	364.876.583	275.115.788
Other Deposits in the form of Saving Deposits	-	-	-	-
Foreign Branches’ Deposits under the Guarantees of Foreign Authority Insurance ⁽²⁾	5.057.008	3.353.517	2.838.629	1.629.055
Off-Shore Banking Regions’ and under Foreign Authorities’ Insurance	-	-	-	-

⁽¹⁾Related deposit balances do not include foreign branches.

⁽²⁾In Bulgaria and Greece, since both real person and legal entity’s saving deposits are under the guarantee of insurance and since such balances included in insurance limit are calculated by the system, the legal entity saving deposits amounting to TL 2.643.374 and TL 35.817 respectively, cannot be decomposed by type and are therefore included in the table above (31 December 2021: TL 1.208.852 and TL 34.311).

In accordance with the Regulation on the Amendment of the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums to be Collected by the Savings Deposit Insurance Fund, published in the Official Gazette dated 27 August 2022 and numbered 31936, all official institutions in the presence of credit institutions, except those belonging to credit institutions and financial institutions. deposits and participation funds are included in the scope of insurance. In line with this change, TL 28.211.466 commercial deposits covered by insurance are not included in the table. The portion of the said deposits exceeding the insurance limit is TL 789.528.367.

Based on the Council of Minister’s decree dated 29 December 2003 and numbered 2003/6668, TL 434 (31 December 2021: TL 479) of demand deposits is not included in the above calculation, since the Bank paid the saving deposits amount attributable to T. İmar Bank T.A.Ş.

1.3. Information on Saving Deposits/Real Persons’ Private Current and Accession Accounts Not Related to Commercial Transactions in a Turkish Branch of the Bank Whose Head Office is Abroad, and Reasons if it is Covered in Where the Head Office is Located

The Parent Bank’s head office is located in Türkiye.

1.4. Saving deposits of real persons which are not under the guarantee of saving deposit insurance fund

	Current Period	Prior Period
Deposits and other Accounts in Branches Abroad	12.805	12.236
Deposits of Ultimate Shareholders and Their Close Family Members	-	-
Deposits of Chairman and Members of the Board of Directors, CEO, Executive Vice Presidents and Their Close Family Members	53.076	30.687
Deposits Obtained through Illegal Acts Defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated 26 September 2004	-	-
Saving Deposits in Banks Established in Türkiye Exclusively for Off-Shore Banking Activities	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. Negative Differences Statement Regarding Trading Derivative Financial Assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	12.129	1.290	798.079	6.271
Swap Transactions	218.585	2.837.720	475.473	2.350.376
Futures Transactions	-	-	-	-
Options	-	89.836	-	71.878
Other	-	-	-	-
Total	230.714	2.928.846	1.273.552	2.428.525

3. Information on Banks and Other Financial Institutions

3.1. General Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Borrowings from CBRT	10.208.007	-	-	-
Domestic Banks and Institutions	377.292	15.359.646	490.338	10.174.565
Foreign Banks, Institutions and Funds	-	89.467.088	10.568	50.265.360
Total	10.585.299	104.826.734	500.906	60.439.925

3.2. Information on Maturity Structure of Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	10.582.888	7.706.354	488.941	4.160.282
Medium and Long-Term	2.411	97.120.380	11.965	56.279.643
Total	10.585.299	104.826.734	500.906	60.439.925

3.3. Further Information is Disclosed for the Areas of Group’s Liability Concentrations, Main Liability Concentration Areas Fund
Supplier Customers, Sector Groups or other Risk Concentration Criteria

76% of the Group’s total liabilities consist of deposits. Deposits have a diversified base and have steady structures. The Group’s liabilities are not subject to a significant concentration risk.

4. Information on Money Market Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Transactions	21.081.863	7.498.996	143.430.704	-
Financial Institutions and Organizations	20.917.677	7.498.996	143.258.075	-
Other Institutions and Organizations	125.400	-	158.819	-
Real Person	38.786	-	13.810	-
From Overseas Operations	-	64.037.829	-	37.053.037
Financial Institutions and Organizations	-	40.090.932	-	37.053.037
Other Institutions and Organizations	-	23.946.897	-	-
Real Person	-	-	-	-
Total	21.081.863	71.536.825	143.430.704	37.053.037

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

5. Information on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank Bills	-	644.547	-	97.988
Asset-Backed Securities	4.394.241	-	4.156.876	-
Treasury Bonds	649.106	26.118.062	1.000.982	25.053.734
Total	5.043.347	26.762.609	5.157.858	25.151.722

6. If Other Liabilities Exceed 10% of the Balance Sheet Total, Name and Amount of Sub-Accounts Constituting at Least 20% of These Liabilities

Other liabilities do not exceed 10% of the balance sheet total.

7. Information on Lease Liabilities (Net)

Information on lease liabilities represented in the table below

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	94.282	52.127	88.525	49.499
Between 1-4 Years	1.088.621	912.150	487.584	415.605
More than 4 Years	1.676.114	885.802	1.088.930	597.423
Total	2.859.017	1.850.079	1.665.039	1.062.527

8. Information on the hedging derivative financial liabilities

There are no hedging derivative financial liabilities.

9. Information on Provisions

9.1 Provisions Related with Principal Foreign Currency Decrease of Foreign Indexed Loans and Finance Leasing Receivables

There are no foreign exchange loss provisions on foreign currency indexed loans and finance lease receivables (31 December 2021: None).

9.2. Liabilities on Employee Benefits Provision

9.2.1. Termination benefit and Unused Vacation Rights

The Group accounts for its vacation and termination benefit obligations in accordance with the TAS 19 “Employee Benefits”. The vacation and retirement pay obligations recognized in the balance sheet represent the present value of the defined benefit obligation. As of 31 December 2022, unpaid vacation liability amounted to TL 792.254 and employment termination amounted to TL 6.140.669 are presented under the “Employee Benefits Provision” in the financial statements (31 December 2021: unpaid vacation liability amounted to TL 384.562, and employment termination amounted to TL 1.393.410 are presented under the “Employee Benefits Provision” in the financial statements).

9.2.2. Pension Rights

The technical balance sheet reports which are prepared in accordance with the principles Act numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, by using a technical interest rate of 9,80%, concluded that no technical deficit arises in the mentioned fund as of 31 December 2022 and 31 December 2021.

The liability related to Parent Bank’s benefits to be transferred to SSI as of the balance sheet date is expected payment to be made to SSI during the transfer. Actuarial parameters and results used in calculation of this amount reflects the Act’s, numbered 5754 declared in the Official Gazette dated 8 May 2008 numbered 26870, principles related to pension and health benefits to be transferred to SSI (9,80% real discount rate, etc.).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

According to related Actuary Report, the Fund's surplus is TL 17.709.984 as of 31 December 2022 (31 December 2021: TL 10.235.620).

	Current Period	Prior Period
Non-Medical Assets	9.609.837	6.297.140
Actual and Technical Overrun	17.709.984	10.235.620

The principal actuarial assumptions used are as follows:

	Current Period	Prior Period
Discount rate		
-Pension benefits transferable to SSI	9,80%	9,80%
-Post employment medical benefits transferable to SSI	9,80%	9,80%

The CSO 1980 Female/Male mortality table is used to represent the expected mortality rates before and after retirement.

The distribution of fund assets is as follows:

	Current Period	Prior Period
Bank placements	1.204.050	358.942
Property and equipment	940.000	495.566
Marketable securities	7.272.413	5.417.571
Other	193.374	25.061
Total	9.609.837	6.297.140

9.3. Information on Other Provisions

Except for the requirements of BRSA Accounting and Financial Reporting Legislation, free provision amounting to TL 29.304.000 has been made by the Group management, of which TL 3.730.000 has been reserved in previous periods, TL 25.574.000 has been reserved in the current period (31 December 2021: Except for the BRSA Accounting and Financial Reporting Legislation requirements, the amount of TL 3.505.000 was paid by the Group management in previous periods and free provision of TL 3.730.000 has been set aside, of which TL 250.000 has been reserved in the current period and TL 25.000 has been canceled in the current period.)

Expected loss provisions for non-cash loans are TL 9.352.474 (31 December 2021: Expected loss provisions for non-cash loans are TL 3.401.185.) A total amount of TL 198.554 provision has been provided for the lawsuits against the Group which are not finalized yet. (31 December 2021: A total amount of TL 147.924 provision has been provided for the lawsuits against the Group which are not finalized yet.) In addition, there is other provision amounting to TL 5.350.679. (31 December 2021: Other provision amounting to TL 733.427.)

10. Explanations on Tax Liability

10.1. Explanations on Current Tax Liability

10.1.1. Information on Taxes Payable

As of 31 December 2022, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 7.295.144 (As of 31 December 2021, the remaining corporate tax liability after deducting temporary taxes paid for the period is TL 397.162).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

10.1.2. Information on Current Taxes Payable

	Current Period	Prior Period
Corporate Tax Payable	7.295.144	397.162
Taxation on Income from Securities	573.637	436.229
Property Tax	6.516	4.191
Banking Insurance Transaction Tax (BITT)	837.019	463.810
Foreign Exchange Transaction Tax	46.164	119.822
Value Added Tax Payable	162.889	63.871
Other	500.584	133.007
Total	9.421.953	1.618.092

10.1.3. Information on Premium Payables

	Current Period	Prior Period
Social Security Premiums - Employee	140	83
Social Security Premiums - Employer	205	98
Bank Social Aid Pension Fund Premium-Employee	45.528	22.904
Bank Social Aid Pension Fund Premium-Employer	66.725	33.563
Pension Fund Membership Fees and Provisions-Employee	-	4
Pension Fund Membership Fees and Provisions-Employer	36	15
Unemployment Insurance - Employee	7.300	1.807
Unemployment Insurance-Employer	14.606	3.615
Other	-	-
Total	134.540	62.089

10.2. Information on Deferred Tax Liabilities if Any

The Group has TL 301.798 deferred tax liability (31 December 2021: TL 21.837).

11. Information on liabilities related to non-current assets “held for sale” and “held from discontinued operations

The Group does not have any liabilities related to non-current assets held for sale and held from discontinued operations (31 December 2021: None).

12. Information on Subordinated Loan

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	31.546.716	-	22.741.964
Subordinated loans	-	2.597.654	-	1.314.363
Subordinated debt instruments	-	28.949.062	-	21.427.601
Debt instruments to be included in contribution capital calculation	-	-	-	-
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Total	-	31.546.716	-	22.741.964

⁽³⁾Subordinated loans are explained in detail in the Note “information about debt instruments included in total capital calculation” in Section Four.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

13. Information on Shareholders’ Equity

13.1. Presentation of Paid-In Capital

	Current Period	Prior Period
Common stock	34.900.000	13.100.000
Preferred stock	-	-

13.2. Amount of Paid-In-Capital, Explanations as to Whether the Registered Share Capital System is Applied, if so the Amount of Registered Share Capital Ceiling

The Parent Bank does not have a registered capital system.

13.3. Capital Increases and Sources in The Current Period and Other Information Based on Increased Capital Shares

The decision to increase the capital to TL 34.900.000 was approved at the Extraordinary General Assembly meeting of the Parent Bank held on 9 March 2022. The capital increase and the related amendment made in the relevant article of the Articles of Association were registered on 14 March 2022 and dated 14 March 2022. It was announced in the Trade Registry Gazette numbered 10536. The accounting for the said capital increase was carried out on 14 March 2022 based on the permission obtained from the BRSA.

Increase Date	Increase Amount	Cash	Profit Reserves Subject to Increase	Capital Reserves Subject to Increase
14 March 2022	21.800.000	21.800.000	-	-

13.4. Other Information on Capital Increases and Increased Share Capital with Reserves within the Current Period

There is no share capital amount included in capital.

13.5. Information on Capital Commitments, the Purpose and the Sources Until the End of the Fiscal Year and the Subsequent Interim Period

The Parent Bank has no capital commitments.

13.6. Effects on the Group’s Equity of The Anticipation Based on the Financial Figures For Prior Periods Regarding the Group’s Income, Profitability and Liquidity, and Uncertainties at These Indicators

In the current period, The Parent Bank follows its operations in line with the previous periods. The Parent Bank’s balance sheet has been managed with precaution by being affected by the interest, rate of exchange and credit risks at the minimum level. This helps to reduce the effects of fluctuations in the market to The Parent Bank’s performance and contributes to the profitability structure to be sustainable.

13.7. Summary Information on Privileges Given to Shares Representing the Capital

The Parent Bank has no preferred shares.

13.8. Information on Marketable Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities under Common Control (Joint Ventures)	(77.873)	547.657	41.654	(25.912)
Financial Assets at Fair Value Through Other Comprehensive Income	49.094.334	(19.922.708)	9.691.095	(9.023.318)
Foreign Exchange Differences	6.019.473	1.957	4.167.614	3.271
Total	55.035.934	(19.373.094)	13.900.363	(9.045.959)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

III. EXPLANATIONS AND NOTES TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS

1. Explanations on Off-Balance Sheet Commitments

1.1. Nature and Amount of Irrevocable Loan Commitments

	Current Period	Prior Period
Asset Purchase Commitments	39.841.499	24.817.588
Subsidiaries and Associates Capital Contribution Commitments	150.000	3.150
Loan Granting Commitments	51.597.586	22.929.479
Commitments for Cheques Payments	10.866.132	7.058.166
Commitments for Credit Card Expenditure Limits	101.503.177	61.914.689
Promotion Campaigns Commitments Relating to Credit Card and Bank Services	162.830	102.027
Tax and Fund Liabilities from Export Commitments	95.161	22.637
Other Irrevocable Commitments	25.838.559	23.435.761
Total	230.054.944	140.283.497

1.2. Nature and Amount of Possible Losses and Commitments Arising from the Off-Balance Sheet Items Including the Below Mentioned

The Group has provided provision amounting to TL 9.352.474 for possible losses arising from the off-balance sheet items in the current period. (31 December 2021: TL 3.401.185).

1.2.1. Non-Cash Loans Including Guarantees, Acceptances, Financial Guarantees and Other Letter of Credits

	Current Period	Prior Period
Letters of Guarantee	360.474.626	206.713.656
Letters of Credit	73.113.486	65.176.324
Bank Acceptances	12.278.409	11.968.706
Endorsements	14.341.683	6.009.467
Other Guarantees	1.504.723	2.433.706
Other Collateral	17.000	3.345
Total	461.729.927	292.305.204

1.2.2. Certain Guarantees, Temporary Guarantees, Surety Ships and Similar Transactions

	Current Period	Prior Period
Letters of Certain Guarantees	215.675.531	122.155.860
Letters of Advance Guarantees	60.497.328	32.445.562
Letters of Temporary Guarantees	13.265.410	5.056.575
Letters of Guarantees Given to Customs Offices	4.742.989	2.002.466
Other Letters of Guarantees	66.293.368	45.053.193
Total	360.474.626	206.713.656

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1.3. Explanations on Non - Cash Loans

1.3.1. Total Non-Cash Loans:

	Current Period	Prior Period
Non-Cash Loans for Providing Cash Loans	54.657.597	39.535.612
With Original Maturity of One Year or Less	25.080.064	19.970.315
With Original Maturity of More than One Year	29.577.533	19.565.297
Other Non-Cash Loans	407.072.330	252.769.592
Total	461.729.927	292.305.204

1.3.2. Information on Sectorial Risk Concentrations of Non-Cash Loans

	Current Period			
	TL	(%)	FC	(%)
Agricultural	2.697.687	1,68	284.769	0,09
Farming and Raising Livestock	1.693.834	1,05	151.215	0,05
Forestry	714.743	0,44	-	-
Fishing	289.110	0,18	133.554	0,04
Manufacturing	55.477.211	34,49	128.673.014	42,76
Mining and Quarrying	1.359.463	0,85	2.158.015	0,72
Production	45.901.635	28,54	115.099.519	38,25
Electric, Gas and Water	8.216.113	5,11	11.415.480	3,79
Construction	38.893.167	24,18	93.818.824	31,18
Services	62.134.622	38,63	74.288.688	24,69
Wholesale and Retail Trade	31.976.138	19,88	21.411.476	7,12
Hotel, Food and Beverage Services	3.040.370	1,89	1.756.688	0,58
Transportation and Telecommunication	8.201.306	5,10	25.338.316	8,42
Financial Institutions	13.051.398	8,11	17.828.374	5,93
Real Estate and Leasing Services	4.996.576	3,11	6.955.531	2,31
Self-employment Services	116.786	0,07	164.133	0,05
Education Services	283.803	0,18	337.321	0,11
Health and Social Services	468.245	0,29	496.849	0,17
Other	1.632.249	1,02	3.829.696	1,28
Total	160.834.936	100,00	300.894.991	100,00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

	Prior Period			
	TL	(%)	FC	(%)
Agricultural	1.020.971	1,59	601.803	0,27
Farming and Raising Livestock	680.997	1,06	217.657	0,10
Forestry	303.563	0,47	7.432	0,00
Fishing	36.411	0,06	376.714	0,17
Manufacturing	15.298.998	23,79	109.560.770	48,05
Mining and Quarrying	524.150	0,82	1.491.607	0,65
Production	11.422.874	17,76	99.176.944	43,50
Electric, Gas and Water	3.351.974	5,21	8.892.219	3,90
Construction	19.487.980	30,30	60.838.959	26,68
Services	27.405.594	42,62	55.418.149	24,31
Wholesale and Retail Trade	13.245.513	20,60	18.883.926	8,28
Hotel, Food and Beverage Services	523.186	0,81	2.122.733	0,93
Transportation and Telecommunication	4.093.727	6,37	19.624.279	8,61
Financial Institutions	6.798.085	10,57	11.009.899	4,83
Real Estate and Leasing Services	2.283.832	3,55	2.736.219	1,20
Self-employment Services	88.008	0,14	34.855	0,02
Education Services	187.502	0,29	342.189	0,15
Health and Social Services	185.741	0,29	664.049	0,29
Other	1.095.458	1,70	1.576.522	0,69
Total	64.309.001	100,00	227.996.203	100,00

1.3.3. Information on the Non-Cash Loans Classified Under Group I and Group II

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	158.522.644	291.454.170	2.182.929	8.170.153
Letters of Guarantee	142.296.328	207.100.851	1.883.901	7.877.504
Bank Acceptances	1.808.014	10.470.395	-	-
Letters of Credit	1.446.428	71.318.074	1.325	282.656
Endorsements	12.861.019	1.400.685	51.000	9.993
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	110.855	1.164.165	246.703	-

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	62.500.519	220.967.595	1.659.219	5.955.346
Letters of Guarantee	59.507.559	138.606.485	1.628.584	5.761.454
Bank Acceptances	211.032	11.757.674	-	-
Letters of Credit	855.944	64.150.354	1.325	156.850
Endorsements	1.911.984	4.030.031	29.310	37.042
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	14.000	2.423.051	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2. Explanations on Derivative Transactions

	Current Period	Prior Period
Types of Trading Transactions		
Foreign Currency Related Derivative Transactions: (I)	628.655.479	413.857.974
Forward Transactions	2.325.255	13.699.022
Swap Transactions	610.949.242	390.162.522
Futures Transactions	1.260.778	-
Option Transactions	14.120.204	9.996.430
Interest Related Derivative Transactions (II)	105.383.188	84.644.944
Forward Interest Rate Agreements	-	-
Interest Rate Swaps	105.383.188	84.644.944
Interest Rate Options	-	-
Interest Rate Futures	-	-
Other Trading Derivative Transactions: (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	734.038.667	498.502.918
Types of Hedging Derivative Transactions		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
B. Total Hedging Purposes Derivative Transactions	-	-
Total Derivative Transactions (A+B)	734.038.667	498.502.918

The Group has no derivative transactions for hedging purposes. Estimated to occur in advance and accounted for based on this estimation; however, there are no income and expenses that are not associated with the profit or loss statement in the current period due to the transactions and contracts that are not realized.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	3.154.506	(153.077)	263.284	-	2.256.898	5.521.611
-Inflow	219.063.216	78.004.685	14.378.870	2.369.540	3.272.234	317.088.545
-Outflow	(215.908.710)	(78.157.762)	(14.115.586)	(2.369.540)	(1.015.336)	(311.566.934)
Interest rate derivatives	-	-	-	-	-	-
-Inflow	-	65.000	-	32.286.942	20.339.652	52.691.594
-Outflow	-	(65.000)	-	(32.286.942)	(20.339.652)	(52.691.594)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Total Inflow	219.063.216	78.069.685	14.378.870	34.656.482	23.611.886	369.780.139
Total Outflow	(215.908.710)	(78.222.762)	(14.115.586)	(34.656.482)	(21.354.988)	(364.258.528)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Derivatives held for trading						
Foreign exchange derivatives	6.651.055	673.046	(561.818)	-	1.267.129	8.029.412
-Inflow	142.062.199	39.670.855	25.369.297	1.558.870	2.282.472	210.943.693
-Outflow	(135.411.144)	(38.997.809)	(25.931.115)	(1.558.870)	(1.015.343)	(202.914.281)
Interest rate derivatives	-	-	-	-	-	-
-Inflow	5.000	40.000	173.902	11.923.284	30.180.286	42.322.472
-Outflow	(5.000)	(40.000)	(173.902)	(11.923.284)	(30.180.286)	(42.322.472)
Derivatives held for hedging						
Foreign exchange derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Interest rate derivatives	-	-	-	-	-	-
-Inflow	-	-	-	-	-	-
-Outflow	-	-	-	-	-	-
Total Inflow	142.067.199	39.710.855	25.543.199	13.482.154	32.462.758	253.266.165
Total Outflow	(135.416.144)	(39.037.809)	(26.105.017)	(13.482.154)	(31.195.629)	(245.236.753)

3. Explanations on Contingent Assets and Liabilities

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Group and otherwise, provision is provided based on the estimations.

The Group’s liability resulting from the cheques given to its customers amounts TL 10.866.132 (31 December 2021: TL 7.058.166).

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

4. Explanations on Services in the Name of Others

The Group acts as an intermediary for purchases and sales of government securities on behalf of individuals and entities, conducts repo transactions, and provides custody services. The Bank does not provide consultancy and management services.

IV. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED PROFIT OR LOSS STATEMENT

1. Interest Income

1.1. Information on Interest Income from Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on Loans⁽¹⁾	113.142.338	24.241.084	65.545.749	12.873.632
Short Term Loans	44.238.508	3.483.034	18.110.213	1.131.266
Medium-and Long-Term Loans	67.183.548	20.494.266	46.409.666	11.571.060
Interest on Loans Under Follow-Up	1.720.282	263.784	1.025.870	171.306
Premiums Received from the Resource Utilization Support Fund	-	-	-	-

⁽¹⁾Includes fees and commissions income on cash loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1.2. Information on interest income on banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of the Republic of Türkiye	12.367	-	-	-
Domestic Banks	238.387	2.181.083	42.130	39.369
Foreign Banks	117.564	359.583	58.796	74.056
Headquarters and Branches Abroad	-	-	-	-
Total	368.318	2.540.666	100.926	113.425

1.3. Information on interest income on marketable securities

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit or Loss	651.669	47.282	340.826	21.891
Financial Assets at Fair Value Through Other Comprehensive Income	61.090.406	10.426.113	18.441.568	5.867.587
Financial Assets Measured at Amortized Cost	25.742.245	2.340.977	2.118.949	1.484.339
Total	87.484.320	12.814.372	20.901.343	7.373.817

1.4. Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Income from Associates and Subsidiaries	215.463	153.583

2. Interest Expense

2.1. Information on Interest Expense on Borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks ⁽¹⁾	613.590	2.944.596	106.432	1.104.452
Central Bank of the Republic of Türkiye	122.055	-	-	-
Domestic Banks	410.357	494.298	30.832	207.339
Foreign Banks	81.178	2.450.298	75.600	897.113
Foreign Headquarters and Branches Abroad	-	-	-	-
Other Institutions	-	176.645	119.587	102.322
Total	613.590	3.121.241	226.019	1.206.774

⁽¹⁾Includes fees and commissions expenses on cash loans.

2.2. Information on Interest Expenses Given to Associates and Subsidiaries

	Current Period	Prior Period
Interest Expenses Given to Subsidiaries and Associates	34.641	33.226

2.3. Information on Interest Given on Securities Issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest Expense on Securities Issued	1.021.031	2.688.467	779.662	1.948.153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

2.4. Maturity structure of the interest expense on deposits

Current Period	Time Deposit							Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year	Cumulative Deposit	
Account Name								
TL								
Bank Deposit	-	4.418.268	102.170	-	-	-	-	4.520.438
Saving Deposit	-	1.762.525	26.878.200	3.706.378	926.854	3.771.195	16.027	37.061.179
Public Sector Deposit	90	7.836.213	1.509.844	437.529	86.553	1.333	-	9.871.562
Commercial Deposit	126	6.440.055	8.139.816	2.467.164	4.430.137	202.407	-	21.679.705
Other Deposit	-	543.790	2.175.005	297.576	54.102	49.012	-	3.119.485
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	216	21.000.851	38.805.035	6.908.647	5.497.646	4.023.947	16.027	76.252.369
FC								
Foreign Currency Deposit	88.559	3.057.053	3.409.740	527.792	256.883	535.591	2	7.875.620
Bank Deposit	147	74.556	80.048	331	170.007	58.397	-	383.486
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	17.340	45.467	4.156	2.287	2.452	-	71.702
Total	88.706	3.148.949	3.535.255	532.279	429.177	596.440	2	8.330.808
Grand Total	88.922	24.149.800	42.340.290	7.440.926	5.926.823	4.620.387	16.029	84.583.177

Prior Period	Time Deposit							Total
	Demand Deposit	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More Than 1 year	Cumulative Deposit	
Account Name								
TL								
Bank Deposit	-	4.142.850	59.482	-	-	-	-	4.202.332
Saving Deposit	-	1.765.114	17.209.606	3.712.528	414.016	1.143.333	13.679	24.258.276
Public Sector Deposit	617	1.168.189	1.170.581	97.723	55.120	9.291	-	2.501.521
Commercial Deposit	162	3.463.825	4.088.137	149.172	727.258	68.465	-	8.497.019
Other Deposit	-	386.959	1.801.246	161.337	102.571	49.431	-	2.501.544
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Total	779	10.926.937	24.329.052	4.120.760	1.298.965	1.270.520	13.679	41.960.692
FC								
Foreign Currency Deposit	4.034	255.968	1.211.700	143.180	139.324	504.380	3	2.258.589
Bank Deposit	638	12.892	43.302	1.387	21.139	61.523	-	140.881
Deposit with 7 Days Notification	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	13.262	32.541	2.765	2.011	1.705	-	52.284
Total	4.672	282.122	1.287.543	147.332	162.474	567.608	3	2.451.754
Grand Total	5.451	11.209.059	25.616.595	4.268.092	1.461.439	1.838.128	13.682	44.412.446

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

3. Explanations on Dividend Income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	2.217	-
Financial Assets at Fair Value Through Other Comprehensive Income	41.040	29.810
Other ⁽¹⁾	6.869	4.916
Total	50.126	34.726

⁽¹⁾Shows the Group's dividend income from subsidiaries, associates and entities under common control.

4. Information on Trading Profit/Loss (Net)

	Current Period	Prior Period
Profit	413.084.994	607.623.137
Trading Gains on Securities	3.513.527	765.834
Profits on Derivative Financial Instruments	10.024.647	8.769.860
Foreign Exchange Profits	399.546.820	598.087.443
Loss (-)	409.575.847	618.395.923
Trading Losses on Securities	192.794	104.571
Losses on Derivative Financial Instruments	18.405.343	20.704.426
Foreign Exchange Losses	390.977.710	597.586.926

5. Information on Other Operating Income

Significant proportion of other operating income consists of reversals from prior period provisions amounting to TL 5.827.295 and income from sales of assets amounting to TL 606.142 (31 December 2021: significant portion of other operating income consists of reversal from prior period provisions amounting to TL 3.873.173, and income from sales of assets amounting to TL 356.398).

6. Expected Credit Loss and Other Provision Expense

	Current Period	Prior Period
Expected Credit Loss Provision	33.000.917	16.285.959
12 Month Expected Credit Loss (Stage 1)	10.878.350	462.160
Significant Increase in Credit Risk (Stage 2)	16.021.559	10.073.055
Non-Performing Loans (Stage 3)	6.101.008	5.750.744
Marketable Securities Impairment Provision	573	95
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	573	95
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control	-	-
Other ⁽²⁾	29.968.000	507.797
Total	62.969.490	16.793.851

⁽²⁾Includes free provision expense amounting to TL 25.574.000 in the current period (31 December 2021: TL 250.000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

7. Information Related to Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	694.199	402.526
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	100	250
Depreciation Expenses of Tangible Assets	995.699	614.952
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	377.668	179.301
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	8.664.523	5.101.119
Leasing Expenses Related to TFRS 16 Exceptions	115.034	90.730
Maintenance Expenses	549.424	252.155
Advertisement Expenses	553.658	339.839
Other Expenses	7.446.407	4.418.395
Loss on Sales of Assets	7.244	9.187
Other ⁽¹⁾	7.136.587	3.886.602
Total	17.876.020	10.193.937

⁽¹⁾TL 2.779.242 of other items consists of Saving Deposit Insurance Fund accrual expense while TL 2.609.586 consists of taxes, duties and charges expense (31 December 2021: TL 1.841.342 of other items consists of Saving Deposit Insurance Fund accrual expense, TL 1.300.320 consists of taxes, duties and charges expense)

8. Profit/(Loss) from Minority Interest

	Current Period	Prior Period
Profit/(Loss) from Minority Interest	151.340	69.534

9. Fees for Services Received from Independent Auditor/Independent Audit Firm

The fee information for the reporting period regarding the services received from the independent auditor or independent audit firm in accordance with the decision of the POA dated 26 March 2021 is given in the table below:

	Current Period	Prior Period
Independent Audit Fee	24.073	13.039
Tax Consultancy Fee	1.310	272
Other Assurance Services Fee	1.402	877
Other Non-Audit Services Fee	1.517	596
Total	28.302	14.784

⁽²⁾The fee information is given over the amounts excluding VAT in the table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

10. Information on Profit/Loss Before Tax from Continuing and Discontinuing Operations

The Group's compositions of the profit/loss before tax from the continuing operations are following:

	Current Period	Prior Period
Net Interest Income	131.454.119	42.535.748
Net Fees and Commissions Income	14.673.232	6.269.616
Other Operating Income	10.213.682	5.594.561
Dividend Income	50.126	34.726
Trading Profit/Loss (Net)	3.509.147	(10.772.786)
Personnel Expenses (-)	10.617.697	5.803.803
Expected Credit Loss (-)	33.000.917	16.285.959
Other Provision Expenses (-)	29.968.573	507.892
Other Operating Expenses (-)	17.876.020	10.193.937
Profit/Loss from Investments in Subsidiaries Consolidated based on Equity Method	315.745	137.196
Current Period Profit/Loss from Continued Operations	68.752.844	11.007.470

11. Information on Tax Provision of Continued and Discontinued Operations

As of 31 December 2022, TL 22.139.383 of the Group's total tax provision expense consists of TL 33.599.073 of current tax expense and TL 11.459.690 of deferred tax income (As of 31 December 2021, TL 3.018.958 of the Group's total tax provision expense consists of amounting to TL 3.422.904 current tax expense while remaining balances amounting to TL 403.946 consists of deferred tax income).

The Group has no discontinued operations as of 31 December 2022. (As of 31 December 2021, the Group has no discontinued operations.)

12. Explanation on Current Period Net Profit and Loss of Continued and Discontinued Operations

The Group's net profit after tax amounts to TL 46.613.461 (31 December 2021: The Group's net profit after tax amounts to TL 7.988.512)

13. Explanation on Net Profit/Loss

13.1. Nature, Amount and Frequency of Income and Expenses Arising from Ordinary Banking Activities, if Required for the Understanding the Performance of the Parent Bank in the Current Period

The Parent Bank mainly utilizes its resources from domestic deposits on loans, securities and interbank operations. Besides, income is obtained by commissions taken from non-cash loans, other banking operations with insurance agencies.

13.2. The Effect of the Change in Accounting Estimates to the Net Profit/Loss; Including the Effects to the Future Period, if any

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period

14. If Other Items in the Profit or Loss Statement Exceed 10% of the Profit or Loss Statement Total, Sub-Accounts Constituting At Least 20% of These Items are Shown Below

The “Other” statement under the “Fees and Commission Income” in the Profit or Loss Statement mainly consists of commission and fees received from credit card transactions and banking transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS’ EQUITY

1. Explanations on the Issuance of Shares:

The paid in capital of T.C. Ziraat Bank is TL 34.900.000. (31 December 2021: TL 13.100.000)

2. Explanations on Profit Distribution:

According to the Parent Bank’s Ordinary General Assembly Meeting dated 25 March 2022;

Pursuant to paragraph 1 of Article 33 of the Bank’s Articles of Association regarding the determination, allocation and distribution of the net profit for the period; Allocating 5% (TL 314.565) of legal reserves from the net period profit of TL 6.291.309,

Within the scope of Article 5/1-e of the Corporate Tax Law No. 5520, TL 4.685, which is the portion associated with the period profit within 50% of the real estate sales income exemption base calculated according to the TPL, is to be followed until the end of the 5th year following the year of the sale. in accordance with the relevant law article, to be taken into a special fund account under shareholders’ equity, and the remaining TL 5.972.059 to be transferred to extraordinary reserves,

From TL 63.699 resulting from real estate valuation differences and monitored in previous years’ profits within the framework of the relevant TAS, 50% of the real estate sales income exemption base calculated according to the Tax Law within the scope of Article 5/1-e of the Corporate Tax Law No. 5520, with equity accounts. TL 20.963, which is the associated portion, to be taken into the special fund account opened under the shareholders’ equity in accordance with the relevant law to be followed up until the end of the 5th year following the year of the sale, 5% (TL 2.137) of legal reserves over the remaining TL 42.736, and the remaining TL 40.599. It has been decided to transfer to extraordinary reserves.

The Parent Bank plans to distribute the profit it earned in 2022 in line with its articles of association. However, as of the preparation date of the financial reports, no decision has been taken regarding profit distribution.

3. Profit Reserves:

As of the balance sheet date, profit reserves amounted to TL 74.732.663, legal reserves amounted to TL 6.081.820, extraordinary reserves amounted to TL 66.311.181 and other profit reserves amounted to TL 2.339.662. (As of 31 December 2021, the profit reserves were TL 68.565.711, legal reserves were TL 5.676.734, extraordinary reserves were TL 60.721.651 and other profit reserves were TL 2.167.326).

VI. EXPLANATIONS ON CASH FLOW STATEMENTS

1. Explanations on the “Other” items and “The Effect of the Change in Foreign Currency on Cash and Cash Equivalent” item in the Cash Flow Statement

Regarding operating profit before the change in banking activity assets and liabilities, TL 76.085.746 of the income amount, TL 198.653.832 mainly consists of the interests received from loans and securities, and TL 101.490.515 mostly consists of the interests given to deposits and money market transactions. Other earnings mainly include net fee and commission income and other operating profit.

The effect of change in foreign exchange rates on cash and cash equivalents includes the foreign exchange differences resulted from the translations of cash and cash equivalents in foreign currencies into TL at the exchange rates prevailing at the beginning and end of the year, TL 4.750.901 as of 31 December 2022. (TL 1.439.724 as of 31 December 2021)

Cash in TL, cash in foreign currency, Central Bank of the Republic of Türkiye, money in transit, bank cheques purchased and cash on money market operations are defined as “cash”; interbank money transactions placements having maturities less than three months, and time deposits in banks are defined as “cash equivalents”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

Period opening and end cash and cash equivalents balance

Period Opening	Current Period	Prior Period
Cash in TL and in Foreign Currency	12.798.004	6.672.363
Central Bank of the Republic of Türkiye and Other Banks	96.073.783	35.726.081
Money Market Operations	1.249.768	603.790
Total Cash and Cash Equivalents	110.121.555	43.002.234

Period End	Current Period	Prior Period
Cash in TL and in Foreign Currency	20.883.567	12.798.004
Central Bank of the Republic of Türkiye and Other Banks	202.138.758	96.073.783
Money Market Operations	6.283.112	1.249.768
Total Cash and Cash Equivalents	229.305.437	110.121.555

VIII. EXPLANATIONS AND NOTES RELATED TO RISK GROUP THAT THE PARENT BANK BELONGS TO

1. Information on the Volume of Transactions Relating to the Bank’s Risk Group, Outstanding Loan and Deposit Transactions and Profit and Loss of the Period

1.1 Information Regarding Loans Belonging to the Risk Group of the Bank

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	1.522.167	10.407	-	-	-	-
Ending Balance	1.595.222	27.560	-	-	-	-
Interest and Commissions Income	215.463	252	-	-	-	-

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans						
Beginning Balance	1.138.436	27.516	-	-	-	-
Ending Balance	1.522.167	10.407	-	-	-	-
Interest and Commissions Income	153.583	77	-	-	-	-

1.2. Information on Deposits of the Parent Bank’s Risk

Risk Group of the Parent Bank	Subsidiaries, Associates and Entities under Common Control (Joint Venture)		Direct or Indirect Shareholders of the Parent Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Beginning Balance	261.948	283.286	-	-	-	-
Ending Balance	290.714	261.948	-	-	-	-
Interest Expense on Deposits	34.641	33.226	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”))
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

1.3. Information on Forward and Option Agreements and Other Similar Agreements made with the Group’s Risk Group

None (31 December 2021: None).

1.4. Information Regarding Benefits Provided to the Group’s Key Management

Fees paid to the Group’s key management amount to TL 105.487 (31 December 2021: TL 57.213).

VIII. EXPLANATIONS AND NOTES RELATED TO POST-BALANCE SHEET MATTERS

With the Repeated paragraph 298 (Ç) added to the Tax Procedure Law No. 213 and the Provisional Article 32, it is possible for the taxpayers included in the scope to revalue their depreciable economic assets in periods when the conditions for making inflation adjustments are not met. In order to explain the revaluation transactions, the General Communiqué of the Tax Procedure Law no. 537 has been published, and for the enterprises that prepare their financial statements in accordance with the Turkish Accounting Standards, the General Communiqué on the Tax Procedure Law with the line number 547 published in the Official Gazette dated 14 January 2023 and numbered 32073 (order no. 537). With the Communiqué Amending the According to the Communiqué, the Bank will be able to revalue the immovables registered in its assets and other depreciable economic assets, provided that the conditions in the Provisional Article 32 and Reiterated Article 298 (Ç) are met, and it will be able to pay the corporate tax on the base calculated according to the new values of these economic assets.

The consequences of earthquakes in Kahramanmaraş, which affected many cities, in the disaster area and throughout the country are closely followed. Efforts to be carried out by the Parent Bank for the return of social and economic life to normal are being concluded immediately.

IX. EXPLANATIONS AND NOTES RELATED TO DOMESTIC, FOREIGN, OFF-SHORE BRANCHES OR AFFILIATES AND FOREIGN REPRESENTATIVES OF THE PARENT BANK

1. Information on the Parent Bank’s Domestic and Foreign Branches and Foreign Representatives of the Parent Bank

	Number	Number of Employees		Country of Incorporation	
				Total Assets	Statutory Share Capital
Domestic Branch ⁽¹⁾	1.733	24.388			
Foreign Representative Office ⁽²⁾	-	-			
Foreign Branch ⁽²⁾	1	5	1-England	22.518.932	1.262.174
	5	5	2-Bulgaria	5.203.806	282.828
	2	4	3-Iraq	2.483.514	888.298
	3	3	4-Greece	2.354.822	659.525
	1	2	5-Saudi Arabia	1.042.806	280.478
	4	1	6-Kosovo	2.896.667	399.712
	8	36	7-T.R. of Northern Cyprus	10.155.101	454.180
	1	3	8-Bahrain	75.499.372	93.493
Off-Shore Banking Region Branches	-	-	-	-	-

⁽¹⁾Includes the employees of the domestic branches, including the employees of head office and regional management.

⁽²⁾Excluding the local employees of the foreign branches.

2. Information on The Parent Bank About Opening, Closing, Changing its Organization Considerably for Domestic and Foreign Branches and Foreign Representatives of the Bank:

In 2022, 8 new branches were opened in Türkiye and 2 branches were closed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

SECTION SIX

OTHER EXPLANATIONS

I. INFORMATION ON THE PARENT BANK’S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

Information on the assessment done by the international rating agencies Moody’s Investors Service, Fitch Ratings and JCR Eurasia are as follows:

Moody’s Investors Service: August 2022

Outlook	Stable
Long term Foreign Currency Deposit	B3
Short term Foreign Currency Deposit	Not-Prime
Long term Domestic Currency Deposit	B3
Short term Domestic Currency Deposit	Not-Prime
Long term Issuer Rating Foreign Currency	B3
Baseline Credit Assessment	caa1
Adjusted Baseline Credit Assessment	caa1

Fitch Ratings: July 2022

Foreign Currency Long Term IDR	B-
Outlook	Negative
Foreign Currency Short Term IDR	B
Local Currency Long Term IDR	B
Outlook	Negative
Local Currency Short Term IDR	B
National Long-Term Rating	AA (Trk)
Outlook	Stable
Government Support Rating	ns
Viability Rating	b-

JCR Eurasia: January 2023

Long Term International FC	BB
Outlook	Stable
Long Term International LC	BB
Outlook	Negative
Long Term National LC	AAA (Trk)
Outlook	Stable
Short Term National LC	J1+ (Trk)
Outlook	Stable

II. OTHER EXPLANATIONS ON THE GROUP’S OPERATIONS

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”)
(Convenience translation of publicly announced consolidated financial statements originally issued in Turkish)

SECTION SEVEN

EXPLANATIONS ON THE INDEPENDENT AUDIT REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

The consolidated financial statements prepared as of 31 December 2022 and for the fiscal period ending on the same date have been prepared by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. is subject to audit by the independent auditors’ report dated 17 February 2023 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITOR

None.

Statement of Use	Ziraat Bank has reported in accordance with the GRI Standards - Essentials for the period of 01/01/2022 to 31/12/2022
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None Apply

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
GRI 2: General Disclosures 2021	2-1	1, 12	
	2-2	1, 153	
	2-3	1, 111-112	
	2-4	There is no restated information.	
	2-5	1, 116-117, 148-151, 298-301	
	2-6	12-13, 30-31, 62-98, 128-131	
	2-7	22-25, 32-33, 87-91	
	2-8	All Ziraat Bank employees are working on full-time basis.	
	2-9	120-121, 124-125, 128-129,	
	2-10	Regarding the minimum qualities to be sought in appointments to Board Member, Ziraat Bank acts in accordance with the provisions of Banking legislation, Turkish Commerce Code and the regulations of Capital Markets Board.	
	2-11	The Chairman of the Board of Directors has no executive duty.	
	2-12	30-31, 37, 118-121	
	2-13	118-125, 128-131	
	2-14	30-31	
	2-15	133-137	
	2-16	62-84	
	2-17	88-91	
	2-18	30-31, 120, 128-130	
	2-19	89, 118-126, 128	
	2-20	89, 128	
	2-21	Confidential information due to the Bank's policy.	
	2-22	4-7, 8-11, 30-31	
	2-23	141-143, 13, 30	
	2-24	118-125, 128-139	
	2-25	30-33, 38-39, 62-84	
	2-26	13, 25, 31, 35, 56, 74, 81, 86, 97	
	2-27	There are no fines or sanctions in the reporting period.	
	2-28	99	
	2-29	37-39	
	2-30	89	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	30-31, 34-36 There are no significant changes from previous reporting periods in the list of material topics and topic boundaries.	
SUSTAINABLE GROWTH			
Economic Performance			
GRI 3: Material Topics 2021	3-3	4-11, 34-36, 38-39, 49-51	
GRI 201: Economic Performance 2016	201-1	22-25, 62-84, 144	
	201-2	43-44, 58, 98, 100	
	201-3	181-183, 333-335	
	201-4	There is no financial assistance received from government during the reporting period.	
Market Presence			
GRI 3: Material Topics 2021	3-3	4-11, 34-36, 38-39, 49-51	
GRI 202: Market Presence 2016	202-1	In Ziraat Bank, the standard entry level wage of all employees is above the local minimum wage.	
	202-2	All members of Ziraat Bank senior management are Turkish Republic citizens.	
Indirect Economic Impact			
GRI 3: Material Topics 2021	3-1	4-11, 34-36, 38-39, 49-51	
	3-2	4-11, 30-31, 34-36	
	3-3	4-11, 34-36, 38-39	
GRI 203: Indirect Economic Impact 2016	203-1	34-39, 62-84	
	203-2	34-39, 62-84	
RESPONSIBLE BANKING			
Procurement Practices			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36	
	3-3	4-11, 34-36, 38-39, 57-59	
GRI 204: Procurement Practices 2016	204-1	31, 37, 39, 80	
Anti-Corruption			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36	
	3-3	4-11, 34-36, 38-39, 57-59	

GRI CONTENT INDEX

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
GRI 205: Anti-Corruption 2016	205-1	https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Corporate-Governance/Documents/AMLPolicy.pdf	
	205-2	https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Corporate-Governance/Documents/AMLPolicy.pdf	
	205-3	https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Corporate-Governance/Documents/AMLPolicy.pdf	
Anti-Competitive Behavior			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36	
	3-3	4-11, 34-36, 38-39, 57-59	
GRI 206: Anti-Competitive Behavior 2016	206-1	https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Corporate-Governance/Documents/DisclosurePolicy.pdf	
Tax			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31	
	3-3	4-11, 38-39, 57-59	
GRI 207: Tax 2019	207-1	183-185	
	207-2	183-185	
	207-3	183-185	
	207-4	183-185	
GRI 301: Materials 2016	301-1	Given that the bank’s operations bear no direct relevance to the outlined disclosure, they are not featured in the report.	
	301-2	Given that the bank’s operations bear no direct relevance to the outlined disclosure, they are not featured in the report.	
	301-3	Given that the bank’s operations bear no direct relevance to the outlined disclosure, they are not featured in the report.	
Energy			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 34-36, 30-31	
	3-3	4-11, 34-36, 38-39, 57-59, 100-113	
GRI 302: Energy 2016	302-1	22, 100-109	
	302-2	22, 100-109	
	302-3	22, 100-109	
	302-4	22, 100-109	
	302-5	22, 100-109	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
Water and Effluents			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 34-36, 30-31	
	3-3	4-11, 34-36, 38-39, 57-59, 100-113	
GRI 303: Water and Effluents 2018	303-1	22, 100-113	
	303-2	22, 100-113	
	303-3	22, 100-113	
	303-4	22, 100-113	
	303-5	22, 100-113	
Biodiversity			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 34-36, 30-31	
	3-3	4-11, 34-36, 38-39, 57-59, 100-113	
GRI 304: Biodiversity 2016	304-1	22, 100-113	
	304-2	22, 100-113	
	304-3	22, 100-113	
	304-4	22, 100-113	
Emissions			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 34-36, 30-31	
	3-3	4-11, 34-36, 38-39, 57-59, 100-113	
GRI 305: Emissions 2016	305-1	22, 100-113	
	305-2	22, 100-113	
	305-3	22, 100-113	
	305-4	22, 100-113	
	305-5	22, 100-113	
	305-6	22, 100-113	
	305-7	22, 100-113	
Waste			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 34-36, 30-31	
	3-3	4-11, 34-36, 38-39, 57-59, 100-113	
GRI 306: Waste 2020	306-1	22, 100-113	
	306-2	22, 100-113	
	306-3	22, 100-113	
	306-4	22, 100-113	
	306-5	22, 100-113	

GRI CONTENT INDEX

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 34-36, 30-31	
	3-3	4-11, 34-36, 38-39, 57-59, 100-113	
GRI 308: Supplier Environmental Assessment 2016	308-1	31, 37, 39, 80	
	308-2	31, 37, 39, 80	
DEVELOPING ORGANIZATION AND SATISFIED EMPLOYEES			
Employment			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 54-55, 62-67	
GRI 401: Employment 2016	401-1	23, 87-92	
	401-2	All Ziraat Bank employees are working on full-time basis.	
	401-3	23, 87-92	No disclosed metrics available due to the Bank's policy.
Labor / Management Relations			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 54-55, 62-67	
GRI 402: Labor / Management Relations 2016	402-1	23, 87-92	
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 54-55, 62-67	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
GRI 403: Occupational Health and Safety 2018	403-1	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-2	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-3	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-4	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-5	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-6	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-7	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-8	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	
	403-9	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	No disclosed metrics available due to the Bank's policy.
	403-10	92 https://www.ziraatbank.com.gr/en/t-c--ziraat-bankasi-a-s--prioritizes-the-health-and-protection-of-its-customers-and-employees-from-covid-19	No disclosed metrics available due to the Bank's policy.

GRI CONTENT INDEX

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
Training and Education			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 54-55, 62-67	
GRI 404: Training and Education 2016	404-1	23, 35, 54, 87-92	
	404-2	23, 35, 54, 87-92	
	404-3	23, 35, 54, 87-92	
RESPONSIBLE BANKING			
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 57-59, 62-67	
GRI 405: Diversity and Equal Opportunity 2016	405-1	38, 52	
	405-2	There is no gender-based wage discrimination in Ziraat Bank.	
Non-Discrimination			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 62-84	
	3-3	4-11, 34-36, 38-39, 57-59, 62-67	
GRI 406: Non-Discrimination 2016	406-1	There are no incidents of discrimination during the reporting period.	
Freedom of Association and Collective Bargaining			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 62-84	
	3-3	4-11, 34-36, 38-39, 57-59, 62-67	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	During the reporting period, there are no incidents of violation of employees’ rights to exercise freedom of association or collective bargaining or it is under significant risk.	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
Child Labor			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 62-84	
	3-3	4-11, 34-36, 38-39, 57-59, 62-67	
GRI 408: Child Labor 2016	408-1	Ziraat Bank does not employ child labor in any way.	
Forced or Compulsory Labor			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 57-59, 62-67	
GRI 409: Forced or Compulsory Labor 2016	409-1	There are no activities and operations at Ziraat Bank with significant risk for incidents of forced or compulsory labor in 2022.	
TECHNOLOGY WITHIN LIFE			
Security Practices			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 52-53, 62-67	
GRI 410: Security Practices 2016	410-1	92, 132	
A GLOBAL BANK			
Rights of Indigenous Peoples			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 56-57, 62-67	
GRI 411: Rights of Indigenous People 2016	411-1	There is no non-compliance during the reporting period	
Local Communities			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 37, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 56-57, 62-67	
GRI 413: Local Communities 2016	413-1	2, 3, 18-19, 37, 93-95	
	413-2	2, 3, 18-19, 37, 93-95	

GRI CONTENT INDEX

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
Supplier Social Assessment			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 37, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 56-57, 62-67	
GRI 414: Supplier Social Assessment 2016	414-1	31, 37, 39, 80	
	414-2	31, 37, 39, 80	
Public Policy			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 37, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 56-57, 62-67	
GRI 415: Public Policy 2016	415-1	Ziraat Bank adheres to a strict policy of non-partisanship and maintains impartiality.	
PLATFORM BANKING			
Customer Health and Safety			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 37, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 57-59, 62-67	
GRI 416: Customer Health and Safety 2016	416-1	Given that the bank's operations bear no direct relevance to the outlined disclosure, they are not featured in the report.	
	416-2	There is no non-compliance during the reporting period.	
Marketing and Labeling			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 37, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 62-67	
GRI 417: Marketing and Labeling 2016	417-1	https://www.ziraatbank.com.tr/en/Investor-Relations-ZB/Documents/second-party_opinion.pdf	
	417-2	There is no non-compliance during the reporting period.	
	417-3	There is no non-compliance during the reporting period.	

GRI Standard	Disclosure	Relevant Page Numbers and/or Explanations	Omission
TECHNOLOGY WITHIN LIFE			
Customer Privacy			
GRI 3: Material Topics 2021	3-1	30-31, 34-36, 37, 38-39	
	3-2	4-11, 30-31, 34-36, 62-84	
	3-3	4-11, 34-36, 38-39, 52-53, 62-67	
GRI 418: Customer Privacy 2016	418-1	There are no complaints concerning breaches of customer privacy and losses of customer data during the reporting period.	
THE BUSINESS MODEL OF FUTURE			
GRI 3: Material Topics 2021	3-3	4-11, 34-36, 38-39, 51-52, 62-84	
EFFICIENT AND LEAN PROCESSES			
GRI 3: Material Topics 2021	3-3	4-11, 34-36, 38-39, 53-54, 62-84	

ZIRAAT BANK HEADQUARTERS

Hacıbayram Mahallesi Atatürk Bulvarı No: 8
06050 Altındağ/Ankara, TURKEY
Tel: (0090 312) 584 20 00
Fax: (0090 312) 584 49 63
www.ziraatbank.com.tr

London Branch

45-47 Cornhill, London, EC3V 3PF, UNITED KINGDOM
Tel: (00 44 20) 7600 4985
Fax: (00 40 20) 7600 4987
E-mail: london@ziraatbank.co.uk
www.ziraatbank.co.uk

Bulgaria Directorate

Todor Alexandrov Blvd. Tzar Samuil Str. No: 87 1000
Sofia-BULGARIA
Tel: (00359 2) 980 00 87 - 980 66 61
Fax: (00359 2) 980 21 13
E-mail: bulgaristanyonetiligi@ziraatbank.bg
www.ziraatbank.bg

Sofia Branch

Todor Alexandrov Blvd. Tzar Samuil Str. No: 87 1000
Sofia-BULGARIA
Tel: (00359 2) 980 00 87 - 980 66 61
Fax: (00359 2) 980 21 13
E-mail: info@ziraatbank.bg

Plovdiv Branch

4 Tsabribrod 4000 Plovdiv-BULGARIA
Tel: (00359 32) 511 921-24
Fax: (00359 32) 511 925
E-mail: plovdiv@ziraatbank.bg

Kardzhali Branch

2A Bulair Str. 6600 Kardzhali-BULGARIA
Tel: (00359 361) 546 50-58
Fax: (00359 361) 546 59
E-mail: kircaali@ziraatbank.bg

Varna Branch

24 Slivnitza Str. No: 91, PK 9000, Varna-BULGARIA
Tel: (00359 52) 912 500-502-503-504
Fax: (00359 52) 912 505
E-mail: varna@ziraatbank.bg

Burgas Branch

15, Graf Ignatiev Str. 8000 Burgas-BULGARIA
Tel: (00359 56) 700 279
E-mail: burgas@ziraatbank.bg

Athens Branch

Ermou 2, 5th Floor, Syntagma 10563 Athens-GREECE
Tel: (0030 210) 322 30 31
Fax: (0030 210) 322 17 96
E-mail: athens@ziraatbank.com
www.ziraatbank.com.gr

Komotini Branch

Platia Irinis 17&Papaflesa 1 T.K.
69132 Komotini-GREECE
Tel: (0030 253) 108 59 30
Fax: (0030 253) 108 59 27
E-mail: komotini@ziraatbank.com

Xanthi Branch

M. Karaoli 68 67131 Xanthi-GREECE
Tel: (0030 254) 106 94 20
Fax: (0030 254) 106 66 41
E-mail: xanthi@ziraatbank.com

Baghdad Branch

District 301, 1st Street, No 24, Weziriya Baghdad-IRAQ
Tel: (00964 790) 418 13 90
E-mail: baghdad@ziraatbank.com
www.ziraatbank.com.iq

Erbil Branch

Royal Mall, 60 Meter Street, Ground Floor, 44001,
Erbil-IRAQ
Tel: (00 964) 6626 499 68 - 750 754 0 888
E-mail: erbil@ziraatbank.com
www.ziraatbank.com.iq

Jeddah Branch

Al Rawdah Dist. 1 Prince Saud Al Faisal Str. P.O. Box: 54759,
Jeddah 21524/SAUDI ARABIA
Tel: (00966 12) 665 54 33
Fax: (00966 12) 664 35 16
E-mail: jeddah@ziraatbank.com
www.ziraatbank.sa

Kosovo Country Directorate

Pashko Vasa 18, 10000 Pristina-KOSOVO
Tel: (00 381) 38 222 000 VOIP: 8710100
E-mail: kosovo@ziraatbank.com
www.ziraatbank-kosova.com

Pristina Branch

Pashko Vasa 18, 10000 Pristina-KOSOVO
Tel: (00 381) 38 222 000
E-mail: pristine@ziraatbank.com

Prizren Branch

Street Remzi Ademi, No: 62, 20000 Prizren-KOSOVO
Tel: (00 381) 38 222 000
E-mail: prizren@ziraatbank.com

Peja Branch

Rr Mbretresha Teute, No: 117/A, 30000, Peja-KOSOVO
Tel: (00 381) 38 222 000
E-mail: peja@ziraatbank.com

Ferizaj Branch

Rruga Vellezerit Gervalla, Ferizaj-KOSOVO
Tel: (00 381) 38 222 000
E-mail: ferizaj@ziraatbank.com

Bahrain Branch

Bahrain Financial Harbour, Harbour Towers - East, 5th Floor,
Unit No: 509, Manama-BAHRAIN
Tel: (00 973) 176 507 18
E-mail: bahreyn@ziraatbank.com

TRNC BRANCHES

TRNC Directorate

Şehit Mustafa Ahmet Ruso Caddesi, No: 11
Küçükkaymaklı/Lefkoşa-TRNC
Tel: (0 392) 227 28 25
Fax: (0 392) 228 86 09
E-mail: 1844kkctcyoneticiligi@ziraatbank.com.tr

Lefkoşa Branch

Şehit Mustafa Ahmet Ruso Caddesi, No: 11
Küçükkaymaklı/Lefkoşa-TRNC
Tel: (0 392) 227 10 27
Fax: (0 392) 228 86 09-228 24 01-228 45 39
E-mail: lefkosa@ziraatbank.com.tr

Taşkinköy Branch

Yüzbaşı Tekin Yurdabak Caddesi, Şehit Mustafa Mehmet
Sokak, No: 8 Taşkinköy/Lefkoşa-TRNC
Tel: (0 392) 377 76 06-07
Fax: (0 392) 377 76 13
E-mail: taskinkoy1670@ziraatbank.com.tr

Girne Branch

Atatürk Cad. Phelecia Court Sitesi Kordonboyu No: 37
Girne-TRNC
Tel: (0 392) 815 33 58-815 22 10
Fax: (0 392) 815 25 84
E-mail: girne@ziraatbank.com.tr

Karaoğlanoğlu Branch

Karaoğlanoğlu Caddesi, Atlantic Avenue, C Blok,
No: 38/A/B/C/D Girne-TRNC
Tel: (0 392) 815 78 88-815 08 90
Fax: (0 392) 815 08 91

Gazimağusa Branch

İsmet İnönü Bulvarı, No: 41, Gazimağusa-TRNC
Tel: (0 392) 365 56 91-92
Fax: (0 392) 365 56 99
E-mail: gazimagusakktc0861@ziraatbank.com.tr

Güzelyurt Branch

Ecevit Caddesi, No: 231, Güzelyurt-TRNC
Tel: (0 392) 714 22 99-714 21 48
Fax: (0 392) 714 27 63
E-mail: guzelyurt@ziraatbank.com.tr

İskele Branch

Makenzi Caddesi, İpar İş Merkezi, No: 5-6
Bahçeli/İskele-TRNC
Tel: (0 392) 330 02 77-78
Fax: (0 392) 330 02 76

Gönyeli Branch

Günaydın Sokak, No: 1, Gönyeli/Lefkoşa-TRNC
Tel: (0 392) 224 05 16-224 05 22-224 05 34-
224 05 52-224 06 74
Fax: (0 392) 224 07 24
E-mail: gonyeli2102@ziraatbank.com.tr

INTERNATIONAL SUBSIDIARIES

ZIRAAT BANK INTERNATIONAL A.G.

Miliusstr. 14, 60323 Frankfurt am Main-GERMANY
Tel: (0049 69) 29 80 50
Fax: (0049 69) 28 01 22
E-mail: merkez@ziraatbank.de
www.ziraatbank.de

ZIRAAT BANK (MOSCOW) JSC

Mosalarko Plaza, Ulitsa Marksistskaya, 109147,
Moscow-RUSSIA
Tel: (007 495) 232 67 35-37
Fax: (007 495) 232 67 36
E-mail: info@ziraatbank.ru
www.ziraatbank.ru

ZIRAAT BANK UZBEKISTAN JSC

Bunyodkor Kochasi 15/B 100043 Tashkent-UZBEKISTAN
Tel: (00998) 78 147 6767
E-mail: info@ziraatbank.uz
www.ziraatbank.uz

ZIRAAT BANK AZERBAIJAN ASC

Yasamal İlçesi, Hasan Bey Zerdabi 191 AZ1122
Baku-AZERBAIJAN
Tel: (00994 12) 505 56 16
E-mail: info@ziraatbank.az
www.ziraatbank.az

JSC ZIRAAT BANK GEORGIA

Zviad Gamsakhurdia Embankment N100, Tbilisi-GEORGIA
Tel: (00995) 322 94 37 04-94 37 14
E-mail: ziraatbank@ziraatbank.ge
www.ziraatbank.ge

DIRECTORY

KAZAKHSTAN ZIRAAT INTERNATIONAL BANK

Klochkov Street, No: 132, 2nd Floor, 050057
Almati-KAZAKHSTAN
Tel: (007 727) 2 444 000
Fax: (007 727) 250 60 81
E-mail: kzibank@kzibank.kz
www.kzibank.kz

ZIRAATBANK BH DD

Zmaja od Bosne 47C, 71000,
Sarajevo-BOSNIA&HERZEGOVINA
Tel: (00387) 33 955 015
Fax: (00387) 33 525 707
E-mail: informacije@ziraatbank.ba
www.ziraatbank.ba

ZIRAAT BANK MONTENEGRO AD

Ulica Slobode 84, 81000 Podgorica-MONTENEGRO
Tel: (00382) 20 442 200
E-mail: info@ziraatbank.me
www.ziraatbank.me

TURKMEN TURKISH JOINT STOCK COMMERCIAL BANK

Mahdumguly Avenue, 111/2, 74400
Ashgabat-TURKMENISTAN
Tel: (00993 12) 93 83 59-93 82 42
Fax: (00993 12) 93 83 47
E-mail: info@turkmenturkbank.com
www.turkmenturkbank.com.tm

DOMESTIC SUBSIDIARIES

ZİRAAT KATILIM BANKASI A.Ş.

Hobyar Mahallesi, Şeyhülislam Hayri Efendi Caddesi, No: 12
PK: 34112 Bahçekapı-Fatih/İstanbul, TURKEY
Tel: (0090 212) 404 11 00
Fax: (0090 212) 404 10 80
E-mail: bilgi@ziraatkatilim.com.tr
www.ziraatkatilim.com.tr

ZİRAAT PORTFÖY YÖNETİMİ A.Ş.

Mecidiyeköy Mahallesi, Büyükdere Caddesi, No: 83, Kat: 2-6
PK: 34381 Şişli/İstanbul, TURKEY
Tel: (0090 212) 924 72 00
Fax: (0090 212) 290 34 91
E-mail: bilgi@ziraatportfoy.com.tr
www.ziraatportfoy.com.tr

ZİRAAT YATIRIM MENKUL DEĞERLER A.Ş.

Levent Mahallesi, Gonca Sokak, No: 22 (Emlak Pasajı),
Kat: 1, PK: 34330 Levent/İstanbul, TURKEY
Tel: (0090 212) 339 80 81
Fax: (0090 212) 269 09 60
E-mail: info@ziraatyatirim.com.tr
www.ziraatyatirim.com.tr

ZİRAAT TEKNOLOJİ A.Ş.

Yıldız Teknik Üniversitesi Davutpaşa Kampüsü Teknoloji
Geliştirme Bölgesi C2 Blok
PK: 34220 Esenler/İstanbul, TURKEY
Tel: (0090 212) 484 60 00
Fax: (0090 212) 483 73 78
E-mail: haberlesme@ziraatteknoloji.com
www.ziraatteknoloji.com

ZİRAAT GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.

Osmanağa Mahallesi, Rıhtım Caddesi,
Ziraat Bankası Blok No: 4 Kadıköy/İstanbul, TURKEY
Tel: (0090 216) 369 77 72-73
Fax: (0090 216) 369 77 74
E-mail: info@ziraatgyo.com.tr
www.ziraatgyo.com.tr

ZİRAAT GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI A.Ş.

Mecidiyeköy Mahallesi, Büyükdere Caddesi, No: 83,
Kat: 7-8 PK: 34387 Şişli/İstanbul, TURKEY
Tel: (0090 212) 622 91 00
E-mail: ziraatgsyo@ziraatgsyo.com.tr
www.ziraatgsyo.com.tr

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T: +90 212 227 0436
www.tayburnkurumsal.com
Brands & Reputations.

