Türkiye Sınai Kalkınma Bankası Anonim Şirketi and Its Subsidiaries

Publicly announced consolidated financial statements and related disclosures at March 31, 2023 together with auditor's review report and interim activity report

Güney Bağımsız Denetim ve SMMM A.Ş.
Maslak Mah. Eski Büyükdere Cad.
Orjin Maslak İş Merkezi No: 27
Daire: 57 34485 Sarıyer
İstanbul - Türkiye

Tel: +90 212 315 3000
Fax: +90 212 230 8291
ey.com
Ticaret Sicil No : 479920
Mersis No: 0-4350-3032-6000017

Convenience Translation of the Auditor's Review Report Originally Issued in Turkish

Independent Auditors' Report on Review of Consolidated Interim Financial Information

To the Board of Directors of Türkiye Sınai Kalkınma Bankası A.Ş.

Introduction

We have reviewed the consolidated statement of financial position of Türkiye Sınai Kalkınma Bankası A.Ş. ("the Bank") and its subsidiaries (together will be referred as "the Group") at March 31,2023 and the related 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 and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information 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 Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Basis of Qualified Conclusion

As explained in Section Five II.7 Explanations and Disclosures Related to the Liabilities of Balance Sheet, the accompanying consolidated financial statements as at March 31, 2023 include a free provision at an amount of TL 900,000 thousands provided in prior years and TL 50,000 allocated in the current period, totaling TL 950,000 by the Group management for the possible effects of the negative circumstances which may arise from the possible changes in the economy and market conditions which does not meet the recognition criteria of TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Qualified Conclusion

Based on our review, except for the effect of the matter referred in the basis of qualified conclusion paragraph on the consolidated financial statements, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not give a true view of the financial position of the Group at March 31, 2023 and of the results of its consolidated operations and its consolidated cash flows for the three-month-period then ended in all aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

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

Fatma Ebru Yücel, SMMM
Partner

3 May 2023
İstanbul, Türkiye

THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2023

Address: Meclis-i Mebusan Cad. No: 81 Fındıklı/Istanbul
Telephone : (212) 334 51 97
Fax : (212) 334 52 34
Website : www.tskb.com.tr
E-mail : ir@tskb.com.tr

The consolidated financial report for the three month then ended includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanations and Notes that will be made Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency.

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP WHICH IS UNDER CONSOLIDATION
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON CONSOLIDATED FINANCIAL STATEMENTS
- INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
- INTERIM REPORT

The subsidiaries, associates and joint ventures, financial statements of which are consolidated within the framework of the reporting package, are as follows.

Subsidiaries	**Associates**
Yatırım Finansman Menkul Değerler A.Ş.	İş Finansal Kiralama A.Ş.
TSKB Gayrimenkul Yatırım Ortaklığı A.Ş.	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.
Yatırım Varlık Kiralama A.Ş.	İş Faktoring A.Ş.

The accompanying consolidated financial statements and the explanatory footnotes and disclosures for the three month then ended, unless otherwise indicated, are prepared in **thousands of Turkish Lira ("TL")**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, and have been independently reviewed and presented as attached.

May 3, 2023

Adnan BALİ	**Murat BİLGİÇ**	**Engin TOPALOĞLU**	**Tolga SERT**
Chairman of Board of Directors	**Member of Board of Directors and General Manager**	**Executive Vice President In Charge of Financial Reporting**	**Director In Charge of Financial Reporting**

Gamze YALÇIN	**Bahattin ÖZARSLANTÜRK**
Chairman of Audit Committee	**Member of Audit Committee**

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

Name-Surname/Title : Tolga Sert / Director In Charge of Financial Reporting
Telephone Number : (212) 334 51 97

INDEX **Page Number**

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

SECTION ONE

GENERAL INFORMATION

I. The Parent Bank's incorporation date, beginning status, changes in the existing status

Türkiye Sınai Kalkınma Bankası A.Ş. ("The Parent Bank") was established in accordance with the decision of President of the Republic of Turkey numbered 3/11203 on 12 May 1950. This decision was declared by T.R. Office of Prime Ministry Procedures Directorate Decision Management on 12 May 1950.

According to the classification set out in the Banking Law No: 5411, the status of the Parent Bank is "Development and Investment Bank". The Parent Bank does not have the license of "Accepting Deposit". Since the establishment date of the Parent Bank, there is no change in its "Development and Investment Bank" status.

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

Türkiye İş Bankası A.Ş. has the authority of managing and controlling power of the Parent Bank directly or indirectly, alone or together with other shareholders. Shareholders of the Parent Bank are as follows:

Current Period **Name Surname/Commercial Title**	**Share Capital**	**Shareholding Rate (%)**	**Paid in Capital**	**Unpaid Capital**
T. İş Bankası A.Ş. Group	1.438.280	51,37	1.438.280	-
T. Vakıflar Bankası T.A.O.	234.570	8,38	234.570	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	1.127.150	40,25	1.127.150	-
Total	**2.800.000**	**100,00**	**2.800.000**	**-**

Prior Period **Name Surname/Commercial Title**	**Share Capital**	**Shareholding Rate (%)**	**Paid in Capital**	**Unpaid Capital**
T. İş Bankası A.Ş. Group	1.441.989	51,49	1.441.989	-
T. Vakıflar Bankası T.A.O.	234.570	8,38	234.570	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	1.123.441	40,13	1.123.441	-
Total	**2.800.000**	**100,00**	**2.800.000**	**-**

The Parent Bank shares are traded in Istanbul Stock Exchange ("BIST") since 26 December 1986. The Parent Bank's 51,37% of the shares belongs to İş Bank Group and 38,79% of these shares are in free floating and traded in BIST Star Market with "TSKB" ticker.

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

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

The Chairman and The Members of Board of Directors:

Name Surname	Title (1)
Adnan Bali	Chairman of the Board of Directors
Ece Börü	Vice Chairman of the Board of Directors
Murat Bilgiç	Member of the Board of Directors and Genaral Manager
Gamze Yalçın	Independent Member of the Board of Directors and Chairman of Audit Committee
Bahattin Özarslantürk	Independent Member of the Board of Directors and Member of Audit Committee
Mithat Rende	Independent Member of the Board of Directors
Murat Doğan	Member of the Board of Directors
Celal Caner Yıldız	Member of the Board of Directors
Abdi Serdar Üstünsalih	Member of the Board of Directors
M Sefa Pamuksuz (2)	Independent Member of the Board of Directors
Cengiz Yavilioğlu	Member of the Board of Directors

General Manager and Vice Presidents (3)

Name Surname	Title / Area of Responsibility
Murat Bilgiç	General Manager
Hakan Aygen	Executive Vice President - Engineering, Credit Analysis,, Specialized Loans
Hasan Hepkaya	Executive Vice President – Consulting Services Sales, Corporate Banking Sales, Project Finance, Economic Research, Financial and Technical Consulting, Corporate Banking Marketing
Meral Murathan	Executive Vice President – Treasury, Financial Institutions and Investor Relations, Development Finance Institutions, Credit Monitoring, Corporate Communications
Engin Topaloğlu	Executive Vice President – Board of Inspectors, Risk Management, Internal Control
Özlem Bağdatlı	Executive Vice President – Human Resources, Legal Affairs, Retirement and Supplementary Foundations
Mustafa Bilinç Tanağardı	Executive Vice President – Application Development, System Support and Operation, Enterprise Architecture and Process Management
Poyraz Koğacıoğlu	Executive Vice President – Corporate Finance

(1) The shares of above directors in the Parent Bank are symbolic.

(2) Member of the Board of Directors, Mr. Hüseyin Yalçın resigned from his post. At the Bank's Board of Directors meeting dated March 21, 2023, it was decided to elect Mr.M. Sefa Pamuksuz Yıldız to the vacant Member of Board of Directors within the framework of Article 363 of the Turkish Commercial Code.

(3) Our Bank's Executive Vice President Mr. A. Ferit Eraslan left her job on February 28, 2023 due to retirement.

According to the regulations on auditing in Articles 397-406 of the Turkish Commercial Code numbered 6102, Güney Bağımsız Denetim ve Serbest Muhasebeci ve Mali Müşavirlik A.Ş. has been elected as the independent auditor for the year 2023 in the General Assembly Meeting held on March 28, 2023.

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

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

Explanation about the people and institutions that have qualified shares control the Parent Bank's capital directly or indirectly are described in General Information Section II.

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

Türkiye Sınai Kalkınma Bankası A.Ş. is the first private development and investment bank which was established by the Council of Ministers resolution number of 3/11203 established in 1950 with the support of World Bank, Government of Republic of Turkey, Central Bank of Republic of Turkey and commercial banks. As per the articles of association published in the Official Gazette on 2 June 1950, the aim of the Parent Bank is to support all private sector investments but mostly industrial sectors, to help domestic and foreign capital owners to finance the new firms and to help the improvement of Turkish capital markets. The Parent Bank is succeeding its aims by financing, consulting, giving technical support and financial intermediary services. The Parent Bank, which operates as a non-deposit accepting bank, played a major role on manufacturing and finance sectors in every phase of the economic development of Turkey. The Parent Bank started its journey in 1950 financing the private sector investments in Turkey and today it provides loans and project finance with the goal of sustainable development to corporations in different fields. As a leader in meeting the long term financing needs of the private sector, the Parent Bank also continues to offer solutions with respect to the newest needs and client demands.

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institution subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods

Due to differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Account Standards (TAS), the non-financial subsidiaries and associates, TSKB Gayrimenkul Değerleme A.Ş., Terme Metal Sanayi ve Ticaret A.Ş., Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş., TSKB Sürdürülebilirlik Danışmanlığı A.Ş. and Anavarza Otelcilik Anonim Şirketi are not consolidated since they are not in scope of financial institutions according to related Communiqué. These non-financial investment in associates and subsidiaries are accounted by the equity method in the consolidated financial statements.

Türkiye Sınai Kalkınma Bankası A.Ş. and its financial institutions, Yatırım Finansman Menkul Değerler A.Ş., TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. and Yatırım Varlık Kiralama A.Ş. are included in the accompanying consolidated financial statements by line by line consolidation method; İş Finansal Kiralama A.Ş., İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. and İş Faktoring A.Ş. are included in the accompanying consolidated financial statements by equity method.

Financial institutions included in the consolidation are determined in accordance with "Communiqué on Preparation of Consolidated Financial Statements of Banks" published in the Official Gazette dated 8 November 2006 numbered 26340.

Yatırım Finansman Menkul Değerler A.Ş. :

Yatırım Finansman Menkul Değerler A.Ş. ("YF") was established in 15 October 1976. The Company's purpose is to perform capital market operations specified in the Company's articles of association in accordance with the CMB and the related legislation. The Company was merged with TSKB Menkul Değerler A.Ş. on 29 December 2006. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 95,78%. The company's headquarters is located at Istanbul/Turkey.

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

VI. Differences between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and short explanation about the institution subject to line-by-line method or proportional consolidation and institutions which are deducted from equity or not included in these three methods (Continued)

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. :

TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. ("TSKB GYO") was established on 3 February 2006. Core business of the Company is real estate trust to construct and develop a portfolio of properties and make investment to capital market instruments linked to properties. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 88,74%. The company's headquarters is located at Istanbul/Turkey.

Yatırım Varlık Kiralama A.Ş. :

Yatırım Varlık Kiralama A.Ş. was established on 20 September 2019. Core business of the Company is to issue a lease certificate exclusively in accordance with the provisions of the Capital Market Law and the relevant Communiqué. The share of Yatırım Finansman Menkul Değerler A.Ş. is 100%. Headquarters of company is in İstanbul /Turkey.

İş Finansal Kiralama A.Ş. :

İş Finansal Kiralama A.Ş. ("İş Finansal Kiralama") was established on 8 February 1988. The Company has been performing its operations in accordance with the Financial Leasing, Factoring and Financing Companies Law No 6361. The purpose of the Company is performing domestic and foreign financial leasing activities and all kind of rental (leasing) transactions within the framework of legislation. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 29,46%. The Company's headquarters is located at Istanbul/Turkey.

İş Faktoring A.Ş. :

İş Faktoring A.Ş. ("İş Faktoring"), was incorporated in Turkey on 4 July 1993 and it has been performing its operations in accordance with the Financial Leasing, Factoring and Financing Companies Law No: 6361. The Company's main operation is domestic and export factoring transactions. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 21,75%. The Company's headquarters is located at Istanbul/Turkey.

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. :

İş Girişim Sermayesi Yatırım Ortaklığı A.Ş ("İş Girişim") started its venture capital operations by the decision of Capital Market Board dated 5 October 2000. The principal activity of the Company is to perform long-term investments to venture capital companies mainly established or to be established in Turkey, have development potential and require resource. The share of Türkiye Sınai Kalkınma Bankası A.Ş. is 16,67%. The Company's headquarters is located at Istanbul/Turkey.

SECTION ONE (Continued)

GENERAL INFORMATION (Continued)

VII. The existing or potential, actual or legal obstacle on the transfer of shareholder's equity between the Parent Bank and its subsidiaries or the reimbursement of liabilities

There is no existing or potential, actual or legal obstacle to the reimbursement of liabilities between the Parent Bank and its subsidiaries. The Parent Bank charge or pay cost of the services according to the service agreements done between the Parent Bank and its subsidiaries. Dividend distribution from shareholders' equity is made according to related legal regulations.

Written policies of the Parent Bank related to compliance to publicly disclosed obligations of the Parent Bank and assessment of accuracy, frequency and compliance of mentioned disclosures

The Parent Bank Disclosure Policy approved by the meeting of the Board of Directors has entered into force on 28 February 2014. Compliance to public disclosure obligations, frequency of public disclosures and tools and methods used for public disclosures are explained in the disclosure policy of the Parent Bank accessible from the Parent Bank's corporate website.

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET (STATEMENT OF CONSOLIDATED FINANCIAL POSITION)
AS OF MARCH 31, 2023

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

			Reviwed Current Period 31 March 2023			Audited Prior Period 31 December 2022		
	ASSETS	**Section 5 Note I**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**FINANCIAL ASSETS (NET)**		**6.632.854**	**9.524.932**	**16.157.786**	**11.118.327**	**13.011.354**	**24.129.681**
1.1	**Cash and Cash Equivalents**		**2.814.009**	**3.592.258**	**6.406.267**	**6.203.077**	**4.266.110**	**10.469.187**
1.1.1	Cash and Balances with Central Bank	**(1)**	4.921	2.609.028	2.613.949	18.960	2.778.981	2.797.941
1.1.2	Banks	**(3)**	750.507	991.599	1.742.106	464.264	1.492.816	1.957.080
1.1.3	Money Market Placements		2.060.125	-	2.060.125	5.721.043	-	5.721.043
1.1.4	Expected Credit Losses (-)		1.544	8.369	9.913	1.190	5.687	6.877
1.2	**Financial Assets at Fair Value Through Profit or Loss**	**(2)**	**53.878**	**-**	**53.878**	**175.599**	**-**	**175.599**
1.2.1	Government Debt Securities		-	-	-	-	-	-
1.2.2	Equity Instruments		35	-	35	98.313	-	98.313
1.2.3	Other Financial Assets		53.843	-	53.843	77.286	-	77.286
1.3	**Financial Assets at Fair Value Through Other Comprehensive Income**	**(4)**	**3.418.161**	**4.692.594**	**8.110.755**	**3.779.021**	**7.310.268**	**11.089.289**
1.3.1	Government Debt Securities		2.586.153	4.232.166	6.818.319	2.846.542	6.903.245	9.749.787
1.3.2	Equity Instruments		104.100	460.428	564.528	112.705	407.023	519.728
1.3.3	Other Financial Assets		727.908	-	727.908	819.774	-	819.774
1.4	**Derivative Financial Assets**	**(2)**	**346.806**	**1.240.080**	**1.586.886**	**960.630**	**1.434.976**	**2.395.606**
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		346.806	1.240.080	1.586.886	960.630	1.434.976	2.395.606
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)**		**14.839.995**	**78.703.094**	**93.543.089**	**13.961.970**	**74.654.449**	**88.616.419**
2.1	**Loans**	**(5)**	**10.027.530**	**74.669.128**	**84.696.658**	**10.044.689**	**70.885.506**	**80.930.195**
2.2	**Lease Receivables**	**(10)**	**36.083**	**356.804**	**392.887**	**34.615**	**345.616**	**380.231**
2.3	**Factoring Receivables**		-	-	-	-	-	-
2.4	**Other Financial Assets Measured at Amortized Cost**	**(6)**	**6.991.614**	**6.753.483**	**13.745.097**	**6.195.613**	**6.630.368**	**12.825.981**
2.4.1	Government Debt Securities		6.991.614	6.753.483	13.745.097	6.195.613	6.630.368	12.825.981
2.4.2	Other Financial Assets		-	-	-	-	-	-
2.5	**Expected Credit Losses (-)**		**2.215.232**	**3.076.321**	**5.291.553**	**2.312.947**	**3.207.041**	**5.519.988**
III.	**PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)**	**(16)**	**-**	**-**	**-**	**-**	**-**	**-**
3.1	Held for Sale Purpose		-	-	-	-	-	-
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**		**1.587.720**	**-**	**1.587.720**	**1.551.348**	**-**	**1.551.348**
4.1	**Investments in Associates (Net)**	**(7)**	**1.524.050**	**-**	**1.524.050**	**1.493.750**	**-**	**1.493.750**
4.1.1	Accounted Under Equity Method		1.524.050	-	1.524.050	1.493.750	-	1.493.750
4.1.2	Unconsolidated Associates		-	-	-	-	-	-
4.2	**Subsidiaries (Net)**	**(8)**	**57.512**	**-**	**57.512**	**51.970**	**-**	**51.970**
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		57.512	-	57.512	51.970	-	51.970
4.3	**Entities under Common Control (Joint Venture) (Net)**		**6.158**	**-**	**6.158**	**5.628**	**-**	**5.628**
4.3.1	Joint Ventures Valued Based on Equity Method		6.158	-	6.158	5.628	-	5.628
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	**(12)**	**1.246.615**	**-**	**1.246.615**	**1.214.227**	**-**	**1.214.227**
VI.	**INTANGIBLE ASSETS (Net)**	**(13)**	**10.333**	**-**	**10.333**	**4.278**	**-**	**4.278**
6.1	Goodwill		1.005	-	1.005	1.005	-	1.005
6.2	Other		9.328	-	9.328	3.273	-	3.273
VII.	**INVESTMENT PROPERTY (Net)**	**(14)**	**764.910**	**-**	**764.910**	**764.910**	**-**	**764.910**
VIII.	**CURRENT TAX ASSET**		**268**	**-**	**268**	**177**	**-**	**177**
IX.	**DEFERRED TAX ASSET**	**(15)**	**946.280**	**-**	**946.280**	**724.131**	**-**	**724.131**
X.	**OTHER ASSETS (Net)**	**(17)**	**440.989**	**199.130**	**640.119**	**516.911**	**99.578**	**616.489**
	TOTAL ASSETS		**26.469.964**	**88.427.156**	**114.897.120**	**29.856.279**	**87.765.381**	**117.621.660**

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

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

			Reviwed Current Period 31 March 2023			Audited Prior Period 31 December 2022		
	LIABILITIES AND EQUITY	**Section 5 Note II**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**DEPOSITS**	**(1)**	-	-	-	-	-	-
II.	**FUNDS BORROWED**	**(3)**	**13.000**	**71.542.460**	**71.555.460**	**-**	**70.814.085**	**70.814.085**
III.	**MONEY MARKET BALANCES**		**3.495.545**	**739.010**	**4.234.555**	**1.215.564**	**1.256.559**	**2.472.123**
IV.	**MARKETABLE SECURITIES ISSUED (Net)**	**(3)**	**623.511**	**14.538.169**	**15.161.680**	**505.705**	**21.047.752**	**21.553.457**
4.1	Bills		515.791	-	515.791	333.220	-	333.220
4.2	Assets Backed Securities		**107.720**	**-**	107.720	172.485	-	172.485
4.3	Bonds		-	14.538.169	14.538.169	-	21.047.752	21.047.752
V.	**BORROWER FUNDS**		**78.612**	**651.503**	**730.115**	**27.907**	**709.826**	**737.733**
5.1	Borrower Funds		78.612	651.503	730.115	27.907	709.826	737.733
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**(2)**	**71.075**	**853.474**	**924.549**	**169.996**	**962.357**	**1.132.353**
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		71.075	853.474	924.549	169.996	962.357	1.132.353
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	**FACTORING LIABILITIES**		-	-	-	-	-	-
IX.	**LEASE LIABILITIES**	**(5)**	**33.280**	**-**	**33.280**	**5.563**	**-**	**5.563**
X.	**PROVISIONS**	**(7)**	**1.097.303**	**34.593**	**1.131.896**	**1.021.789**	**49.640**	**1.071.429**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reverse for Employee Benefits		64.105	-	64.105	48.190	-	48.190
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		1.033.198	34.593	1.067.791	973.599	49.640	1.023.239
XI.	**CURRENT TAX LIABILITY**	**(8)**	**1.222.547**	**-**	**1.222.547**	**580.310**	**-**	**580.310**
XII.	**DEFERRED TAX LIABILITY**	**(8)**	-	-	-	-	-	-
XIII.	**LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)**		-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(10)**	**-**	**3.816.000**	**3.816.000**	**-**	**3.829.127**	**3.829.127**
14.1	Loans		-	3.816.000	3.816.000	-	3.829.127	3.829.127
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	**OTHER LIABILITIES**		**428.182**	**1.401.157**	**1.829.339**	**428.570**	**2.004.454**	**2.433.024**
XVI.	**SHAREHOLDERS' EQUITY**		**14.478.923**	**(221.224)**	**14.257.699**	**13.258.786**	**(266.330)**	**12.992.456**
16.1	Paid-in capital	**(11)**	2.800.000	-	2.800.000	2.800.000	-	2.800.000
16.2	Capital Reserves		15.665	-	15.665	1.381	-	1.381
16.2.1	Share Premium		1.007	-	1.007	1.007	-	1.007
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		14.658	-	14.658	374	-	374
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		1.503.707	133.251	1.636.958	1.218.443	95.052	1.313.495
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		892.906	(354.475)	538.431	1.371.833	(361.382)	1.010.451
16.5	Profit Reserves		7.745.309	-	7.745.309	3.702.923	-	3.702.923
16.5.1	Legal Reserves		644.594	-	644.594	440.207	-	440.207
16.5.2	Status Reserves		75.641	-	75.641	75.641	-	75.641
16.5.3	Extraordinary Reserves		7.022.154	-	7.022.154	3.184.155	-	3.184.155
16.5.4	Other Profit Reserves		2.920	-	2.920	2.920	-	2.920
16.6	Profit Or Loss		1.300.724	-	1.300.724	3.945.723	-	3.945.723
16.6.1	Prior Years' Profit/Loss		(110.945)	-	(110.945)	(34.689)	-	(34.689)
16.6.2	Current Year Profit/Loss		1.411.669	-	1.411.669	3.980.412	-	3.980.412
16.7	Non-Controlling Interests		220.612	-	220.612	218.483	-	218.483
	TOTAL LIABILITIES AND EQUITY		**21.541.978**	**93.355.142**	**114.897.120**	**17.214.190**	**100.407.470**	**117.621.660**

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

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

			Reviwed Current Period 31 March 2023			Audited Prior Period 31 December 2022		
	OFF-BALANCE SHEET	**Section 5 Note III**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
A.	**OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)**		**12.151.261**	**97.003.088**	**109.154.349**	**19.508.376**	**106.630.286**	**126.138.662**
I.	**GUARANTEES AND COLLATERALS**	**(1)**	**1.862.291**	**8.648.444**	**10.510.735**	**1.488.294**	**5.817.315**	**7.305.609**
1.1	Letters of Guarantee		1.189.831	4.023.140	5.212.971	1.166.774	2.568.770	3.735.544
1.1.1	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3	Other Letters of Guarantee		1.189.831	4.023.140	5.212.971	1.166.774	2.568.770	3.735.544
1.2	Bank Acceptances		-	41.575	41.575	-	39.643	39.643
1.2.1	Import Letter of Acceptance		-	41.575	41.575	-	39.643	39.643
1.2.2	Other Bank Acceptance		-	-	-	-	-	-
1.3	Letters of Credit		672.460	4.583.729	5.256.189	321.520	3.208.902	3.530.422
1.3.1	Documantery Letters of Credit		672.460	4.583.729	5.256.189	321.520	3.208.902	3.530.422
1.3.2	Other Letters of Credit		-	-	-	-	-	-
1.4	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5	Endorsements		-	-	-	-	-	-
1.5.1	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2	Other Endorsements		-	-	-	-	-	-
1.6	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7	Factoring Guarantees		-	-	-	-	-	-
1.8	Other Guarantess		-	-	-	-	-	-
1.9	Other Collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**	**(1)**	**4.448.428**	**15.113.908**	**19.562.336**	**5.868.743**	**9.504.856**	**15.373.599**
2.1	Irrevocable Commitments		3.403.255	3.322.776	6.726.031	5.057.907	270.614	5.328.521
2.1.1	Forward Asset Purchase and Sale Commitments		199.210	3.154.529	3.353.739	53.598	110.188	163.786
2.1.2	Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	145.514	145.514	-	138.750	138.750
2.1.4	Loan Granting Commitments		-	-	-	-	-	-
2.1.5	Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7	Payment Commitment for Checks		-	-	-	-	-	-
2.1.8	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9	Commitments for Credit Card Expenditure Limits		-	-	-	-	-	-
2.1.10	Commitments for Promotions Related with Credit Cards and Banking Activities		-	-	-	-	-	-
2.1.11	Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12	Payables for Short Sale Commitments		-	-	-	-	-	-
2.1.13	Other Irrevocable Commitments		3.204.045	22.733	3.226.778	5.004.309	21.676	5.025.985
2.2	Revocable Commitments		1.045.173	11.791.132	12.836.305	810.836	9.234.242	10.045.078
2.2.1	Revocable Loan Granting Commitments		1.045.173	11.791.132	12.836.305	810.836	9.234.242	10.045.078
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(2)**	**5.840.542**	**73.240.736**	**79.081.278**	**12.151.339**	**91.308.115**	**103.459.454**
3.1	Derivative Financial Instruments for Hedging Purposes		-	13.764.648	13.764.648	-	26.497.037	26.497.037
3.1.1	Fair Value Hedge		-	13.764.648	13.764.648	-	26.497.037	26.497.037
3.1.2	Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2	Held for Trading Transactions		5.840.542	59.476.088	65.316.630	12.151.339	64.811.078	76.962.417
3.2.1	Forward Foreign Currency Buy/Sell Transactions		645.689	689.278	1.334.967	690.671	873.913	1.564.584
3.2.1.1	Forward Foreign Currency Transactions-Buy		645.689	82.746	728.435	690.671	163.686	854.357
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	606.532	606.532	-	710.227	710.227
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rate		5.194.853	58.786.810	63.981.663	11.362.766	63.919.727	75.282.493
3.2.2.1	Foreign Currency Swap-Buy		20.517	10.481.917	10.502.434	77.756	17.764.305	17.842.061
3.2.2.2	Foreign Currency Swap-Sell		5.046.780	5.227.451	10.274.231	11.128.122	5.963.930	17.092.052
3.2.2.3	Interest Rate Swap-Buy		63.778	21.538.721	21.602.499	78.444	20.095.746	20.174.190
3.2.2.4	Interest Rate Swap-Sell		63.778	21.538.721	21.602.499	78.444	20.095.746	20.174.190
3.2.3	Foreign Currency, Interest Rate, and Securities Options		-	-	-	-	17.438	17.438
3.2.3.1	Foreign Currency Options-Buy		-	-	-	-	8.719	8.719
3.2.3.2	Foreign Currency Options-Sell		-	-	-	-	8.719	8.719
3.2.3.3	Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5	Securities Options-Buy		-	-	-	-	-	-
3.2.3.6	Securities Options-Sell		-	-	-	-	-	-
3.2.4	Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5	Interest Rate Futures		-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6	Other		-	-	-	97.902	-	97.902
B.	**CUSTODY AND PLEDGES SECURITIES (IV+V+VI)**		**167.301.760**	**1.269.311.115**	**1.436.612.875**	**156.833.831**	**1.202.625.176**	**1.359.459.007**
IV.	**ITEMS HELD IN CUSTODY**		**4.355.699**	**1.729.279**	**6.084.978**	**3.204.952**	**2.527.015**	**5.731.967**
4.1	Customers' Securities Held		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		3.573.118	1.729.279	5.302.397	3.154.376	2.527.015	5.681.391
4.3	Checks Received for Collection		-	-	-	-	-	-
4.4	Commercial Notes Received for Collection		-	-	-	-	-	-
4.5	Other Assets Received for Collection		-	-	-	-	-	-
4.6	Assets Received for Public Offering		-	-	-	-	-	-
4.7	Other Items Under Custody		-	-	-	-	-	-
4.8	Custodians		782.581	-	782.581	50.576	-	50.576
V.	**PLEDGES ITEMS**		**153.665.486**	**1.013.662.934**	**1.167.328.420**	**146.276.348**	**958.586.712**	**1.104.863.060**
5.1	Marketable Securities		456.247	-	456.247	456.247	-	456.247
5.2	Guarantee Notes		275.880	2.505.714	2.781.594	132.137	2.558.202	2.690.339
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Real Estate		55.855.376	269.474.414	325.329.790	55.452.686	256.863.629	312.316.315
5.6	Other Pledged Items		97.077.983	741.682.806	838.760.789	90.235.278	699.164.881	789.400.159
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED BILL OF EXCHANGE AND COLLATERALS**		**9.280.575**	**253.918.902**	**263.199.477**	**7.352.531**	**241.511.449**	**248.863.980**
	TOTAL OFF BALANCE SHEET ITEMS (A+B)		**179.453.021**	**1.366.314.203**	**1.545.767.224**	**176.342.207**	**1.309.255.462**	**1.485.597.669**

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

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

	STATEMENT OF PROFIT OR LOSS	Note	Reviwed Current Period January 1, 2023 – March 31, 2023	Reviewed Prior Period January 1 2022 – March 31, 2022
I.	**INTEREST INCOME**	**(1)**	**2.972.765**	**1.879.019**
1.1	Interest on Loans		1.820.603	1.064.069
1.2	Interest Received from Reserve Deposits		11	237
1.3	Interest Received from Banks		44.572	8.557
1.4	Interest Received from Money Market Placements		95.740	166.367
1.5	Interest Received from Marketable Securities Portfolio		1.001.164	632.769
1.5.1	Fair Value Through Profit or Loss		333	1.072
1.5.2	Fair Value Through other Comprehensive Income		221.693	234.820
1.5.3	Measured at Amortized Cost		779.138	396.877
1.6	Finance Lease Income		5.248	3.611
1.7	Other Interest Income		5.427	3.409
II.	**INTEREST EXPENSES (-)**	**(2)**	**1.325.222**	**618.661**
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		975.100	240.061
2.3	Interest on Money Market Borrowings		76.222	32.042
2.4	Interest on Securities Issued		259.716	345.736
2.5	Leasing Interest Expense		1.130	91
2.6	Other Interest Expense		13.054	731
III.	**NET INTEREST INCOME (I - II)**		**1.647.543**	**1.260.358**
IV.	**NET FEES AND COMMISSIONS INCOME / EXPENSES**		**113.067**	**60.041**
4.1	Fees and Commissions Received		125.787	67.472
4.1.1	Non-cash Loans		29.509	10.914
4.1.2	Other		96.278	56.558
4.2	Fees and Commissions Paid (-)		12.720	7.431
4.2.1	Non-cash Loans		4.827	1.967
4.2.2	Other		7.893	5.464
V.	**DIVIDEND INCOME**	**(3)**	**11.827**	**7.068**
VI.	**NET TRADING INCOME**	**(4)**	**121.077**	**291.675**
6.1	Securities Trading Gains / (Losses)		(16.365)	10.578
6.2	Derivative Financial Instruments Gains / Losses		(30.200)	891.561
6.3	Foreign Exchange Gains / Losses (Net)		167.642	(610.464)
VII.	**OTHER OPERATING INCOME**	**(5)**	**314.148**	**71.499**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII)**		**2.207.662**	**1.690.641**
IX.	**EXPECTED CREDIT LOSSES (-)**	**(6)**	**67.275**	**412.231**
X.	**OTHER PROVISION EXPENSES (-)**	**(6)**	**50.000**	**319.403**
XI.	**PERSONNEL EXPENSES (-)**		**185.674**	**84.837**
XII.	**OTHER OPERATING EXPENSES (-)**	**(7)**	**195.928**	**94.410**
XIII.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)**		**1.708.785**	**779.760**
XIV.	**AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER**		-	-
XV.	**PROFIT / (LOSS) ON EQUITY METHOD**		**138.096**	**50.286**
XVI.	**GAIN / (LOSS) ON NET MONETARY POSITION**		-	-
XVII.	**PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)**		**1.846.881**	**830.046**
XVIII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	**(8)**	**433.022**	**223.658**
18.1	Provision for Current Income Taxes		625.397	695.065
18.2	Deferred Tax Income Effect (+)		252.680	135.806
18.3	Deferred Tax Expense Effect (-)		445.055	607.213
XIX.	**NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVI±XVII)**	**(10)**	**1.413.859**	**606.388**
XX.	**INCOME ON DISCONTINUED OPERATIONS**		-	-
20.1	Income on Assets Held for Sale		-	-
20.2	Income on Sale of Associates, Subsidiaries and JointlyControlled Entities (Joint Venture)		-	-
20.3	Income on Other Discontinued Operations		-	-
XXI.	**LOSS FROM DISCONTINUED OPERATIONS (-)**		-	-
21.1	Loss from Assets Held for Sale		-	-
21.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Venture)		-	-
21.3	Loss from Other Discontinued Operations		-	-
XXII.	**PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)**		-	-
XXIII.	**TAX PROVISION FOR DISCONTINUED OPERATIONS (±)**		-	-
23.1	Provision for Current Income Taxes		-	-
23.2	Deferred Tax Expense Effect (+)		-	-
23.3	Deferred Tax Income Effect (-)		-	-
XXIV.	**NET PROFIT/LOSS FROM DISCONTINUEDOPERATIONS (XXII±XXIII)**		-	-
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**(11)**	**1.413.859**	**606.388**
25.1	Group's Profit / Loss		1.411.669	605.031
25.2	Minority Shares (-)		2.190	1.357
	Earning / (loss) per share		0,504	0,216

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

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

	PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	Reviwed Current Period 1 January 2023 – 31 March 2023	Reviewed Prior Period 1 January 2022– 31 March 2022
I.	**CURRENT PERIOD INCOME / LOSS**	**1.413.859**	**606.388**
II.	**OTHER COMPREHENSIVE INCOME**	**(148.557)**	**33.699**
2.1	**Not Reclassified Through Profit or Loss**	**323.463**	**11.415**
2.1.1	Property and Equipment Revaluation Increase / Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain / Loss	-	109
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	323.463	12.119
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	(813)
2.2	**Reclassified Through Profit or Loss**	**(472.020)**	**22.284**
2.2.1	Foreign Currency Translation Differences	15.207	17.725
2.2.2	Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(121.467)	23.324
2.2.3	Cash Flow Hedge Income / Loss	-	-
2.2.4	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	(395.534)	(24.273)
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	29.774	5.508
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**1.265.302**	**640.087**

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD THEN ENDED MARCH 31, 2023
(Amounts are expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

							Accumulated Other Comprehensive Income or Expenses Not Reclassified Through Profit or Loss			Accumulated Other Comprehensive Income or Expenses Reclassified Through Profit or Loss								
	CHANGES IN SHAREHOLDERS' EQUITY	**Note**	**Paid-in Capital**	**Share Premiums**	**Share Cancellation Profits**	**Other Capital Reserves**	**1**	**2**	**3**	**4**	**5**	**6**	**Profit Reserves**	**Prior Period Profit or (Loss)**	**Current Period Profit or (Loss)**	**Total Equity Except from Minority Interest**	**Minority Interest**	**Total Shareholders' Equity**
	Prior Period – 31 March 2022																	
I.	**Prior Period End Balance**		**2.800.000**	**1.012**	**-**	**374**	**433.530**	**(4.635)**	**70.849**	**104.425**	**(283.293)**	**141.817**	**2.609.620**	**1.058.956**	**-**	**6.932.655**	**89.111**	**7.021.766**
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Beginning Balance (I+II)**		**2.800.000**	**1.012**	**-**	**374**	**433.530**	**(4.635)**	**70.849**	**104.425**	**(283.293)**	**141.817**	**2.609.620**	**1.058.956**	**-**	**6.932.655**	**89.111**	**7.021.766**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**(981)**	**277**	**12.119**	**17.725**	**28.832**	**(24.273)**	**-**	**-**	**605.031**	**638.730**	**1.357**	**640.087**
V.	**Capital Increase by Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase by Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Effect of Inflation on Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds to Share**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Debt Instruments**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Increase/Decrease by Other Changes**		-	-	-	-	-	-	-	-	-	-	**(8)**	**352**	**-**	**344**	**872**	**1.216**
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	**1.093.336**	**(1.093.795)**	**-**	**(459)**	**-**	**(459)**
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	(268)	-	(268)	-	(268)
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	1.050.211	(1.050.402)	-	(191)	-	(191)
11.3	Other		-	-	-	-	-	-	-	-	-	-	43.125	(43.125)	-	-	-	-
	Period-End Balance (III+IV+…...+X+XI)		**2.800.000**	**1.012**	**-**	**374**	**433.530**	**(4.635)**	**70.849**	**104.425**	**(283.293)**	**141.817**	**2.609.620**	**1.058.956**	**-**	**6.932.655**	**89.111**	**7.021.766**

1. Accumulated Revaluation Increase / Decrease of Fixed Assets
2. Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan
3. Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)
4. Foreign Currency Translation Differences
5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income
6. Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD THEN ENDED MARCH 31, 2023

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

							Accumulated Other Comprehensive Income or Expenses Not Reclassified Through Profit or Loss			Accumulated Other Comprehensive Income or Expenses Reclassified Through Profit or Loss								
	CHANGES IN SHAREHOLDERS' EQUITY	**Note**	**Paid-in Capital**	**Share Premiums**	**Share Cancellation Profits**	**Other Capital Reserves**	**1**	**2**	**3**	**4**	**5**	**6**	**Profit Reserves**	**Prior Period Profit or (Loss)**	**Current Period Profit or (Loss)**	**Total Equity Except from Minority Interest**	**Minority Interest**	**Total Shareholders' Equity**
	Current Period – 31 March 2023																	
I.	**Prior Period End Balance**		**2.800.000**	**1.007**	**-**	**374**	**1.140.841**	**(963)**	**173.617**	**173.399**	**441.519**	**395.533**	**3.702.923**	**3.945.723**	**-**	**12.773.973**	**218.483**	**12.992.456**
II.	**Corrections and Accounting Policy Changes Made According to TAS 8**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1	Effects of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effects of the Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Beginning Balance (I+II)**		**2.800.000**	**1.007**	**-**	**374**	**1.140.841**	**(963)**	**173.617**	**173.399**	**441.519**	**395.533**	**3.702.923**	**3.945.723**	**-**	**12.773.973**	**218.483**	**12.992.456**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**-**	**-**	**323.463**	**15.207**	**(91.693)**	**(395.534)**	**-**	**-**	**1.411.669**	**1.263.112**	**2.190**	**1.265.302**
V.	**Capital Increase by Cash**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VI.	**Capital Increase by Internal Sources**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VII.	**Effect of Inflation on Paid-in Capital**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
VIII	**Convertible Bonds to Share**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
IX.	**Subordinated Debt Instruments**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
X.	**Increase/Decrease by Other Changes**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**74**	**-**	**74**	**61**	**13**
XI.	**Profit Distribution**		**-**	**-**	**-**	**14.284**	**-**	**-**	**-**	**-**	**-**	**-**	**4.042.386**	**(4.056.742)**	**-**	**(72)**	**-**	**(72)**
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3.897.098	(3.897.170)	-	(72)	-	(72)
11.3	Other		-	-	-	14.284	-	-	-	-	-	-	145.288	(159.572)	-	-	-	-
	Period-End Balance (III+IV+…...+X+XI)		**2.800.000**	**1.007**	**-**	**14.658**	**1.140.841**	**(963)**	**497.080**	**188.606**	**349.826**	**(1)**	**7.745.309**	**(110.945)**	**1.411.669**	**14.037.087**	**220.612**	**14.257.699**

1. Accumulated Revaluation Increase / Decrease of Fixed Assets
2. Accumulated Remeasurement Gain / Loss of Defined Benefit Pension Plan
3. Other (Shares of Investments Valued by Equity Method in Other Comprehensive Income Not Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Not Reclassified Through Other Profit or Loss)
4. Foreign Currency Translation Differences
5. Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income
6. Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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

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

		Note	Reviewed Current Period 31 March 2023	Reviewed Prior Period 31 March 2022
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**		**67.483**	**3.502.309**
1.1.1	Interest Received		2.087.549	3.319.719
1.1.2	Interest Paid		(1.413.353)	(879.321)
1.1.3	Dividends Received		11.827	7.068
1.1.4	Fees and Commissions Received		125.787	67.472
1.1.5	Other Income		35.551	23.553
1.1.6	Collections from Previously Written off Loans		101.711	36.578
1.1.7	Payments to Personnel and Service Suppliers		(284.472)	(129.719)
1.1.8	Taxes Paid		(998.416)	(524.859)
1.1.9	Others		401.299	1.581.818
1.2	**Changes in Operating Assets and Liabilities**		**(782.536)**	**4.215.575**
1.2.1	Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss		127.207	(1.316.708)
1.2.2	Net (Increase) (Decrease) in Due from Banks		-	-
1.2.3	Net (Increase) (Decrease) in Loans		(1.051.873)	5.660.675
1.2.4	Net (Increase) (Decrease) in Other Assets		80.910	263.335
1.2.5	Net (Increase) (Decrease) in Bank Deposits		-	-
1.2.6	Net (Increase) (Decrease) in Other Deposits		-	-
1.2.7	Net (Increase) (Decrease) in Financial Liabilities at Fair Value through Profit or Loss		-	-
1.2.8	Net (Increase) (Decrease) in Funds Borrowed		(1.872.870)	(872.076)
1.2.9	Net (Increase) (Decrease) in Matured Payable		-	-
1.2.10	Net (Increase) (Decrease) in Other Liabilities		1.934.090	480.349
I.	**Net Cash Provided by / (used in) Banking Operations**		**(715.053)**	**7.717.884**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net Cash Provided by / (used in) Investing Activities**		**3.156.441**	**(1.406.045)**
2.1	Cash Paid for Purchase of Entities under Common Control, Associates and Subsidiaries		-	-
2.2	Cash Obtained from Sale of Entities under Common Control, Associates and Subsidiaries		-	721
2.3	Purchases of Property and Equipment		(55.506)	(5.115)
2.4	Disposals of Property and Equipment		537	43
2.5	Purchase of Financial Assets at Fair Value through Other Comprehensive Income		382.121	(1.853.334)
2.6	Sale of Financial Assets at Fair Value through Other Comprehensive Income		3.001.447	1.136.162
2.7	Purchase of Financial Assets Measured at Amortized Cost		(164.815)	(1.029.323)
2.8	Sale of Financial Assets Measured at Amortized Cost		120	342.977
2.9	Others		(7.463)	1.824
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided by / (used in) Financing Activities**		**(6.386.388)**	**(1.462.683)**
3.1	Cash Obtained From Funds Borrowed and Securities Issued		319.415	3.152.058
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(6.667.416)	(4.578.525)
3.3	Capital Increase		-	-
3.4	Dividends Paid		-	(268)
3.5	Payments for Financial Leases		(39.804)	(35.948)
3.6	Other		1.417	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**17.694**	**162.027**
V.	**Net Increase in Cash and Cash Equivalents**		**(3.927.306)**	**5.011.183**
VI.	**Cash and Cash Equivalents at Beginning of the Period**		**7.641.294**	**3.661.119**
VII.	**Cash and Cash Equivalents at End of the Period**		**3.713.988**	**8.672.302**

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of presentation

I.a Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents

The consolidated financial statements have been prepared in TL, under the historical cost convention except for the financial asset, liabilities and buildings revaluation model which are carried at fair value.

Accounting policies and valuation principles used in the preparation of the financial statements are determined and applied, in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA").

The accounting policies and valuation principles used in the 2023 period of Group are presented in the accompanying notes and the accounting policies and valuation principles are explained in Notes II to XXIII below.

The format and content of the accompanying consolidated financial statements and footnotes have been prepared in accordance with the "Communique' on Publicly Announced Financial Statements Explanations and notes to the Financial Statements" and "Communique on Disclosures About Risk Management to be Announced to Public by Banks."

The accompanying consolidated financial statements and the explanatory footnotes, unless otherwise indicated, are prepared in thousands of Turkish Lira ("TL").

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 March 2023 in accordance with TAS 29. In this context, financial statements as of March 31, 2023, in accordance with TFRS are not adjusted for inflation (TAS 29 is not applied).

I.b The valuation principles used in the preparation of the financial statements

The accounting rules and the valuation principles used in the preparation of the financial statements were implemented as stated in the Turkish Accounting Standards and related regulations, explanations and circulars on accounting and financial reporting principles announced by the BRSA. These accounting policies and valuation principles are explained in the below notes through II to XXIII.

As it is intended to update the financial information contained in the latest annual financial statements an interim financial statements prepared as of March 31, 2023, the Bank made estimates in the calculation of expected credit losses and disclosed these in footnote IX "Disclosures on impairment of financial assets". In the coming periods, the Bank will update its relevant assumptions according to necessary extents and review the realizations of past estimates.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

I. Basis of presentation

I.c The accounting policies for the correct understanding of the financial statements

The following accounting policies that applied according to BRSA regulations and TAS for the correct understanding of the financial statements and valuation principles used in preparation of the financial statements are presented in more detail below.

Changes in accounting policies and disclosures

The IAS/IFRS amendments effective January 1, 2023 have no significant impact on the Bank's accounting policies, financial position and performance. IAS and IFRS amendments that have been published as of the date of finalization of the financial statements but have not entered into force will not have a significant impact on the Bank's accounting policies, financial position and performance.

I.d The items for which different accounting policies were applied while preparing the consolidated financial statements and their ratios to the total of the related items in the consolidated financial statements

Different accounting policies are not applied while preparing the consolidated financial statements.

I.e Other

The conflict between Russia and Ukraine since January 2022 still continues as of the report date. The Group does not carry out any activities in these two countries that are subject to the crisis. Considering the geographies in which the Group operates, no direct impact is expected on Group operations. However, since the course of the crisis is uncertain as of the report date, developments that may occur on a global scale, and the effects of these developments on the global and regional economy, on the Bank's operations are closely monitored and taken into account with the best estimation approach in the preparation of the financial statements.

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

The main sources of the funds of the Group have variable interest rates. The financial balances are monitored frequently and fixed and floating interest rate placements are undertaken according to the return on the alternative financial instruments. The macro goals related to balance sheet amounts are set during budgeting process and positions are taken accordingly.

Due to the fact that the great majority of the loans extended by the the Group have a flexibility of reflecting changes in the market interest rates to the customers, the interest rate risk is kept at minimum level. Moreover, the highly profitable Eurobond and the foreign currency government indebtness securities portfolio have the attribute of eliminating the risks of interest rate volatility.

The fixed rate Subordinated bond, Eurobond and Greenbond issued by the Group and a portion of fixed rate funds borrowed are subject to fair value hedge accounting. The Bank enters into interest rate swap agreements in order to hedge the change in fair values of its fixed rate financial liabilities. The changes in the fair value of the hedged fixed rate financial liabilities and hedging interest rate swaps are recognized under the trading profit/loss.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

II. Explanations on usage strategy of financial assets and foreign currency transactions (Continued)

In the beginning and later period of the hedging transaction, the aforementioned hedging transactions are expected to offset changes occurred in the relevant period of the hedging transaction and hedged risk (attributable to hedging risk) and effectiveness tests are performed in this regard. The Group performs effectiveness test at the beginning of the hedge accounting and at each reporting period. The effectiveness tests are carried out using the "Dollar off-set model" and the hedge accounting is applied as long as the test results are between the range of 80%-125% of effectiveness. TFRS 9 provides the option of deferring the adoption of TFRS 9 hedge accounting and the option to continue to apply the provisions of TAS 39 hedge accounting in the selection of accounting policies. In this context, the Parent Bank continues to apply the provisions of TAS 39 hedge accounting.

The hedge accounting is discontinued when the hedging instrument expires, is exercised, sold or no longer effective. When discontinuing fair value hedge accounting, the cumulative fair value changes in carrying value of the hedged item arising from the hedged risk are amortized and recognized in income statement over the life of the hedged item from that date of the hedge accounting is discontinued.

The Bank liquidity is regularly monitored. Moreover, the need of liquidity in foreign currencies is safeguarded by currency swaps.

Commercial placements are managed with high return and low risk assets considering the international and domestic economic expectations, market conditions, creditors' expectations and their tendencies, interest-liquidity and other similar factors. Prudence principle is adopted in the placement decisions. The long term placements are made under project finance. A credit policy is implemented such a way that harmonizing the profitability of the projects, the collateral and the value add introduced by the Bank.

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

The Bank's strategy of hedging interest rate and foreign currency risks arising from fixed and variable interest rate funds and foreign currency fair value through other comprehensive income securities are indicated below.

The Parent Bank's foreign currency capital instruments, the fair value difference of which is reflected in other comprehensive income, are largely financed by foreign currency sources. Thus, protection is provided against the possibility of depreciation of the Turkish Lira against other currencies. In order to protect against parity changes, the currency basket balance created by the specified currencies is used. Interest rate risk is reduced by creating an asset composition of the resources used in accordance with the fixed/variable cost structure. What are the currency hedging strategies arising from other foreign currency transactions: A balanced strategy is followed in terms of currency position; In order to hedge against parity risk, the current currency position is monitored according to a basket balance in certain currencies.

Exchange rate difference revenues and expenses arising from foreign currency transactions were recorded in the period in which the transaction was carried out. At the end of the period, the balances of foreign currency active and passive accounts are calculated at the end of the period.

The Parent Company Bank was converted into Turkish Lira by being subjected to an evaluation from the box office exchange rates and the resulting exchange rate differences were reflected in the records as foreign exchange profit or loss.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

III. Explanations on associates and subsidiaries

Explanations about the Parent Bank and its subsidiaries and associates subject to consolidation are described in General Information Section V.

IV. Explanations on forward and option contracts and derivative instruments

The Parent Bank is exposed to financial risk which depends on changes in foreign exchange rates and interest rates due to activities and as part of banking activities uses derivative instruments to manage financial risk that especially associated with fluctuations in foreign exchange and interest rate. Mainly derivative instruments used by the Group are foreign currency forwards, swaps and option agreements.

The derivative financial instruments are accounted for at their fair values as of the date of the agreements entered into and subsequently valued at fair value. Derivative financial instruments of the Group are classified under "TFRS 9 Financial Instruments" ("TFRS 9"), "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income”. Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values. Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transaction.

In the initial design of a derivative financial instrument as a hedge, the Parent Bank discloses in writing the relationship between the hedged item and the hedging instrument, the risk management objectives and strategies of the relevant hedge, and the methods to be used to measure the hedge's effectiveness. . At the beginning of the association and during the ongoing process, the Parent Bank evaluates whether the hedging method is effective on the changes in the expected fair values of the related instruments during the period in which the method is applied, or whether the effectiveness of each hedge in the actual results is in the range of 80% - 125%.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

V. Explanations on associates and subsidiaries

The Parent Bank's financial subsidiaries' are reflected the consolidated financial statements according to the equity method in accordance with TAS 28 - Investment in Associates and Joint Ventures Related to the Turkish Accounting Standards. Unconsolidated and non financial subsidiaries and associates are presented in the financial statements in accordance with the "TAS 27-Separate Financial Statements" standard with their cost values after the deduction of, if any, impairment losses.

VI. Explanations on interest income and expenses

Interest income is recorded according to the effective interest rate method (rate equal to net present value of future cash flows or financial assets and liabilities) defined in the TFRS 9 "Financial Instruments" standard by applying an accrual basis using the effective interest rate to the gross carrying amount of a financial asset except for: 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.

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

Interest income and expenses are recorded at their fair values and are accounted for on an accrual basis using the effective interest method (the rate that equates the future cash flows of the financial asset or liability to its current net book value) considering the current principal amount.

VII. Explanations on fees and commission income and expenses

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period. Income from asset purchases to a third party or by natural or legal persons contracts are recognized in the period they occur.

VIII. Explanations on financial assets

Initial recognition of financial instruments

Initial recognition of financial instruments the Bank shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on financial assets

Initial measurement of financial instruments

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

Classification of financial instruments

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Assessment of business model

As per TFRS 9, the Parent Bank’s business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The business model does not depend on the intent of the management on an individual financial intermediary, so the condition is not a classification approach on the basis of a financial instrument but an evaluation by combining the financial assets. When the business model used for the management of financial assets is being evaluated, all evidence is taken into account. Such evidence includes the following:

- How the performance of financial assets held by the business model and business model is reported by the key executive personnel,
- Risks affecting the performance of the business model (financial assets held within the business model) and, in particular type of management and
- How the additional payments to the managers are determined (for example, whether additional payments are determined according to the fair value of the assets being managed or on the contractual cash flows collected).

Business model evaluation is not based on scenarios in which the operator is not expected to be at a reasonable level, such as the "worst case" or "pressure case" scenarios. The same business model does not require a change in the classification of other financial assets as long as the cash flows are realized differently from the expected future date when the business model is assessed, the error correction is made in the financial statements or all relevant information available at the time of the valuation of the business model is taken into account. However, when evaluating the business model for newly created or newly acquired financial assets, information about how past cash flows have been taken into account along with other relevant information is also taken into account. The business models that comprise the bet are composed of three categories. These categories are as follows:

- Business model aimed to hold assets in order to collect contractual cash flows: This is a model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Business model whose objective is to hold assets in order to collect contractual cash flows: The Parent Bank may hold financial assets in this business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on financial assets (continued)

Financial assets held under this business model are accounted for at fair value through other comprehensive income if the contractual terms of the financial asset pass the cash flow test, which includes only the principal and interest payments on the principal balance on certain dates.

- Other Business Models: Financial assets are measured at fair value through profit or loss in case they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss and derivative financial assets are assesed in this business model.

The contractual cash flows including solely principle and interest on principle

As per TFRS 9, the Parent Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In a basic lending agreement, the time value of money and the consideration of credit risk are often the most important element of interest. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss.

Measurement categories of financial assets and liabilities

Financial assets are classified compliance with TFRS 9 in three main categories as listed below:

- Financial assets measured at fair value through profit/loss
- Financial assets measured at fair value through other comprehensive income and
- Financial assets measured at amortized cost

a. Financial assets at the fair value through profit or loss:

Financial assets whose fair value difference is reflected in profit/loss, financial assets managed by other models other than the business model aimed at retaining contractual cash flows to collect and the business model aimed at collecting and selling contractual cash flows, and the contractual terms of the financial asset do not lead to cash flows that include interest payments arising only from the principal and principal balance on certain dates; are financial assets that are acquired in order to profit from fluctuations in price and similar factors that occur in the market in the short term, or that are part of a portfolio intended to make a profit in the short term, regardless of the reason for which they are obtained. At the first time of disbursement, the parent company Bank exercised the option of classifying some of its loans and issued securities as financial assets/liabilities irrevocably with fair value differences reflected in profit/loss in order to eliminate accounting discrepancies in accordance with IFRS 9. Financial assets whose fair value difference is reflected in profit/loss are recorded with their fair values and are subject to valuation with their fair values following their registration. The gains and losses resulting from the valuation are included in the profit / loss calculations. In line with the Uniform Chart of Accounts (CIP) statements, the positive difference between the cost of acquisition and the discounted value of the financial asset is in "Interest Income", if the fair value of the asset is above the discounted value, the positive difference is in the "Capital Market Operations Profits" account, and if the fair value is below the discounted value, the negative difference between the discounted value and the fair value is "Capital Market Operations Losses" account. In the event that the financial asset is disposed of before maturity, the gains or losses incurred are recognized within the same principles.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on financial assets (continued)

b. Financial Assets at Fair Value Through Other Comprehensive Income:

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

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

"Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss" under shareholders' equity. Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

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

c. Financial Assets Measured at Amortized Cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

In the "Fair value through other comprehensive income" and "measured at amortized cost" securities portfolio of the Parent Bank, there are Consumer Price Indexed (CPI) Bonds.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on financial assets (continued)

c. Financial Assets Measured at Amortized Cost (continued) :

The Parent Bank considered expected inflation index of future cash flows prevailing at the reporting date while calculating internal rate of return of the Consumer Price Indexed (CPI) marketable securities. The effect of this application is accounted as interest received from marketable securities in the consolidated financial statements.These securities are valued and accounted according to the effective interest method based on the real coupon rates and the reference inflation index at the issue date and the estimated inflation rate. As stated in the Investor's Guide of CPI Government Bonds by Republic of Turkey Undersecretariat of Treasury the reference indices used to calculate the actual coupon payment amounts of these securities are based on the previous two months CPI's. The Parent Bank determines the estimated inflation rate accordingly. The inflation rate is estimated by considering the expectancies of the Central Bank and the Bank which are updated as needed within the year.

d. Loans:

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Interest Rate (internal rate of return) Method". Duties paid, transaction costs and other similar expenses on assets received against such risks are considered as a part of transaction cost and charged to customers.

Turkish Lira ("TL") cash loans are composed of foreign currency indexed loans and working capital loans; foreign currency ("FC") cash loans are composed of investment loans, export financing loans and working capital loans.

All loans of the Parent Bank has classified under Measured at Amortized Cost, after loan portfolio passed the test of "All cash flows from contracts are made only by interest and principal" during the transition period.

Foreign currency indexed loans are converted into TL from the foreign currency rate as of the opening date and followed in TL accounts. Repayments are measured with the foreign currency rate at the payment date, the foreign currency gains and losses are reflected to the income statement.

IX. Explanations on impairment of financial assets

As of January 1, 2018, loss allowance for expected credit losses is recognised on financial assets and loans measured at amortized cost, financial assests measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit or loss based on TFRS 9 and regulation published in the Official Gazette no. 29750 dated 22 June 2016 in connection with "Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans". TFRS 9 impairment requirements are not eligible for equity instruments.

At each reporting date, it shall be assessed whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, it shall be used the change in the risk of a default occuring for the financial instrument.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on impairment of financial assets (continued)

Calculation of expected credit losses

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

Risk parameters used in TFRS 9 calculations are included in the future macroeconomic information. While macroeconomic information is included, macroeconomic forecasting models and multiple scenarios used in the Internal Capital Assessment Process ("ICAAP") are considered.

Within the scope of TFRS 9, the probability of default (PD), Loss given default (LGD) and Exposure at default (EAD) models have been developed. The models developed under TFRS 9 are based on the following segmentation elements:

- Loan portfolio (corporate /specilization)
- Product type
- Credit risk rating notes (ratings)
- Collateral type
- Duration since origination of a loan
- Remaining time to maturity
- Exposure at default

Probability of Default (PD): PD refers to the likelihood that a loan will default within a specified time horizon given certain characteristics. Based on TFRS 9, two different PDs are used in order to calculate expected credit losses:

- 12-month PD: as the estimated probability of default occurring within the next 12 months following the balance sheet date.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

The Parent Bank uses internal rating systems for loan portfolio. The internal rating models used include customer financial information and knowledge of survey responses based on expert judgement. Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

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

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

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

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. 12-month expected credit loss is calculated based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on impairment of financial assets (continued)

Calculation of expected credit losses (continued)

Stage 2:

In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. Calculation of expected credit losses is similar to descriptions above, but probability of default and loss given default rates are estimated through the life of the instrument.

Stage 3:

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized and interest revenue is calculated on the net carrying amount. The probability of default is taken into account as 100%.

The default assessment of the Parent Bank is made according to the following conditions:

1. Objective Default Definition: It means debt having past due more than 90 days. Current definition of default in the Parent Bank and its consolidated financial subsidiaries is based on a more than 90 days past due definition.

2. Subjective Default Definition: It means the conviction that the debt will not be paid. If the borrower is deemed to be unable to perform its obligations on the loan, the borrower should be considered in default, regardless of whether there is a pending balance or the number of days of default.

Debt instruments measured at fair value through other comprehensive income

In accordance with TFRS 9, impairment provisions are applied for financial assets measured at fair value through other comprehensive income when recognizing and measuring expected loss provision. However, the carrying amount of the financial asset at fair value through other comprehensive income is not reduced in the statement of financial position. The expected loss provision is recognized in other comprehensive income and when the related financial asset is derecognised, the expected loss provision previously recognized in other comprehensive income is classified in the income statement.

Significant increase in credit risk

As of the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to "12-month expected credit losses". However, if there is a significant increase in credit risk of a financial instrument since initial recognition, the Bank measures loss allowance regarding such instrument at an amount equal to "lifetime expected credit losses".

The Parent Bank makes qualitative and quantitative assessments regarding assessment of significant increase in credit risk of financial assets to be classified as Stage 2 (Significant Increase in Credit Risk) due to the significant increase in credit risk.

Quantitative assessments compare the relative change between the probability of default (PR) measured at the transaction date and the PD measured at the report date. In the event of a significant deterioration in PD, the credit risk is considered to have increased significantly and the financial asset is classified as Tier 2. In this context, the Parent Bank calculated threshold values to determine at what rate the relative change is a significant deterioration.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

IX. Explanations on impairment of financial assets (continued)

Significant increase in credit risk (continued)

When determining the significant increase in the parent bank credit risk, The Parent Bank also assessed the absolute change in the PD date on the transaction date and on the reporting date. If the absolute change in the PD ratio is above the threshold values, the related financial asset is classified as Stage 2.

Within the scope of qualitative assessments, if any of the following conditions are met, the related financial asset is classified as Stage 2.

- Loans overdue more than 30 days as of the reporting date
- Loans classified as watchlist
- When there is a change in the payment plan due to restructuring

Three scenarios are used in forward-looking expectations: base, bad and good. Final provisions are calculated by weighting over the probabilities given to the scenarios. In addition, for the possible effects, the Bank has established additional provisions for the sectors and customers whose effects are considered to be high by making individual valuations for the risks that cannot be captured through the models in the expected credit loss calculation.

This approach, which is preferred in provision calculations, will be reviewed in the following reporting periods by considering the effect of the pandemic, portfolio and future expectations.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on offsetting, derecognition and restructuring of financial instruments

a. Offsetting of financial instruments

Financial assets and liabilities are offset when a legally enforceable right to set off or when the Parent Bank has the intention of collecting or paying the net amount of related assets and liabilities, and they are shown in the financial statements with their net amounts. Otherwise, there is not any offsetting transaction about financial assets and liabilities.

b. Derecognition of financial instruments

Derecognition of financial assets due to change in contractual terms

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset can lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset.

When the Parent Bank assesses the characteristics of the new contractual terms of the financial asset, it evaluates the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognized a modification gain or loss in profit or loss.

Where all risks and rewards of ownership of the asset have not been transferred to another party and the Bank retains control of the asset, the Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset. When the Parent Bank retains substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognized in its entirety and the consideration received is recognized as a liability.

Derecognition of financial assets without any change in contractual terms

The asset is derecognized if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party. Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit/loss.

Derecognition of financial liabilities

It shall be removed a financial liability (or a part of a financial liability) from the statement of financial position when, and only when, it is extinguished when the obligation specified in the contract is discharged or cancelled or expires.

c. Reclassification of financial instruments

Based on TFRS 9, the Parent Bank shall reclassify all affected financial assets at amortised cost to financial assets measured at fair value through other comprehensive income and fair value through profit or loss in the subsequent accounting when, and only when, it changes its business model for managing financial assets.

The Parent Bank's financial assets reclassification details are presented in Section 3, Note VIII.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

X. Explanations on offsetting, derecognition and restructuring of financial instruments (continued)

d. Restructuring and refinancing of financial instruments

The Parent Bank may change the original contractual terms of a loan (maturity, repayment structure, guarantees and sureties) which were previously signed, in case the loan cannot be repaid or if a potential payment difficulty is encountered based on the new financing power and structure of the borrower.

Restructuring is to change the financial terms of existing loans in order to facilitate the payment of debt. Refinancing is granting a new loan by the Parent Bank which will cover either the principal or the interest payment in whole or in part of one or a few existing loans due to the anticipated financial difficulty which the customer or group encounter currently or will encounter in the future. Changes in the original terms of a credit risk can be made in the current contract or through a new contract.

Resturected Loans can be classified in standart loans unless the firm has difficulty in payment. Companies which have been restructured and refinanced can be removed from the watchlist when the following conditions are met:

- Subsequent to the through review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time (starting from the date when the debt is restructured all due principal and interest payments are made on time).
- At least 2 years should pass over the date of restructuring (or if it is later), the date of removal from non-performing loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring /refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restructuring / refinancing.

In order for the restructured non-performing loans to be classified to the watchlist category, the following conditions must be met:

- Recovery in debt service
- At least one year should pass over the date of restructuring
- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring /refinancing or the date when the debtor is classified as nonperforming (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring /refinancing
- Collection of all overdue amounts, disappearance of the reasons for classification as nonperforming receivable (based on the conditions mentioned above) and having no overdue more than 30 days as of the date of reclassification

During the follow-up period of at least two years following the date of restructuring/refinancing, if there is a new restructuring/refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Funds provided under repurchase agreements are accounted under “Funds Provided under Repurchase Agreements-TL” and “Funds Provided under Repurchase Agreements-FC” accounts.

The repurchase agreements of the Group are based on the Eurobonds and government bonds issued by Republic of Turkey Undersecretariat of Treasury. Marketable securities subject to repurchase agreements are classified under assets at fair value through profit or loss, assets at fair value through comprehensive income or assets at measured at amortized costs with parallel to classifications of financial instruments. The income and expenses from these transactions are reflected to the interest income and interest expense accounts in the income statement. Receivables from reverse repurchase agreements are recorded in “Receivables from Reverse Repurchase Agreements” account in the balance sheet.

XII. Explanations on assets held for sale and discontinued operations

Assets held for sale are measured at the lower of the assets’ carrying amount and fair value less costs to sell. This assets are not amortized and presented separately in the financial statements. In order to classify a tangible fixed asset as held for sale, the asset (or the disposal group) should be available for an immediate sale in its present condition subject to the terms of any regular sales of such asset (or such disposal groups) and the sale should be highly probable. For a highly probable sale, the appropriate level of management must be committed to a plan to sell the asset (or the disposal groups) , and an active programme to complete should be initiated to locate a customer. Also the asset (or the disposal group) should have an active market sale value, which is a reasonable value in relation to its current fair value. Also, the sale is expected to be accounted as a completed sale beginning from one year after the classification date; and the essential procedures to complete the plan should indicate the possibility of making significant changes on the plan or lower probability of cancelling.

Events or circumtances may extend the completion of the sale more than one year. Such assets are still classified as held for sale if there is sufficient evidence that the delay inthe sale process is due to the events and circumtances occured beyond the control of the entity or the entry remains commited to its plan to sell the asset (or disposal group).

A discontinued operation is a division of a bank that is either disposed of or classified as held for sale. Results of discontinued operations are presented separately in the income statement.

XIII. Explanations on goodwill and other intangible assets

Goodwill arising on the acquisition of a subsidiary or a jointly controlled entity represents the excess of the cost of acquisition over the subsidiary or jointly controlled interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIII. Explanations on goodwill and other intangible assets

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Intangible assets that are acquired prior to 1 January 2005 are carried at restated historical cost as of December 31, 2004; and those acquired subsequently are carried at cost less accumulated amortization, and any impairment. Intangible assets are depreciated on a straight line basis over their expected useful lives. Depreciation method and period are reviewed periodically at the end of each year. Intangible assets are mainly composed of rights and they are depreciated principally on a straight-line basis between 1-15 years.

XIV. Explanations on tangible assets

Tangible assets rather than real estate, purchased before 1 January 2005, are accounted for at their restated costs as of December 31, 2004 and the assets purchased in the following periods are accounted for at acquisition cost less accumulated depreciation and reserve for impairment. Gain or loss resulting from disposals of the tangible assets is reflected to the income statement as the difference between the net proceeds and net book value.

Since the third quarter of 2015, the Group has changed its accounting policy and adopted the revaluation method within the scope of IAS 16 in the valuation of buildings and land. The redemption period of the properties is specified in the appraisal report. In the event that the cost price is above the "Net realizable value" of the relevant tangible asset estimated within the framework of the "Turkish Accounting Standard for Impairment from Assets" ("TAS 36"), the value of the asset in question is reduced to the "Net realizable value" and is associated with the expense accounts for the allocated impairment. The positive difference between the real estate values in the appraisal report prepared by the companies authorized in the field of independent valuation and the net book value of the related properties is followed in the equity accounts. In the valuation of immovables, cost method approach, precedent comparison and income reduction methods were taken into consideration to the extent of their applicability to real estate. Normal maintenance and repair expenses on tangible assets are recognized as expenses. There are no pledges, mortgages and similar takyidat on tangible assets. Tangible assets are depreciated by applying the linear depreciation method and their useful lives are determined according to the IAS.

Depreciation rates and estimated useful lives of tangible assets are as follows:

Tangible Assets	Expected Useful Lives (Years)	Depreciation Rate (%)
Cashvault	4-50	2-25
Vehicles	5	20
Buildings	50	2
Other Tangible Assets	1-50	2-100

Investment Properties

Investment properties are real estate held to earn rent income, gain in value or both. An investment property is recognized as an asset if it is probable that future economic benefits related to the property will be available to operate and the cost of the investment property can be reliably measured. The fair value model has been chosen for valuation of investment properties. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on leasing transactions

TFRS 16 Leases

TFRS 16 Leasing standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease.Instead, it is set forth a single model similar to the accounting of financial leases (on balance sheet). For lessors, the accounting stays almost the same. The Bank has started to apply “TFRS 16 Leases” Standard starting from 1 January 2019. The Bank has applied TFRS 16 with a simplified retrospective approach. The new accounting policies of the Bank regarding to application TFRS 16 are stated below:

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes

(a) the amount of lease liabilities recognised,
(b) lease payments made at or before the commencement date less any lease incentives received, and
(c) All initial direct costs incurred by the parent Bank.

Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the ease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

The At the commencement date of the lease, the lease payments included in the measurement of the lease liability consist of the following payments for the right to use the underlying asset during the lease term, which were not paid at the commencement date of the lease:

a) Fixed payments,
b) Variable rental payments based on an index or rate, the initial measurement of which is made using an index or rate on the date the lease actually begins,
c) Amounts expected to be paid by the Parent Bank under residual value commitments
d) If the parent company is reasonably confident that the Bank will exercise the purchase option, the exercise price of this option and
e) Penalty payments for termination of the lease if the lease term shows that the Parent Bank will exercise an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period when the event or condition that triggers the payment occurs. The Parent Bank uses the revised discount rate for the remainder of the lease term, as this rate if the implied interest rate in the lease can be easily determined; If it cannot be determined easily, the Parent Bank determines it as the alternative borrowing interest rate at the date of reassessment.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XV. Explanations on leasing transactions

After the lease actually commenced, the Parent Bank measures the lease liability as follows:

(a) Increase the carrying amount to reflect the interest on the lease liability, and

(b) Decreases book value to reflect lease payments made.

In addition, if there is a change in the lease term, a change in the underlying fixed lease payments, or a change in the assessment of the option to purchase the underlying asset, the value of the finance lease liabilities is remeasured.

Short-term leases and leases of low-value assets

The Parent Bank applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. The lease payments are allocated as principle and interest. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The Group as Lessee

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are included in profit or loss in accordance with the Group's general policy on borrowing costs. Tangible assets acquired by financial leases are amortized based on the useful lives of the assets.

In accordance with TFRS 16, the lessee, at the effective date of the lease, measures the leasing liability on the present value of the lease payments that were not paid at that date (leasing liability) and depreciates the existence of the right of use related to the same date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. The interest expense on the lease liability and the depreciation expense on right of use are recorded separately.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVI. Explanations on provisions and contingent liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If aforesaid criteria did not form, the Group discloses the issues mentioned in notes to financial statements. Provisions are determined by using the Parent Bank’s best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

Explanations on contingent assets

Contingent assets consist of unplanned or other unexpected events that usually cause a possible inflow of economic benefits to the Group. Since recognition of the contingent assets in the financial statements would result in the accounting of an income, which may never be generated, the related assets are not included in the financial statements; on the other hand, if the inflow of the economic benefits of these assets to the Parent Bank is probable, an explanation is made thereon in the footnotes of the financial statements. Nevertheless, the developments related to the contingent assets are constantly evaluated and in case the inflow of the economic benefit to the Parent Bank is almost certain, the related asset and the respective income are recognized in the financial statements of the period in which the change occurred.

XVII. Explanations on liabilities regarding employee benefits

Severance pay according to the current laws and collective bargaining agreements in Turkey, is paid in case of retirement or dismissal. The Group calculates a provision for severance pay to allocate that employees need to be paid upon retirement or involuntarily leaving by estimating the present value of probable amount. There is no indemnity obligations related to the employees who are employed with contract of limited duration exceeding 12 month period. Actuarial gains and losses are accounted under Shareholder's Equity since 1 January 2013 in accordance with the Revised TAS 19.

The main shareholder Bank employees are members of the Industrial Development Bank of Turkey Joint Stock Company Civil Servants and Contractors Relief and Pensions Foundation and the Industrial Development Bank of Turkey A.Ş. Members Munzam Social Security and Solidarity Foundation ("Funds"). The technical financial statements of the said Funds are audited by an actuary registered in the registry of actuaries in accordance with the provisions of the Insurance Law and the "Regulation on Actuaries" issued pursuant to this law.

A temporary article published in the Official Gazette No. 32121 dated March 3, 2023 was added to the Social Insurance and General Health Insurance Law dated 31/5/2006 and numbered 5510. In the provisional article in question, "Those who request for monthly bonding after the effective date shall be entitled to old-age or pension in accordance with the provisions of subparagraph (B) of the first paragraph of the provisional Article 81 of the Law No. 506, the second paragraph of the provisional Article 10 of the Law No. 1479, the subparagraph (B) of the first paragraph of the provisional Article 2 of the Law No. 2925 and the provisional Article 205 of the Law No. 5434, they shall benefit from old-age or pension if they meet other conditions other than age in the said provisions. No retrospective payment shall be made on the basis of this paragraph and no retrospective rights shall be claimed." In this context, the members of the pension fund have the opportunity to retire early as of April 1, 2023. This change has no significant impact on the Bank's financials and funds.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on liabilities regarding employee benefits

The first paragraph of the provisional Article 23 of the Banking Law No. 5411 ("Banking Law") published in the Official Gazette dated November 1, 2005 and numbered 25983 contains the provision that bank funds shall be transferred to the Social Insurance Institution within 3 years from the date of publication of the Banking Law. According to the Banking Law; A commission consisting of representatives from various organizations shall calculate the liability according to actuarial calculations, taking into account the income and expenses of the fund, on the basis of the circuit for each ballot box. The specified obligation shall be paid in equal annual installments for not more than 15 years. However, the said article of the Banking Law was annulled by the Constitutional Court's decision dated March 22, 2007, E. 2005/39, K. 2007/33 published in the Official Gazette dated March 31, 2007 and numbered 26479, and its validity was suspended as of the date of publication of the decision, and the reasoned decision on the cancellation of the relevant paragraph was published in the Official Gazette dated December 15, 2007 and numbered 26731.

Following the publication of the Constitutional Court's reasoned decision on the annulment, the relevant articles of the Social Security Law No. 5754 regulating the principles regarding the transfer of the Principal Bank fund participants to the Social Security Institution were adopted by the TGNA on April 17, 2008 and entered into force by being published in the Official Gazette dated May 8, 2008 and numbered 26870.

The Social Security Law provides that the cash value of the liability in relation to the transferred persons as of the date of transfer; that the technical interest rate to be used in the actuarial account shall be 9,80% shall be determined by a commission consisting of representatives of the Social Security Institution, the Ministry of Finance, the Undersecretariat of the Treasury, the Undersecretariat of the State Planning Organization, the BRSA, the SDIF, the Bank and the Funds, if the income and expenses of the funds in respect of the insurance branches covered by the Social Security Law and the monthly and revenues paid by the funds are above the monthly and revenues within the framework of the regulations of the Social Security Institution. It stipulates that it will be calculated taking into account the differences and that the transfer will be completed within a period of 3 years starting from January 1, 2008.

Within the scope of the Provisional Article 20 of Article 73 of the Social Security Law No. 5754 dated April 17, 2008 ("Law") published in the Official Gazette dated May 8, 2008 and numbered 26870; It is envisaged that the ballot boxes will be transferred to the SSI within three years following the publication of the law. With the amendment in the first paragraph of the Provisional Article 20 of the Social Insurance and General Health Insurance Law No. 5510 published in the Official Gazette dated March 8, 2012 and numbered 28227, the 2-year postponement authority granted to the Council of Ministers was extended to 4 years. With the decision of the Council of Ministers published in the Official Gazette dated April 9, 2011 and numbered 27900, it was decided to extend the transfer process for 2 years. Accordingly, the transfer had to be completed by 8 May 2013. This time, with the Decision of the Council of Ministers No. 2013/467 published in the Official Gazette dated May 3, 2013 and numbered 28636, this period is extended for another 1 year and the transfer must be completed by May 8, 2014. However, since the transfer procedures did not take place, it was decided to extend the period for the transfer for another year with the Decision of the Council of Ministers published in the Official Gazette No. 28987 dated April 30, 2014. In accordance with the provision of the Law on Occupational Health and Safety dated April 4, 2015 and numbered 6645, which was published in the Official Gazette dated April 23, 2015 and numbered 29335 and entered into force, and the Law on the Amendment of Some Laws and Decree Laws, the Council of Ministers was authorized to determine the transfer date to the Social Security Institution and the transfer of the ballot boxes was postponed to an unknown date. As of the date of the announcement of the financial statements, there is no decision taken by the Council of Ministers on this issue. In accordance with the Social Security Law, after the transfer of the monthly and/or income to the participants of the ballot boxes and their beneficiaries to the Social Security Institution, the other social rights and payments of these persons that are not covered despite being included in the foundation deed to which they are subject will continue to be covered by the organizations employing the participants of the chests and the polling stations.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on liabilities regarding employee benefits (continued)

As of December 31, 2021, the cash value of the principal obligations of the parent company Bank for the Assistance and Pension of Civil Servants and Contractors of TSKB A.Ş. Civil Servants and Contractors Assistance and Pension Foundation was calculated by an independent actuary using the actuarial assumptions specified in the Law and according to the actuary's report dated January 24, 2023, no technical or actual deficit requiring provision as of December 31, 2022 was identified. In addition, the management of the Parent Bank foresees that the amount of the possible liability that may arise during and after the transfer to be made within the framework specified above will be at a level that can be met by the assets of the Fund and will not impose any additional burden on the Parent Bank.

XVIII. Explanations on taxation

Income tax expense is the sum of current tax expense and deferred tax income or expense. Current year tax liability is calculated over the taxable portion of the profit for the period. Taxable profit is calculated taking into account items of income or expense that are taxable or deductible, and items that are not taxable or deductible. Taxable profit therefore differs from the profit reported in the income statement.

As of March 31, 2023, the Corporate Tax rate applicable in Turkey is 25%. However,With the Law No. 7394 on the Assessment of Immovable Properties Belonging to the Treasury and the Amendment of the Value Added Tax Law, which was published in the Official Gazette dated April 15, 2022 and numbered 31810 and entered into force, and the Article 26 of the Law on the Amendment of Some Laws and Decree Laws and the paragraph added to the provisional Article 13 of the Corporate Tax Law No. 5520, the Corporate Tax rate is 25% for corporate earnings for the taxation period of 2022 Apply. This change will apply to the taxation of corporate earnings for periods beginning January 1, 2022, starting with returns due from July 01, 2022 Since the tax rate change came into effect as of April 15, 2022, 25% was used as the tax rate in the period tax calculations in the financial statements dated March 31, 2023.

Within the framework of the duplicate provision of Article 298/A of the Tax Procedure Law, the conditions required for inflation adjustment in the calculation of corporate tax as of the end of the calendar year 2021 have been fulfilled. However, with the regulation made by the Law dated 20 Januray 2022 and numbered 7352, the application of inflation adjustment in the corporate tax calculation has been postponed to 2023. Accordingly; the financial statements of the TPL for the 2021 and 2022 accounting periods, including the interim tax periods, are not subject to inflation adjustment, while the 2023 accounting period is as follows; will not be subject to inflation adjustment as of the interim tax periods, and the financial statements of TPC dated 31 December 2023 will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment have been met. The profit/loss difference resulting from the inflation adjustment in the financial statements of the TPL will be shown in the profit/loss accounts of the past years and will not affect the corporate tax base.

With the Communiqué on the Amendment of the General Communiqué on Tax Procedure Law No. 547 (sequence no. 537) published in the Official Gazette dated January 14, 2023 and numbered 32073, the procedures and principles of the articles of the law allowing the revaluation of immovable and depreciable economic assets were rearranged. The amendment was evaluated by the Parent Bank and it was decided not to implement the regulation as of March 31, 2023.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on taxation (continued)

The deferred tax liability or asset is determined by calculating the tax effects according to the balance sheet method by taking into account the statutory tax rates of the temporary differences between the amounts of the assets and liabilities shown in the financial statements and the amounts taken into account in the statutory tax base calculation. Deferred tax liabilities are calculated for all taxable temporary differences, while deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly likely to benefit from these differences by generating taxable profits in the future.

Stages 1 and 2 Deferred tax is recorded for stage expected loss provisions.

No deferred tax liability or asset is calculated for interim timing differences arising from the first entry of assets or liabilities other than goodwill or business combinations into the financial statements and which do not affect both business and financial profit or loss.

The recorded value of the deferred tax asset is reviewed as of each balance sheet date. To the extent that it is unlikely to generate a financial profit at a level that would allow the benefit of some or all of the deferred tax asset to be obtained, the recorded value of the deferred tax asset shall be reduced. Deferred tax is calculated on the tax rates in effect at the time the assets are formed or liabilities are fulfilled and is recorded on the income statement as an expense or income. However, if the deferred tax relates to assets that are directly associated with equity in the same or a different period, it is directly associated with the equity account group. Deferred tax receivables and liability are netted off.

Pursuant to Article 53 of the Banking Law No. 5411 dated October 19, 2005, all special provisions allocated in relation to loans and other receivables are taken into account as expenses in determining the corporate tax base in the year in which they are allocated pursuant to paragraph 2 of the same article.

Transfer pricing

Transfer pricing is regulated through article 13 of Corporate Tax Law titled “Transfer Pricing Through Camouflage of Earnings ”. Detailed information for the practice regarding the subject is found in the “General Communiqué Regarding Camouflage of Earnings Through Transfer Pricing”. According to the aforementioned regulations, in the case of making purchase or sales of goods or services with relevant persons/corporations at a price that is determined against “arm’s length principle”, the gain is considered to be distributed implicitly through transfer pricing and such distribution of gains is not subject to deductions in means of corporate tax.

XIX. Additional explanations on borrowings

The Parent Bank borrows funds from domestic and foreign institutions borrowing from money market and issues marketable securities in domestic and foreign markets when needed. The funds borrowed are recorded at their purchase costs and valued at amortized costs using the effective interest method. Some of the securities issued by the Parent Bank and resources used with fixed interest rates are subject to fair value hedge accounting. While the credit risk and rediscounted accumulated interest on hedging liabilities are recorded in the income statement under the interest expense, the credit risk and net amount excluding accumulated interest results from hedge accounting are accounted in the income statement under the derivative financial instruments gains/losses by fair value.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XX. Explanations on share certificates issued

In accordance with the decision taken at the Ordinary General Assembly meeting held on March 28, 2023, 5% of the net profit for 2022 was allocated as a legal reserve, TL 145.288 was allocated to a special fund for the purpose of receiving venture capital investment funds, and the remaining portion was allocated as an extraordinary reserve fund.

In accordance with the decision taken at the Ordinary General Assembly meeting held on March 29, 2022 in the previous period, the Bank does not have a free capital increase.

XXI. Explanations on acceptances

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

XXII. Explanations on government incentives

The Parent Bank does not use government incentives.

XXIII. Explanations on segment reporting

In accordance with its mission, the main shareholder Bank operates mainly in the fields of corporate banking and investment banking. Corporate banking provides financial solutions and banking services to medium and large corporate clients. Services offered to corporate customers include foreign trade transactions services covering investment loans, project finance, business loans on TL and foreign currency basis, letters of credit and letters of guarantee, and externally guaranteed letters of guarantee.

Investment banking operating income includes revenues from Treasury transactions and Corporate Finance activities. Within the scope of investment banking activities, in addition to the fund management of the Parent Bank, all kinds of corporate finance services are offered to corporate customers along with Securities brokerage transactions, cash management and derivative transactions.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XXIII. Explanations on segment reporting(continued)

The segmental allocation of the Group’s net profit, total assets and total liabilities are shown below.

Current Period	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Net Interest Income	785.578	783.295	78.670	1.647.543
Net Fees and Commission Income	28.084	35.077	49.906	113.067
Other Income	94.498	117.757	372.893	585.148
Other Expense	(96.621)	(23.586)	(378.670)	(498.877)
Profit Before Tax	811.539	912.543	122.799	1.846.881
Tax Provision				(433.022)
Net Profit				**1.413.859**
Group’s profit / loss				1.411.669
Minority share profit / loss				2.190
Current Period	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Segment Assets	78.776.659	28.135.463	6.397.278	113.309.400
Investment in Associates and Subsidiaries	-	-	1.587.720	1.587.720
Total Assets	**78.776.659**	**28.135.463**	**7.984.998**	**114.897.120**
Segment Liabilities	87.695.708	5.416.047	7.527.666	100.639.421
Shareholders’ Equity	-	-	14.257.699	14.257.699
Total Liabilities	**87.695.708**	**5.416.047**	**21.785.365**	**114.897.120**

Prior Period(*)	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Net Interest Income	368.605	872.175	19.578	1.260.358
Net Fees and Commission Income	10.182	21.174	28.685	60.041
Other Income	-	281.397	139.131	420.528
Other Expense	(746.826)	(21.481)	(142.574)	(910.881)
Profit Before Tax	(368.039)	1.153.265	44.820	830.046
Tax Provision				(223.658)
Net Profit				**606.388**
Group’s profit / loss				227.110
Minority share profit / loss				36
Prior Period (**)	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Segment Assets	74.787.609	35.296.220	5.986.483	116.070.312
Investment in Associates and Subsidiaries	-	-	1.551.348	1.551.348
Total Assets	**74.787.609**	**35.296.220**	**7.537.831**	**117.621.660**
Segment Liabilities	93.477.043	3.656.787	7.495.374	104.629.204
Shareholders’ Equity	-	-	12.992.456	12.992.456
Total Liabilities	**93.477.043**	**3.656.787**	**20.487.830**	**117.621.660**

(*) Informations about for the period of March 31, 2022.

(**) Informations about for the period of December 31, 2022.

XXIV. Explanations of other matters

1. Classifications

In the Bank's cash flow statement dated March 31, 2022, an adjustment was made between the item “Operating Profit before Change in Assets and Liabilities Subject to Banking Activities - Other item” and the item “Change in Assets and Liabilities Subject to Banking Activities - Net (Increase) / Decrement in Loans” and it was shown in line with the current period.

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

SECTION FOUR

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations related to consolidated shareholders' equity

The amount of equity and the standard ratio of capital adequacy were calculated within the framework of the "Regulation on the Equity of Banks" and the "Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks", as well as in accordance with the BRSA's regulations dated 23 March 2020 and numbered 3397. The Group's standard ratio of capital adequacy calculated as of March 31, 2023 is 18,58% (December 31, 2022: 22,40%).

In accordance with the Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks specified in the Board Decision dated 28 April 2022 and numbered 9996 and published in the Official Gazette dated 23 October 2015 and numbered 29511, in the calculation of the amount based on credit risk; the application for the use of the exchange rate of the Central Bank of the Republic of Turkey (Central Bank) for 31 December 2021 when calculating the amounts of monetary assets and non-monetary assets that are valued in accordance with Turkish Accounting Standards and related special reserve amounts other than items in foreign currency measured in terms of historical cost; Until a Board Decision to the contrary is taken, it is allowed to continue by using the Central Bank exchange rate for 30 December 2022.

In addition, with the Board Decision of the same date and numbered, in case the net valuation differences of the securities held by the banks in the portfolio of “Securities at Fair Value Reflected in Other Comprehensive Income” as of the date of the Decision are negative, these differences are negative, dated 05.092013 and numbered 28756. It has provided the opportunity not to be taken into account in the amount of equity to be calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette and to be used for the capital adequacy ratio.

	Consolidated	**Consolidated**
CORE EQUITY TIER 1 CAPITAL	**Current Period**	**Prior Period**
Paid-in capital to be entitled for compensation after all creditors	2.800.374	2.800.374
Share premiums	1.007	1.007
Reserves	7.745.309	3.702.923
Other comprehensive income according to TAS	2.575.945	2.734.347
Profit	1.300.724	3.945.723
Current Period Profit	1.411.669	3.980.412
Prior Period Profit	(110.945)	(34.689)
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
Minority shareholder	220.612	218.483
Core Equity Tier 1 Capital Before Deductions	**14.643.971**	**13.402.857**
Deductions from Core Equity Tier 1 Capital		
Valuation adjustments calculated as per the 1st clause of article 9.(i) of the Regulation on Bank Capital	-	-
Current and prior periods' losses not covered by reserves, and losses accounted under equity according to TAS	223.251	242.520
Leasehold improvements on operational leases	5.079	4.952
Goodwill (net of related tax liability)	1.005	1.005
Other intangible assets other than mortgage-servicing rights (net of related tax liability)	9.328	3.273
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	-	-
Net amount of defined benefit plans	-	-
Investments in own common equity	-	-
Shares obtained against article 56, paragraph 4 of Banking Law	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank does not own 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital exceeding the 10% threshold of above Tier I capital	158.324	262.115
Mortgage servicing rights not deducted	-	-

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to consolidated shareholders' equity (continued)

Excess amount arising from deferred tax assets from temporary differences	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
The amount of overage resulting from net long positions of investments in the core capital elements of banks and financial institutions in which more than 10% of the shareholding is owned and not consolidated	-	-
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 from Tier I capital in cases where there are no adequate additional Tier I or Tier II capitals	-	-
Total Regulatory Adjustments to Tier 1 Capital	**396.987**	**513.865**
Core Equity Tier I Capital	**14.246.984**	**12.888.992**
ADDITIONAL TIER I CAPITAL	3.816.000	
Preferred stock not ıncluded in core equity and related share premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA	3.816.000	3.721.300
Debt instruments and the related issuance premiums defined by the BRSA (Temporary Article 4)	-	-
Shares of Third Parties in Additional Tier I Capital	-	-
Shares of Third Parties in Additional Tier I Capital (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	**-**	**3.721.300**
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in 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	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Core 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 Core 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	**-**	**3.721.300**
Total Tier I Capital (Tier I Capital=Core Equity Tier I Capital+Additional Tier I Capital)	**18.062.984**	**16.610.292**
TIER II CAPITAL		
Debt instruments and the related issuance premiums defined by the BRSA	-	-
Debt instruments and the related issuance premiums defined by the BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	1.166.272	874.682
Shares of Third Parties in Tier II Capital	-	-
Shares of Third Parties in Tier II Capital (Temporary Article 3)	-	-
Tier II Capital Before Deductions	**1.166.272**	**874.682**
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.	-	-

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to consolidated shareholders' equity (continued)

Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Common Equity Tier I capital (-)	-	-
Total of net long positions of the investments in Tier II Capital items of unconsolidated banks and financial institutions where the bank owns 10% or more of the issued share capital	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	**1.166.272**	**874.682**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**19.229.256**	**17.484.974**
Deductions from Total Capital		
Loans granted against the articles 50 and 51 of the banking law	-	-
Net book values of movables and immovables exceeding the limit defined in the article 57, clause 1 of the Banking law and the assets acquired against overdue receivables and held for sale but retained more than five years	-	-
Other items to be defined by the BRSA	-	-
Items to be Deducted from sum of Tier I and Tier II (Capital) during the Transition Period		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, and financial 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 I capital, Additional Tier I capital, Tier II 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 I capital and Tier II capital of banking, and financial 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 I capital, Additional Tier I capital, Tier II 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, and financial 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 Core Equity Tier I 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)	**19.229.256**	**17.484.974**
Total Risk Weighted Assets	103.512.466	78.041.838
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	13,76	16,52
Consolidated Tier I Capital Adequacy Ratio (%)	17,45	21,28
Consolidated Capital Adequacy Ratio (%)	18,58	22,40
BUFFERS		
Total buffer requirement (a+b+c)	2,511	2.512
(a) Capital conservation buffer requirement (%)	2,500	2.500
(b) Bank specific counter-cyclical buffer requirement (%)	0,011	0,012
(c) Systematic significant buffer (%)	-	
The ratio of Additional Core Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital Buffers to risk weighted assets	9,26	12,02
Amounts below the Excess Limits as per the Deduction Principles		
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	-	-
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	1.418.470	1.293.262
Remaining mortgage servicing rights	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to consolidated shareholders' equity (continued)

Limits Related to Provisions Considered in Tier II Calculation		
General reserves for receivables where the standard approach used (before tenthousandtwentyfive limitation)	3.301.050	3.429.351
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.166.272	874.682
Excess amount of total provision amount to credit risk amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temprorary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temprorary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temprorary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temprorary Article 4	-	-

Explanations on the reconciliation between amounts related to equity items and on balance sheet

There are no differences between the amounts related to consolidated equity items and on balance sheet figures.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

I. Explanations related to consolidated shareholders' equity (continued)

Information on debt instruments to be included in the equity calculation

Issuer	Türkiye İş Bankası A.Ş.
Unique identifier (eg CUSIP, ISIN etc.)	-
Governing law(s) of the instrument	Regulation on Equity of Banks (Official Gazette Date: 05.09.2013 Official Gazette Number: 28756)
Consideration in Equity Calculation	
Subject to 10% deduction as of 1/1/2015	No
Eligible on unconsolidated and/or consolidated basis	Eligible on unconsolidated and consolidated
Instrument type	The loan to be included in the additional Tier 1 capital calculation
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date – Million USD)	200
Par value of instrument (Million USD)	200
Accounting classification	347000 (Liability) – Subordinated Debt Instruments
Original date of issuance	30 March 2022
Perpetual or dated	Undated
Original starting and maturity date	31 March 2022
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	There is an early payment option for the first 5 years (after the 5th year) on 31 March 2027.
Subsequent call dates, if applicable	After the 5th year, the relevant option can be used. If it is not used after the 5th year, it can be used at any time by the borrower with the permission of the BRSA.
Interest/dividend payments	
Fixed or floating dividend/coupon	Fixed / semiannualy coupon payment, principal payment at the maturity
Coupon rate and any related index	-
Existence of a dividend stopper	Yes.
Fully discretionary, partially discretionary or mandatory	Yes.(The Lender has the authority to cancel the interest payments under the Credit.)
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	Noncumulative
Convertible or non-convertible	
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, specify instrument type convertible into	None
If convertible, specify issuer of instrument it converts into	None
Write-down feature	
If write-down, write-down trigger(s)	None.
If write-down, full or partial	Full or Partial
If write-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	None
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After contribution capitals
In compliance with article number 7 and 8 of "Own fund regulation"	It has the conditions set forth in Article 7. It does not meet the conditions stated in Article 8.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	It has the conditions set forth in Article 7. It does not meet the conditions stated in Article 8.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to consolidated currency risk

No long or short position is taken due to the uncertainties and changes in the markets therefore; no exposure to foreign currency risk is expected. However, possible foreign currency risks are calculated on monthly basis under the standard method in the foreign currency risk table and their results are reported to the official authorities and the Parent Bank's top management. Thus, foreign currency risk is closely monitored. Foreign currency risk, as a part of general market risk, is also taken into consideration in the calculation of Capital Adequacy Standard Ratio.

No short position is taken regarding foreign currency risk, whereas, counter position is taken for any foreign currency risks arising from customer transactions as to avoid foreign currency risk.

Announced current foreign exchange buying rates of the Parent Bank as at reporting date and the previous five working days in US Dollar and Euro are as follows:

	1 US Dollar	1 Euro
The Parent Bank's "Foreign Exchange Valuation Rate"		
March 31, 2023	19,0800	20,7877
Prior Five Workdays:		
March 30, 2023	19,0515	20,6499
March 29, 2023	19,0225	20,6128
March 28, 2023	18,9995	20,5385
March 27, 2023	18,9845	20,4368
March 24, 2023	18,9565	20,5299

The basic arithmetic average values of the Parent Bank for the last thirty days from the date of the financial statement of the current exchange rate in US Dollars and Euros are 18,8947 and 20,2149 in full TL, respectively.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

II. Explanations related to consolidated currency risk (continued)

Information on the Group's foreign currency risk:

	Euro	US Dollar	Other FC	Total
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased, Precious Metals) and Balances with the Central Bank of Turkey	1.090.747	1.518.281	-	2.609.028
Banks	358.804	617.472	15.323	991.599
Financial Assets at Fair Value Through Profit or Loss (1)	251.507	608.641	4.459	864.607
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1.337.743	3.354.851	-	4.692.594
Loans (2)	28.316.992	44.894.530	-	73.211.522
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	548.250	6.196.405	-	6.744.655
Derivative Financial Assets for Hedging Purposes (4)	-	117.719	-	117.719
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (5)	93.873	81.498	(121)	175.250
Total Assets	**31.997.916**	**57.389.397**	**19.661**	**89.406.974**
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	293.505	445.505	-	739.010
Funds Provided From Other Financial Institutions	24.367.123	50.991.337	-	75.358.460
Marketable Securities Issued	-	14.538.169	-	14.538.169
Miscellaneous Payables	431.273	964.060	2.878	1.398.211
Derivative Financial Liabilities for Hedging Purposes (4)	-	81.407	-	81.407
Other Liabilities (6)	322.974	1.011.848	4.256	1.339.078
Total Liabilities	**25.414.875**	**68.032.326**	**7.134**	**93.454.335**
Net Balance Sheet Position	**6.583.041**	**(10.642.929)**	**12.527**	**(4.047.361)**
Net Off-Balance Sheet Position	**(6.268.540)**	**11.096.328**	**(7.088)**	**4.820.700**
Financial Derivative Assets	2.515.530	14.727.706	601.725	17.844.961
Financial Derivative Liabilities	(8.784.070)	(3.631.378)	(608.813)	(13.024.261)
Non-Cash Loans (7)	3.357.253	5.291.191	-	8.648.444
Prior Period				
Total Assets	**32.075.501**	**59.801.006**	**10.087**	**91.886.594**
Total Liabilities	**24.593.052**	**75.902.247**	**4.404**	**100.499.703**
Net Balance Sheet Position	**7.482.449**	**(16.101.241)**	**5.683**	**(8.613.109)**
Net Off –Balance Sheet Position	**(6.036.513)**	**17.593.190**	**197**	**11.556.874**
Financial Derivative Assets	2.989.436	20.477.232	133.704	23.600.372
Financial Derivative Liabilities	(9.025.949)	(2.884.042)	(133.507)	(12.043.498)
Non-Cash Loans (7)	3.145.030	2.672.285	-	5.817.315

(1) Exchange rate differences arising from derivative transactions amounting to TL 125.845 is deducted from "Financial Assets at Fair Value Through Profit and Loss".

(2) Loans include TL 1.292.785 foreign currency indexed loans, TL 356.804 financial lease receivables, TL 28.195 non-performing loans, and TL (28.195) credit-impaired losses (stage III / specific provision).(3.079.000) TL 1. and 2. provision for expected stage losses (including foreign currency indexed loans)

(3) Includes Stage 1 expected loss provision amounting to TL (8.828).

(4) Derivative financial assets for hedging purposes has classified in line of derivative financial assets in financial statement.Derivative financial liabilities for hedging purposes has classified in line of derivative financial liabilities in financial statement. TL 131.909 of foreign exchange difference accrual has been deducted from "Hedging Derivative Financial Assets".

(5) Other assets; Prepaid expenses in the amount of TL 13.967 do not include paid-in foreign currency purchase commitments in the amount of TL 1.544. Stage 1 expected loss provision amounting to TL (493) is included.

(6) Derivative financial transactions in the amount of TL 120.679 are not included in the "Other Liabilities" line, while foreign currency sales commitments in the amount of TL 1.352 are not included in the "Other Liabilities" line.

(7) Has no effect on net off-balance sheet position.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to consolidated interest rate risk

The interest rate sensitivity of assets, liabilities and off-balance sheet items is measured by the Parent Bank. The general and specific interest rate risk tables within the standard method are calculated by including assets and liabilities, and the interest rate risk faced by the Parent Bank is calculated and taken into account in calculating the Capital Adequacy Standard Ratio as part of the overall market risk.

The results that may occur with forward-looking forecast-simulation reports are determined, and the effect of fluctuations in interest rates is evaluated by sensitivity analysis and scenario analysis. With the maturity distribution (Gap) analysis, the cash need arising in each maturity period is determined. In the interest rates applied, it is ensured that there is always a plus difference (spread) between the cost of liability and the return on assets.

When the Parent Bank liabilities are taken into consideration, it is seen that the resources obtained from within the country are quite low. The main shareholder Bank procures the majority of its resources from abroad with the advantages of being a development and investment bank.

Changes in interest rates are controlled by interest rate risk statements, gap analysis, scenario analysis and stress tests, and the effect on assets and liabilities and possible changes in cash flows are examined. Parent Partnership The Bank monitors many risk control ratios, such as the ratio of market risk to total risk-weighted assets and the ratio of risk-to-risk value to equity, calculated by the internal model.

In order to prevent the negative impact of assets or equity as a result of fluctuations in interest rates or liquidity difficulties, continuous controls are carried out within the scope of risk policies and the Senior management, the Board of Directors and the Audit Committee are constantly informed.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to consolidated interest rate risk (continued)

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

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (1)(2)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	2.613.949	2.613.949
Banks	1.165.473	190.272	-	-	-	386.361	1.742.106
Financial Assets at Fair Value Through Profit and Loss (3)	490.657	381.923	387.690	329.271	6.233	44.990	1.640.764
Money Market Placements	149.206	1.801.389	109.530	-	-	-	2.060.125
Financial Assets at Fair Value Through Other Comprehensive Income	708.498	254.143	1.653.297	3.247.801	1.216.384	1.030.632	8.110.755
Loans	17.139.509	23.125.974	24.074.921	14.122.407	4.574.157	-	83.036.968
Financial Assets Measured at Amortized Cost	6.991.614	-	-	4.346.160	2.407.323	-	13.745.097
Other Assets (2)	-	-	-	-	-	1.947.356	1.947.356
Total Assets	**26.644.957**	**25.753.701**	**26.225.438**	**22.045.639**	**8.204.097**	**6.023.288**	**114.897.120**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	4.045.086	189.190	279	-	-	-	4.234.555
Miscellaneous Payables	-	-	-	-	-	1.521.886	1.521.886
Marketable Securities Issued	184.374	331.416	262.780	14.275.389	-	107.721	15.161.680
Funds Provided from Other Financial Institutions(4)	36.181.036	11.499.429	15.817.571	10.110.407	1.763.017	-	75.371.460
Other Liabilities	269.975	179.800	446.564	201.950	-	17.509.250	18.607.539
Total Liabilities	**40.680.471**	**12.199.835**	**16.527.194**	**24.587.746**	**1.763.017**	**19.138.857**	**114.897.120**
Balance Sheet Long Position	-	13.553.866	9.698.244	-	6.441.080	-	29.693.190
Balance Sheet Short Position	(14.035.514)	-	-	(2.542.107)	-	(13.115.569)	(29.693.190)
Off-Balance Sheet Long Position	323.532	1.672.130	-	72.259	365.205	-	2.433.126
Off-Balance Sheet Short Position	-	-	(1.951.068)	-	-	-	(1.951.068)
Total Position	**(13.711.982)**	**15.225.996**	**7.747.176**	**(2.469.848)**	**6.806.285**	**(13.115.569)**	**482.058**

(1) Amounts in investments in associates and subsidiaries, deferred tax asset, tangible and intangible assets, other assets, other miscellenous liabilities, shareholders' equity, provisions and tax liability are presented in non-interest bearing column, in order to reconcile the total assets and liabilities on the balance sheet.
(2) Expected credit losses for stage 1 and stage 2 are shown in other assets, interest-free column.
(3) Derivative financial assets and Loans measured at fair value through profit or loss.
(4) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to consolidated interest rate risk (continued)

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

Prior Period	1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing (1)(2)	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	2.797.941	2.797.941
Banks	650.734	253.765	-	-	-	1.052.581	1.957.080
Financial Assets at Fair Value Through Profit and Loss (3)	1.206.545	195.521	540.763	421.501	40.169	166.706	2.571.205
Money Market Placements	4.746.200	513.955	460.888	-	-	-	5.721.043
Financial Assets at Fair Value Through Other Comprehensive Income	804.939	2.956.361	1.859.992	3.236.902	1.243.621	987.474	11.089.289
Loan	21.077.145	13.235.609	27.064.586	13.583.455	4.202.569	-	79.163.364
Financial Assets Measured at Amortized Cost	6.195.613	-	-	4.288.990	2.341.378	-	12.825.981
Other Assets(2)	-	-	-	-	-	1.495.757	1.495.757
Total Assets	**34.681.176**	**17.155.211**	**29.926.229**	**21.530.848**	**7.827.737**	**6.500.459**	**117.621.660**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	2.205.427	266.696	-	-	-	-	2.472.123
Miscellaneous Payables	-	-	-	-	-	2.143.057	2.143.057
Marketable Securities Issued	7.130.287	336.059	-	13.917.465	-	169.646	21.553.457
Funds Provided from Other Financial Institutions (4)	26.330.965	12.552.032	24.037.279	9.855.058	1.867.878	-	74.643.212
Other Liabilities	523.556	267.842	301.211	7.596	36.944	15.672.662	16.809.811
Total Liabilities	**36.190.235**	**13.422.629**	**24.338.490**	**23.780.119**	**1.904.822**	**17.985.365**	**117.621.660**
Balance Sheet Long Position	-	**3.732.582**	**5.587.739**	-	**5.922.915**	-	**15.243.236**
Balance Sheet Short Position	**(1.509.059)**	-	-	**(2.249.271)**	-	**(11.484.906)**	**(15.243.236)**
Off-Balance Sheet Long Position	673.387	-	1.164.374	211.682	441.510	-	2.490.953
Off-Balance Sheet Short Position	-	(1.249.105)	-	-	-	-	(1.249.105)
Total Position	**(835.672)**	**2.483.477**	**6.752.113**	**(2.037.589)**	**6.364.425**	**(11.484.906)**	**1.241.848**

(1) Amounts in investments in associates and subsidiaries, deferred tax asset, tangible and intangible assets, other assets, other miscellenous liabilities, shareholders' equity, provisions and tax liability are presented in non-interest bearing column, in order to reconcile the total assets and liabilities on the balance sheet.
(2) Expected credit losses for stage 1 and stage 2 are shown in other assets, interest-free column.
(3) Derivative financial assets and Loans measured at fair value through profit or loss.
(4) It also includes additional principal subordinated loans classified under subordinated loans on the balance sheet.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to consolidated interest rate risk (continued)

Average interest rates applied to monetary financial instruments: %

	Euro	US Dollar	Yen	TL
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	4,46	-	29,87
Financial Assets at Fair Value Through Profit and Loss	-	-	-	21,17
Money Market Placements	-	-	-	21,40
Available-for-Sale Financial Assets	4,57	6,42	-	19,95
Loans	7,07	9,12	-	19,06
Financial Assets Measured at Amortized Cost	5,84	8,14	-	29,75
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,25	0,50	-	11,83
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (1)	-	5,94	-	22,47
Borrower Funds	0,25	0,50	-	7,00
Funds Provided From Other Financial Institutions	3,18	6,02	-	9,10

(1) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

III. Explanations related to consolidated interest rate risk (continued)

Average interest rates applied to monetary financial instruments in prior period: %

	Euro	US Dollar	Yen	TL
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	-	-	-	-
Banks	-	4,03	-	26,17
Financial Assets at Fair Value Through Profit and Loss (2)	-	-	-	20,66
Money Market Placements	-	-	-	15,51
Available-for-Sale Financial Assets	4,57	5,20	-	19,63
Loans	6,59	8,31	-	19,65
Financial Assets Measured at Amortized Cost	5,84	8,13	-	31,93
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	1,50	2,87	-	13,04
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued(1)	-	5,80	-	22,75
Borrower Funds	1,50	2,50	-	7,50
Funds Provided From Other Financial Institutions	2,46	5,24	-	-

(1) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.

IV. Explanations related to consolidated stock position risk

The Group is exposed to equity shares risk arising from investments on firms traded in Borsa Istanbul (BIST). Share certificate investments are almost used for trading purpose. However, these investments are not actively bought/sold by the Group. The Group classified its share certificate investments both as available for sale and as trading securities and net profit/loss of the Group is not affected unless the Group sell share certificates in portfolio of available for sale.

Equity shares risk due from banking book

Below is the comparison table of the Group's share certificate instruments' book value, fair value and market value.

Current Period	Comparison		
Share Certificate Investments	**Book Value**	**Fair Value**	**Market Value**
Investment in Shares-Grade A	**1.244.881**	-	**1.410.004**
Quoted	1.244.881	-	1.410.004

Prior Period	Comparison		
Share Certificate Investments	**Book Value**	**Fair Value**	**Market Value**
Investment in Shares-Grade A	**1.238.046**	**-**	**1.926.597**
Quoted	1.238.046	-	1.926.597

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

IV. Explanations related to consolidated stock position risk (continued)

Equity shares risk due from banking book (continued)

On the basis of the following table, private equity investments in sufficiently diversified portfolios, type and amount of other risks, cumulative realized gains and losses arising from selling and liquidation in the current period, total unrealized gains and losses, total revaluation increases of trading positions on stock market and their amount that included to core capital and supplementary capital are shown.

Current Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Core Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	252.105	252.105	-	-	-
Other Share Certificates	-	419.612	419.612	-	-	-
Total	**-**	**671.717**	**671.717**	**-**	**-**	**-**

Prior Period	Realized Revenues and Losses in Period	Revaluation Value Increases		Unrealized Gains and Losses		
Portfolio		Total	Included in Core Capital	Total	Included in Core Capital	Included in Supplementary Capital
Private Equity Investments	-	-	-	-	-	-
Share Certificates Quoted on a Stock Exchange	-	325.792	325.792	-	-	-
Other Share Certificates	-	403.077	403.077	-	-	-
Total	**-**	**728.869**	**728.869**	**-**	**-**	**-**

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Consolidated liquidity risk management and coverage ratio

1. Explanations related to the consolidated liquidity risk

1.a Information about the governance of consolidated liquidity risk management, including: risk tolerance; structure and responsibilities for consolidated liquidity risk management; internal consolidated liquidity reporting; and communication of consolidated liquidity risk strategy, policies and practices across business lines and with the board of directors

Liquidity risk management is conducted by Treasury Department in line with the strategies set by Asset and Liability Committee within the limits and policies approved by Board of Directors, and is monitored and controlled through reportings from Risk Management, Budget Planning and Financial Control Departments to Audit Committee, Board of Directors, Senior Management and relevant departments.

Considering the Bank's strategies and competitive conditions, Asset and Liability Committee has the responsibility of taking the relevant decisions regarding optimal balance sheet management of the Bank, and monitoring the implementations. Treasury Department performs cash position management within the framework of the decisions taken at Asset and Liability Committee meetings.

The Risk Management Department reports to the Board of Directors and the Asset and Liability Committee regarding liquidity risk within the scope of internal limits and legal regulations. Additionally, liquidity stress tests are performed based on various scenarios and reported with their impact on legal limit utilization. Treasury Control Unit under the Budget Planning and Investor Relations Department also make cash flow projection reportings to the Treasury Department and the Asset Liability Committee at certain periods and when needed.

As a result of the financial uncertainty caused by the coronavirus epidemic, liquidity management has been one of the main priorities of the Parent Bank. The Parent Bank continues to manage LCR within the framework of risk appetite by keeping its high quality liquid assets at a sufficient level.

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

Within the scope of consolidation, liquidity management is not centralized and each subsidiary is responsible for its own liquidity management. However, the Bank monitors the liquidity risk of each subsidiary within the defined limits.

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

Among the main funding sources of the Parent Bank, there are development bank credits, capital market transactions, syndicated loans, bilateral contractual resources, repo transactions and money market transactions and these sources are diversified to minimize the liquidity risk within the terms of market conditions. The funding planning based on those loans is performed long term such as a minimum of one year and the performance is monitored by the Asset and Liability Committee.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Consolidated liquidity risk management and coverage ratio (continued)

1. Explanations related to the consolidated liquidity risk (continued)

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

The Bank's obligations consist of Turkish Lira (TRY), US Dollar (USD) and Euro (EUR) currency types. Turkish Lira obligations mainly consist of equity and repurchase agreements, whereas foreign currency obligations consist of foreign currency credits, securities issued and repurchase agreements. All loans provided from foreign sources are in foreign currencies. For this reason, foreign resources can be used in TL funding by currency swap transactions when necessary.

1.d Information on consolidated liquidity risk mitigation techniques:

Liquidity limits are defined for the purpose of monitoring and keeping the risk under certain levels. The Parent Bank monitors those limits' utilization and informs the Board of Directors, the Bank Senior Management and the relevant departments regularly. Regarding those limits, the Treasury Department performs the required transactions with the relevant cost and term composition in accordance with market conditions from the sources previously defined in Article C. The Parent Bank minimizes the liquidity risk by holding high quality liquid assets and diversification of funds.

1.e Information on the use of stress tests

Within the scope of liquidity stress tests, the deteriorations that may occur in the cash flow structure of the Parent Bank are assessed by the Bank's scenarios. The results are analyzed by taking into account the risk appetite and capacity of the Parent Bank and reported to the senior management by the Risk Management Department ensuring the necessary actions are taken.

1.f General information on urgent and unexpected consolidated liquidity situation plans:

There is a Contingency Funding Plan for the contingent periods that arises beyond the Parent Bank's control. In a potential liquidity shortfall, Treasury Department is responsible from assessment, taking relevant actions and informing Parent Bank's Asset and Liability Committee. In contingent cases, to identify the liquidity risk arising, cashflow projections and funding requirement estimations are exercised based on various scenarios. To assess the stress scenarios**,** cashflow in terms of local currency is monitored regularly by Treasury Department. Scenario analysis on the Parent Bank's unencumbered sources are conducted daily. Transaction limits for organized markets are monitored timely and essential collateral amount to trade in those markets is withheld at hand. Repo transactions and/or available for sale portfolio securities in local and foreign currency that are major funding sources in shortfall periods for the Parent Bank are monitored consistently. In crisis situations, insignificant commitments, non-cash loans and outflows arising from derivative transactions may be temporarily postponed in a way that does not damage the bank's reputation. TSKB has the optionality of choosing one or more of the following for meeting it's liquidity requirement that are selling liquid assets off, increasing short term borrowing, decreasing illiquid assets, increasing capital.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Consolidated liquidity risk management and coverage ratio (continued)

2. Consolidated Liquidity Coverage Ratio

According to regulations which is published on 28948 numbered gazette on March 21, 2014 related to calculation of liquidity coverage ratio of banks, calculated liquidity coverage ratios are shown below. Including the reporting period for the last three months consolidated foreign currency and total liquidity coverage ratio and consolidated foreign currency and total liquidity coverage ratio's minimum and maximum levels are shown below by specified thereby weekly.

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
31/01/2023	183	313	231	334
28/02/2023	234	351	226	342
31/03/2023	376	410	268	313

Current Period		Rate of "Percentage to be taken into account" not Implemented Total value		Rate of "Percentage to be taken into account" Implemented Total value	
		TL+FC	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			13.279.710	8.762.712
CASH OUTFLOWS					
2	Retail and Customers Deposits	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured Funding other than Retail and Small Business Customers Deposits	7.314.995	4.667.387	6.592.709	3.997.832
6	Operational deposits	417.241	367.034	104.310	91.759
7	Non-Operational Deposits	-	-	-	-
8	Other Unsecured Funding	6.897.754	4.300.353	6.488.399	3.906.073
9	Secured funding			-	-
10	Other Cash Outflows	560.533	653.037	560.533	653.037
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	342.122	434.626	342.122	434.626
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	218.411	218.411	218.411	218.411
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	64.277.681	59.395.103	3.213.884	2.969.755
15	Other irrevocable or conditionally revocable commitments	23.980.567	18.125.776	3.282.638	1.826.230
16	**TOTAL CASH OUTFLOWS**			**13.649.764**	**9.446.854**
CASH INFLOWS					
17	Secured Lending Transactions	2.200	-	-	-
18	Unsecured Lending Transactions	8.947.805	5.825.144	6.581.931	4.114.669
19	Other contractual cash inflows	1.284.302	4.058.524	1.284.302	4.058.524
20	**TOTAL CASH INFLOWS**	**10.234.307**	**9.883.668**	**7.866.233**	**8.173.193**
				Upper Limit Applied Amounts	
21	**TOTAL HQLA STOCK**			**13.279.710**	**8.762.712**
22	**TOTAL NET CASH OUTFLOWS**			**5.783.531**	**2.361.714**
23	**Liquidity Coverage Ratio (%)**			**230**	**371**

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Consolidated liquidity risk management and coverage ratio (continued)

2. Consolidated Liquidity Coverage Ratio (continued):

		Rate of "Percentage to be taken into account" not Implemented Total value		Rate of "Percentage to be taken into account" Implemented Total value	
Prior Period		**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			13.728.200	8.148.638
CASH OUTFLOWS					
2	Retail and Customers Deposits	-	-	-	-
3	Stable deposits	-	-	-	-
4	Less stable deposits	-	-	-	-
5	Unsecured Funding other than Retail and Small Business Customers Deposits	7.748.910	5.691.184	6.619.412	4.584.848
6	Operational deposits	633.677	606.710	158.419	151.677
7	Non-Operational Deposits	-	-	-	-
8	Other Unsecured Funding	7.115.233	5.084.474	6.460.993	4.433.171
9	Secured funding			-	-
10	Other Cash Outflows	617.366	935.396	617.366	935.396
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	364.941	682.971	364.941	682.971
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	252.425	252.425	252.425	252.425
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	64.136.457	59.602.184	3.206.823	2.980.109
15	Other irrevocable or conditionally revocable commitments	23.185.861	17.303.235	3.448.061	1.697.270
16	**TOTAL CASH OUTFLOWS**			**13.891.662**	**10.197.623**
CASH INFLOWS					
17	Secured Lending Transactions	2.103	-	-	-
18	Unsecured Lending Transactions	9.862.908	4.886.156	7.586.494	3.348.951
19	Other contractual cash inflows	215.444	8.803.620	215.244	8.803.620
20	**TOTAL CASH INFLOWS**	**10.080.455**	**13.689.776**	**7.801.738**	**12.152.571**
				Upper Limit Applied Amounts	
21	**TOTAL HQLA STOCK**			**13.728.200**	**8.148.638**
22	**TOTAL NET CASH OUTFLOWS**			**6.089.924**	**2.549.406**
23	**Liquidity Coverage Ratio (%)**			**225**	**320**

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Consolidated liquidity risk management and coverage ratio (continued)

3. Minimum explanations related to the liquidity coverage ratio by Banks:

As per The Regulation on The Calculation of Liquidity Coverage Ratio, Liquidity Coverage Ratio is the ratio of high quality liquid assets to net cash outflows.For total and foreign currency limits 100% and minimum 80% are assigned on consolidated and unconsolidated basis respectively. For the development and investment banks, Banking Regulations and Supervision Agency decided to apply zero percent to the total and foreign currency consolidated and unconsolidated liquidity coverage ratios unless stated otherwise.

In the Liquidity Coverage Ratio calculation, the items with the highest impact are high quality liquid assets, foreign funds and money market transactions. High quality liquid assets mainly consist of the required reserves held in the Central Bank of the Republic of Turkey and unencumbered securities issued by the Treasury.

The main source of funds of the main partnership Bank is long-term resources established from international financial institutions. The share of these resources in total funding is approximately 72%, and the share of resources provided by securities and syndication loans issued within the scope of bank resources diversification activities in total borrowing is 23%. 4% of the parent Bank's total funding comes from repo money markets.

30-day cash flows arising from derivative transactions are included in the calculation in accordance with the Regulation. The Bank also takes into consideration the liabilities depending on the possibility of changing the fair values of the derivative transactions in accordance with the Regulation.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

V. Consolidated liquidity risk management and coverage ratio (continued)

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	Undistributed (1)(2)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	9	2.613.940	-	-	-	-	-	2.613.949
Banks	386.361	1.165.473	190.272	-	-	-	-	1.742.106
Financial Assets at Fair Value Through Profit and Loss (3)	44.990	532.280	416.017	617.207	30.270	-	-	1.640.764
Money Market Placements	-	149.206	1.801.389	109.530	-	-	-	2.060.125
Financial Assets at Fair Value Through Other Comprehensive Income	-	42.630	254.143	1.652.388	3.895.856	1.235.106	1.030.632	8.110.755
Loans	-	4.037.601	5.211.421	17.663.467	41.111.482	15.012.997	-	83.036.968
Financial Assets Measured at Amortized Cost	-	-	547.464	800.730	6.842.458	5.554.445	-	13.745.097
Other Assets(2)	130.086	111.685	-	-	-	-	1.705.585	1.947.356
Total Assets	**561.446**	**8.652.815**	**8.420.706**	**20.843.322**	**51.880.066**	**21.802.548**	**2.736.217**	**114.897.120**
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions(4)	-	1.287.324	2.280.704	9.635.041	34.334.276	27.834.115	-	75.371.460
Money Market Borrowings	-	4.234.276	-	279	-	-	-	4.234.555
Marketable Securities Issued	-	296.061	327.450	262.780	14.275.389	-	-	15.161.680
Miscellaneous Payables	-	-	-	-	-	-	1.521.886	1.521.886
Other Liabilities	-	304.441	213.706	427.364	152.778	-	17.509.250	18.607.539
Total Liabilities	**-**	**6.122.102**	**2.821.860**	**10.325.464**	**48.762.443**	**27.834.115**	**19.031.136**	**114.897.120**
Liquidity Gap	561.446	2.530.713	5.598.846	10.517.858	3.117.623	(6.031.567)	(16.294.919)	-
Net Off-balance sheet Position	-	**18.131**	**18.027**	**46.279**	**405.095**	**(5.474)**	-	**482.058**
Financial Derivative Assets	-	5.344.516	2.444.983	4.870.905	22.462.227	4.659.037	-	39.781.668
Financial Derivative Liabilities	-	5.326.385	2.426.956	4.824.626	22.057.132	4.664.511	-	39.299.610
Non-cash Loans	-	251.466	945.157	4.959.171	1.864.673	2.002.255	488.013	10.510.735
Prior Period								
Total Assets	**1.372.974**	**15.728.01**	**8.961.501**	**19.604.136**	**48.513.429**	**21.290.377**	**2.151.233**	**117.621.660**
Total Liabilities	**-**	**10.825.49**	**4.208.778**	**9.927.390**	**47.547.829**	**27.296.454**	**17.815.719**	**117.621.660**
Liquidity Gap	**1.372.974**	**4.902.520**	**4.752.723**	**9.676.746**	**965.600**	**(6.006.077)**	**(15.664.486)**	**-**
Net Off-balance sheet Position	**-**	**452.665**	**23.327**	**62.989**	**516.622**	**(9.559)**	**-**	**1.046.044**
Financial Derivative Assets	-	18.634.25	2.301.232	5.583.244	20.603.676	5.130.341	-	52.252.749
Financial Derivative Liabilities	-	18.181.59	2.277.905	5.520.255	20.087.054	5.139.900	-	51.206.705
Non-cash Loans	-	460.039	565.371	3.245.059	597.699	2.002.385	435.056	7.305.609

(1) Among the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities such as tangible assets, intangible assets, associates and subsidiaries, deferred tax assets, stocks, prepaid expenses and non-performing loans, which do not have a chance to turn into cash in a short time, and other liabilities, total shareholders' equity, provisions, and passive accounts such as tax liability are shown in the "Unallocated" column.
(2) First and second stage expected loss provisions are shown in other assets, unallocated column.
(3) Includes derivative financial assets and loans at fair value through profit or loss.
(4) Includes bonds with the nature of secondary subordinated loans issued, which are classified under subordinated loans in the balance sheet.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VI. Explanations related to consolidated leverage ratio

a) Information about the consolidated leverage ratio between current and prior periods

The table regarding the leverage ratio calculated in accordance with the "Regulation on the Measurement and Evaluation of the Leverage Level of Banks" published in the Official Gazette dated November 5, 2013 and numbered 28812 is given below.

As of the balance sheet date of the Group, the leverage ratio calculated on the basis of the arithmetic average of the values found at the end of the month in the past three months was 13,19% (December 31, 2022: 11,57%). The amount of on-balance sheet assets increased by approximately 1,56% compared to the previous period.

b) Comparison table of total assets and total risk amounts in the financial statements prepared in accordance with TAS

		Current Period	Prior Period
1	Total Amount of Asset and Risk Situated in The Consolidated Financial Statements Prepared in Accordance with TAS (2)	100.867.765	100.867.765
2	The difference between Amount of Asset in the Consolidated Financial Statements Prepared in Accordance with TAS and the Communiqué on Preparation of Consolidated Financial Statements of Banks (2)	(14.029.355)	(16.753.895)
3	The difference between total amount and total risk amount of derivative financial instruments with credit derivative in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	696.726	1.302.943
4	The difference between total amount and total risk amount of risk investment securities or commodity collateral financing transactions in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	4.404.186	2.685.103
5	The difference between total amount and total risk amount of off-balance sheet transactions in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	(10.980.828)	(9.087.387)
6	The other differences between amount of assets and risk in the Communiqué on Preparation of Consolidated Financial Statements of Banks (1)	-	-
7	**Total Exposures (1)**	**133.217.053**	**132.462.219**

(1) The arithmetic average of the last 3 months in the related periods.
(2) Consolidated financial statements prepared in accordance with the sixth paragraph of article 5 of the Communiqué on Preparation of Consolidated Financial Statements of Banks. Since the consolidated financial statements prepared in accordance with TAS for the current period, the consolidated financial statements prepared in accordance with TAS dated June 30, 2022 and June 30, 2022 as of the previous period have been used.

c) Consolidated Leverage Ratio

		Current Period(1)	Prior Period(1)
	Balance sheet Assets		
1	Balance sheet assets (excluding derivative financial assets and credit derivatives, including collaterals)	116.369.081	114.494.868
2	(Assets deducted from Core capital)	(463.389)	(373.493)
3	**Total risk amount of balance sheet assets (sum of lines 1 and 2)**	**115.905.692**	**114.121.375**
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	482.219	782.178
5	Potential credit risk amount of derivative financial assets and credit derivatives	407.941	310.485
6	**Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)**	**890.160**	**1.092.663**
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	1.927.431	1.611.804
8	Risk amount arising from intermediary transactions	62.910	47.985
9	**Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)**	**1.990.341**	**1.659.789**
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	25.411.688	24.675.779
11	(Correction amount due to multiplication with credit conversion rates)	(10.980.828)	(9.087.387)
12	**Total risk of off-balance sheet transactions (sum of lines 10 and 11)**	**14.430.860**	**15.588.392**
	Capital and total risk		
13	Core Capital	17.568.916	15.325.955
14	Total risk amount (sum of lines 3, 6, 9 and 12)	133.217.053	132.462.219
	Leverage ratio		
15	**Leverage ratio**	**%13,19**	**%11,57**

(1) The footnote format has been prepared by taking the average amounts of 3 months according to the BRSA regulations.

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to consolidated risk management (continued)

Linkages between financial statements and risk amounts

The footnotes prepared in accordance with the "Regulation on Calculation Risk Management Disclosures", which was published in the Official Gazette No. 29511 of 23 October 2015 and entered into force as of March 31, 2016, and the disclosures pertaining thereto are provided in this section.

As the standard approach is utilized for the calculation of the capital adequacy of the Parent Bank, no statement has been included as regards the methods based on internal models as per the relevant communiqué.

Explanations on the Parent Bank's risk management approach and risk weighted amounts

The main shareholder Bank's risk management approach is within the scope of the policies and implementation principles determined by the Board of Directors and in a way that serves to create a common risk culture throughout the institution; is a structure in which risks are defined in accordance with international regulations and measurement, analysis, monitoring and reporting activities are carried out within this framework.

The risk management process, which is shaped within the scope of the relevant policies and implementation principles and serves to create a common risk culture throughout the organization; It is a structure where risks are defined in accordance with international regulations and measurement, analysis, monitoring and reporting activities are carried out within this framework. A Risk Management Department was established within the Parent Bank in order to ensure compliance with the relevant policies, implementation principles and processes and to manage the risks faced by the Parent Bank in line with these policies. The Risk Management Directorate, whose duties and responsibilities are determined by the regulations approved by the Board of Directors, carries out its activities through the Deputy General Manager Responsible for Internal Systems, who is independent of executive activities and executive units and subordinate to the Audit Committee.

The Risk Management Department develops the systems needed in the risk management process and carries out these activities, monitors the compliance of risks with policies and standards, Bank limits and risk appetite indicators, and carries out compliance with the relevant legal legislation and Basel criteria. In addition to the standard approaches used for legal reporting, risk measurements subject to reporting are also carried out with advanced approaches through internal models and supported by stress tests. The Risk Management Department submits the detailed solo and consolidated risk management reports prepared monthly and quarterly to the Board of Directors through the Audit Committee. In these reports, measurements, stress tests and scenario analyses related to the main risks are included and the level of compliance with the determined limit level and risk appetite indicators are monitored.

Prospective risk assessments are carried out by applying stress tests on credit, market and interest risk at regular intervals and the impact of the results on the Parent Bank's financial strength in general is evaluated. The relevant results are reported to the Audit Committee and contribute to the evaluation of the Bank's financial structure in times of stress. Stress test scenarios are created by evaluating the effects of the past economic crises on macroeconomic indicators and the expectations for the next period. In the light of the created stress scenarios, the Parent Bank's risks and capital position in the coming period are foreseen and necessary analyzes are made in terms of legal and internal capital adequacy ratios and the ISEDES report is reported to the BRSA.

As of June 2022, in addition to using the ratings given by the Fitch Ratings International Rating Agency in determining the risk weights in the Bank's capital adequacy calculations, the risk weights of TL denominated receivables from domestically resident banks and intermediary institutions in the "Receivables from Banks and Intermediary Institutions" risk class and domestically resident firms and financial institutions in the "Corporate Receivables" class The national ratings assigned by JCR Avrasya Derecelendirme A.Ş. started to be used in the determination.

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

SECTION FOUR (Continued)

INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT (Continued)

VII. Explanations related to consolidated risk management (continued)

Overview of risk weighted assets

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk)	88.516.934	64.939.218	7.081.355
2	Standardised approach	88.516.934	64.939.218	7.081.355
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	1.238.618	1.802.158	99.089
5	Standardised approach for counterparty credit risk	1.238.618	1.802.158	99.089
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	-	-	-
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	Simplified supervisory formula approach	-	-	-
16	Market risk	1.197.225	3.419.475	95.778
17	Standardised approach	1.197.225	3.419.475	95.778
18	Internal model approaches	-	-	-
19	Operational risk	9.013.514	4.647.834	721.081
20	Basic indicator approach	9.013.514	4.647.834	721.081
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	3.546.175	3.233.153	283.694
24	Floor adjustment	-	-	-
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**103.512.466**	**78.041.838**	**8.280.997**

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the consolidated assets

1.a Information on cash and balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	9	-	2	-
Balances with the Central Bank of Turkey	4.912	2.609.028	18.958	2.778.981
Other	-	-	-	-
Total	**4.921**	**2.609.028**	**18.960**	**2.778.981**

	Current Period (1)		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposits	4.912	23.404	18.958	22.323
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (2)	-	2.585.624	-	2.756.658
Total	**4.912**	**2.609.028**	**18.958**	**2.778.981**

(1) Includes the amount of required reserves blocked at the CBRT for Turkish lira assets and foreign currency liabilities.
(2) Expected credit loss amounting to TL 348 (December 31, 2022: TL 372) is allocated in "Balances with the Central Bank of Turkey".

As per the Communiqué numbered 2005/1 "Reserve Deposits" of the CBRT, banks keep reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué. Reserves are calculated and set aside every two weeks on Fridays for 14 days periods. The CBRT Required reserves of 2 May 2015 has started to pay interest to the Required reserves, reserve options and unrestricted account held in US dollars according to regulation released at 5 May 2015.

Pursuant to the CBRT's Communiqué on the Amendment of the Communiqué on Compulsory Reserves dated 23 April 2022 and numbered 31818 (No: 2013/15) (No: 2022/17); It was announced that commercial cash loans in Turkish lira, excluding the loan types of banks and financing companies specified in the communiqué, will be subject to reserve requirements, with the Communiqué Amending the Communiqué on Required Reserves (No: 2013/15) dated 20 August 2022 and numbered 31929 (No: 2022/24) published after, it was announced that the required reserve ratio for the assets subject to required reserves would be 0 percent for banks."

Pursuant to Communiqué Amending the CBRT's Communiqué dated 20 August 2022 and numbered 31929 on the Establishment of Turkish Lira Securities for Foreign Currency Liabilities (No: 2022/20) (No: 2022/23), It was announced that securities should be established for commercial cash loans in Turkish lira, excluding the loan types specified in the communiqué, of banks and financing companies

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the consolidated assets (continued)

1.a Information related to the account of the Central Bank of Turkey (continued):

As per the "Communiqué on Amendments to be Made on Communiqué on Required Reserves" of Central Bank of Turkey, numbered 2011/11 and 2011/13, required reserves for Turkish Lira and Foreign currency liabilities are set at Central Bank of Turkey based on rates mentioned below. Reserve rates prevailing at March 31, 2023 are presented in table below:

Reserve Rates for Turkish Lira Liabilities (%)	
Original Maturity	**Reserve Ratio**
Borrower Funds	0
Until 1 year maturity (1 year included)	8
1-3 year maturity (3 year included)	5,5
More than 3 year maturity	3
Securities issued by development and investment banks with a maturity of more than 1 year	0

Original Maturity	Reserve Ratio
Borrower Funds	25
Until 1 year maturity (1 year included)	21
1-2 year maturity (2 year included)	16
2-3 year maturity (3 year included)	11
3-5 year maturity (5 year included)	7
More than 5 year maturity	5

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the consolidated assets (continued)

2 Information on financial assets at fair value through profit and loss:

2.a Information on financial assets designated at fair value through profit and loss given as collateral or blockage:

As of the reporting date, the Bank has no financial assets designated at fair value through profit and loss given as collateral or blockage (December 31, 2022: None).

2.b Information on financial assets designated at fair value through profit and loss given as repurchase agreements:

As of the reporting date, the Group has no financial assets designated at fair value through profit and loss subject to repurchase agreements (December 31, 2022: None).

2.c Positive differences related to derivative financial assets :

Derivative Instruments (1)	Current Period		Prior Period	
	FC	**TL**	**FC**	**FC**
Forward Transactions	73.789	644	90.994	870
Swap Transactions	273.017	989.808	869.636	1.046.180
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**346.806**	**990.452**	**960.630**	**1.047.050**

(1) Derivative Financial Assets for Hedging Purposes amounting to TL 249.628 are presented in the "Derivative Financial Assets" account (December 31, 2022 : TL 387.926).

As part of its economic hedging strategy, the Parent Bank has implemented TL cross currency interest rate swap transactions in which the Parent Bank's default risk is the reference. These swap agreements are subject to a direct closing condition for both the Parent Bank and the counterparty, in the event of a credit default event (such as a non-payment) related to the Parent Bank, to cancel the amounts accrued in the contract and all future payments for both the Parent Bank and the counterparty. As of March 31, 2023, the market rediscount value of these swaps with a nominal amount of $ 25 million is TL 159.568 and a redemption date of is 2027 (December 31, 2022: The market rediscount value of swaps with a nominal amount of $ 70 million is TL 720.082).

2.d Loans at Fair Value Through Profit or Loss:

As of March 31, 2023, there are no loans at fair value that are reflected in profit and loss.

Prior Period as of March 31, 2022, the Parent Shareholding Bank sold 192.500.000.000 Group A shares representing 55% of the capital of Türk Telekomünikasyon A.Ş., owned by LYY Telekomünikasyon A.Ş., to the Turkey Wealth Fund and as a result of the collection made from the sales amount, the portion of the loan corresponding to the Bank's share was closed. After the collection, the remaining loan amount is allocated against the whole amount. As of June 30, 2022, it was classified as a frozen receivable and was deducted accountably from the active together with the amount of the special provision allocated under IFRS 9 due to the lack of reasonable expectation of its recovery.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

3. Information on banks and foreign bank accounts

3.a Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	750.507	407.798	464.264	299.523
Foreign	-	583.801	-	1.193.293
Branches and head office abroad	-	-	-	-
Total	**750.507**	**991.599**	**464.264**	**1.492.816**

Expected credit loss amounting to TL 9.050 (December 31, 2022: TL 5.928) is allocated in "Banks".

3.b Information on banks and foreign bank accounts:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Available-for-sale financial assets subject to repurchase agreements:

4.a.1 Information on financial assets at fair value through other comprehensive income subject to repurchase agreements:

	Current Period		Prior Period	
	TP	YP	TP	YP
Government bonds	-	685.426	-	3.331
Treasury bills	-	-	-	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	**-**	**685.426**	**-**	**3.331**

4.a.2 Information on financial assets at fair value through other comprehensive income given as collateral or blockage:

As of balance sheet date, all financial assets at fair value through other comprehensive income given as collateral comprise of financial assets issued by the T.R. Undersecreteriat of Treasury. The carrying value of those assets is TL 3.381.615.

	Current Period		Prior Period	
	TP	YP	TP	YP
Share certificates	-	-	-	-
Bond, treasury bill and similar investment securities	2.130.620	1.250.995	2.357.394	3.974.419
Other	-	-	-	-
Total	**2.130.620**	**1.250.995**	**2.357.394**	**3.974.419**

4.b Major types of financial assets at fair value through other comprehensive income:

Financial assets at fair value through other comprehensive income comprised of government bonds 32,03%, Eurobonds 52,41% and shares and other securities 15,56% (December 31, 2022: 25,67% government bonds, 62,25% Eurobonds, 12,08% shares and other securities).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

4. Available-for-sale financial assets subject to repurchase agreements (continued)

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

	Current Period	Prior Period
Debt securities	7.218.339	10.281.932
Quoted on a stock exchange	2.858.621	3.213.493
Unquoted	4.359.718	7.068.439
Share certificates	569.421	524.622
Quoted on a stock exchange	48.963	57.569
Unquoted	520.458	467.053
Impairment provision(-)	(143.109)	(185.011)
Other	466.104	467.746
Total	**8.110.755**	**11.089.289**

The net book value of unquoted financial assets at fair value through other comprehensive income share certificates of the Group is TL 515.564 (December 31, 2022: TL 462.159).

5. Explanation on loans

5.a Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	645.433	-	681.627	-
Corporate shareholders	645.433	-	681.627	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	8.563	-	5.921	-
Total	**653.996**	**-**	**687.548**	**-**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

5. Explanation on loans (continued)

5.b Information on Standard and Close Monitoring loans and restructured Close Monitoring loans:

Current Period (1)	Standard Loans	Loans Under Close Monitoring		
			Amendments on Conditions of Contract	
Cash Loans		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Non-specialized loans	72.993.859	3.396.645	5.023.254	-
Working Capital loans	9.697.823	200.725	2.267.071	-
Export loans	3.453.323	103.267	-	-
Import loans	-	-	-	-
Loans given to financial sector	8.288.836	-	-	-
Consumer loans	8.563	-	-	-
Credit cards	-	-	-	-
Other	51.545.314	3.092.653	2.756.183	-
Specialized loans	-	-	-	-
Other receivables	1.050.581	-	-	-
Total	**74.044.440**	**3.396.645**	**5.023.254**	**-**

(1) According to Parent Bank account plan purchasing Loans, Fleet Leasing Credits, Refinancing Loans and Portfolio Transfer Credits amounting to TL 422.634 shown under "Working Capital Loans", due to the nature of "Investment" shown under the category "other" in the above footnote.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

5. Explanations on loans (continued)

5.b Information on Standard and Close Monitoring loans and restructured Close Monitoring loans: (continued)

Prior Period (1)	Standard Loans	Loans Under Close Monitoring		
		Loans Not Subject to Restructuring	Amendments on Conditions of Contract	
Cash Loans			Loans with Revised Contract Terms	Refinance
Non-specialized loans	67.933.705	3.091.489	6.541.645	-
Working Capital loans	9.832.172	98.457	2.240.190	-
Export loans	2.602.907	68.592	-	-
Import loans	-	-	-	-
Loans given to financial sector	8.298.408	-	-	-
Consumer loans	5.921	-	-	-
Credit cards	-	-	-	-
Other	47.194.297	2.924.440	4.301.455	-
Specialized loans	-	-	-	-
Other receivables	1.029.380	-	-	-
Total	**68.963.085**	**3.091.489**	**6.541.645**	**-**

(1) According to Parent Bank account plan purchasing Loans, Fleet Leasing Credits, Refinancing Loans and Portfolio Transfer Credits amounting to TL 648.919 shown under "Working Capital Loans", due to the nature of "Investment" shown under the category "other" in the above footnote.

	Current Period		Prior period	
	Standard Loans	Loans under Close Monitoring	Standard Loans	Loans under Close Monitoring
12 Months Expected Credit Loss	758.348	-	709.071	-
Significant Increase in Credit Risk	-	2.465.385	-	2.651.648

5.c Loans according to their maturity structure:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the assets (continued)

5. Explanations on loans (continued)

5.d Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans- TL	537	8.026	8.563
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	537	8.026	8.563
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Overdraft Accounts- TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	**537**	**8.026**	**8.563**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and disclosures related to the consolidated assets (continued)

5. Explanations on loans (continued)

5.d Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel (continued):

Prior Period	Short Term	Medium and Long Term	Total
Consumer Loans-TL	-	-	-
Real Estate Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans –Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Real Estate Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Individual Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Loans- TL	404	5.517	5.921
Real Estate Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	404	5.517	5.921
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Real Estate Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Real Estate Loans	-	-	-
Car Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards- TL	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Personnel Credit Cards-FC	-	-	-
With Instalments	-	-	-
Without Instalments	-	-	-
Overdraft Accounts- TL (Real Persons)	-	-	-
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	**404**	**5.517**	**5.921**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

5. Explanations on loans (continued)

5.e Information on commercial loans with instalments and corporate credit cards:

The Parent Bank has not granted any commercial loans with instalments and corporate credit cards as of the reporting date (December 31, 2022: None).

5.f Loans according to borrowers:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

5.g Domestic and foreign loans:

	Current Period	Prior Period
Domestic Loans	82.165.301	484.677
Foreign Loans	299.038	78.111.542
Total	**82.464.339**	**78.596.219**

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.463.103	1.496.337
Indirect loans granted to subsidiaries and associates	-	-
Total	**1.463.103**	**1.496.337**

5.i Specific provisions provided against loans or default (Stage 3) provisions:

	Current Period	Prior Period
Loans and receivables with limited collectability	227.835	232.742
Loans and receivables with doubtful collectability	1.457.073	1.557.486
Uncollectible loans and receivables	367.670	356.834
Total	**2.052.578**	**2.147.062**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

5. Explanations on loans (continued)

5.j Information on non-performing loans (net):

5.j.1 Information on loans and other receivables restructured or rescheduled from non-performing loans:

	III. Group	IV. Group	V. Group
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period			
Gross amounts before provisions	276.448	1.554.500	210.317
Restructured loans	276.448	1.554.500	210.317
Prior Period			
Gross amounts before provisions	282.601	1.646.924	212.455
Restructured loans	282.601	1.646.924	212.455

5.j.2 Movement of non-performing loans:

	III. Group	IV. Group	V. Group
Current Period	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period End Balance	283.191	1.661.963	388.822
Additions (+)	-	-	39
Transfers from Other Categories of Non-performing Loans (+)	-	-	15.038
Transfers to Other Categories of Non-performing Loans (-)	-	(15.038)	-
Collections (-)	(6.153)	(92.425)	(3.133)
Write-offs (-)	-	-	-
Sold (-)			
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange rate differences of non-performing loans	15	-	-
Current Period End Balance	**277.053**	**1.554.500**	**400.766**
Provisions (-)	227.835	1.457.073	367.670
Net Balance on Balance Sheet	**49.218**	**97.427**	**33.096**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

5. Explanations on loans (continued)

5.j Information on non-performing loans (net) (continued):

5.j.2 Movement of non-performing loans (continued):

	III. Group	IV. Group	V. Group
Prior Period	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period End Balance	**335.382**	**1.264.859**	**481.278**
Additions (+)	21.338	2.046	562.221
Transfers from Other Categories of Non-performing Loans (+)	-	15.038	22
Transfers to Other Categories of Non-performing Loans (-)	15.038	22	-
Collections (-)	58.665	313	132.222
Write-offs (-)(1)	-	-	557.916
Sold (-)			
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange rate differences of non-performing loans	174	380.355	35.439
Current Period End Balance	**283.191**	**1.661.963**	**388.822**
Provisions (-)	232.742	1.557.486	356.834
Net Balance on Balance Sheet	**50.449**	**104.477**	**31.988**

(1) As of March 31, 2022, 192.500.000.000 Group A shares, representing 55% of the capital of Türk Telekomünikasyon A.Ş., owned by LYY Telekomünikasyon A.Ş., were sold to the Turkey Wealth Fund and at the end of the collection made from the sales amount, the relevant loan was collected in proportion to the Bank's share. However, a depreciation provision is reserved for the entire acquired asset. As of June 30, 2022, the risk for LYY Telekomünikasyon A.Ş., which was allocated for its entirety, was transferred to the follow-up accounts, and the amount in question and its special provisions transferred to the follow-up accounts were accountably deleted from the asset (TL 555.395 thousand). As of December 31, 2022, when the calculation is made by taking into account the loans deducted from the register, the effect of the Bank on the non-performing loan ratio is calculated as 67 basis points.

5.j.3 Information on foreign currency non-performing loans and other receivables:

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Period End Balance	601	-	27.594
Provision (-)	601	-	27.594
Net Balance on Balance Sheet	**-**	**-**	**-**
Prior Period:			
Period End Balance	586	-	27.594
Specific Provision (-)	586	-	27.594
Net Balance on Balance Sheet	**-**	**-**	**-**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

5. Explanations on loans (continued)

5.j Information on non-performing loans (net) (continued):

5.j.4 Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans With Limited Collectability	Loans With Doubtful Collectability	Uncollectible Loans
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	277.053	1.554.500	393.741
Provision Amount (-)	227.835	1.457.073	360.645
Loans to Real Persons and Legal Entities (Net)	49.218	97.427	33.096
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	7.025
Provision Amount (-)	-	-	7.025
Other Loans and Receivables (Net)	-	-	-

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	283.191	1.661.963	381.787
Provision Amount (-)	232.742	1.557.486	349.799
Loans to Real Persons and Legal Entities (Net)	50.449	104.477	31.988
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	7.035
Provision Amount (-)	-	-	7.035
Other Loans (Net)	-	-	-

5.j.5 Information on interest accruals, rediscount, and valuation differences calculated for non-performing loans and their provisions:

	III.Group	IV.Group	V.Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
Current Period (Net)	-	-	-
Interest Accruals and Rediscount with Valuation Differences	15	-	-
Provision amount (-)	15	-	-
Prior Period (Net)	-	**23.634**	**18**
Interest Accruals and Rediscount with Valuation Differences	174	380.355	35.439
Provision amount (-)	174	356.721	35.421

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

5.k Main principles of liquidating non-performing loans and receivables:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

5.l Explanations about the write-off policies from the assets:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

6. Information on held-to-maturity investments

6.a The information was subjected to repo transactions and given as collateral/blocked amount of investments :

	Current Period		Prior Period	
	TP	**FC**	**TP**	**FC**
Collateralised/Blocked Investments	2.503.778	818.414	2.264.088	820.706
Subject to Repurchase Agreements	1.766.657	482.169	116.980	2.059.762
Total	**4.270.435**	**1.300.583**	**2.381.068**	**2.880.468**

6.b Information on government debt investments held-to-maturity:

	Current Period	Prior Period
Government Bonds	13.745.097	12.825.981
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	**13.745.097**	**12.825.981**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

6.c Information on held-to-maturity investments :

	Current Period	Prior Period
Debt Securities		
Quoted on a Stock Exchange	6.991.614	6.195.613
Not Quoted	6.753.483	6.630.368
Impairment provision (-)	-	-
Total	**13.745.097**	**12.825.981**

6.d Movement of held-to-maturity investments within the year :

	Current Period	Prior Period
Balance at Beginning of the Period	**12.825.981**	**3.955.703**
Foreign Currency Differences on Monetary Assets	181.312	983.655
Purchases During The Period	164.815	6.636.025
Disposals Through Sales And Redemptions (-)	120	550.421
Impairment Provision (-)	-	-
Interest Income Accruals	573.109	1.801.019
Balance at End of Period	**13.745.097**	**12.825.981**

(1) Expected credit loss amounting to TL 15.242 is allocated in "Financial asset measured at amortized cost" (December 31, 2022: TL 12.207).

7. Information on investments in associates (net):

7.a As per Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards unconsolidated associates and reason of unconsolidating:

Subsidiaries that were not included in the scope of consolidation because they were not financial subsidiaries were valued according to the equity method.

7.b Information on unconsolidated associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Terme Metal Sanayi ve Ticaret A.Ş. (Terme)	Istanbul/Turkey	17,83	18,76
2	Ege Tarım Ürünleri Lisanslı Depoculuk A.Ş. (Ege Tarım)	Izmir/Turkey	10,05	20,10

Non-financial associates, as above, are not consolidated in accordance with the Communiqué on "Preparing Consolidated Financial Statements of the Banks".

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit /Loss	Prior Period Profit/Loss	Fair Value
1	Terme (1)	7.702	4.835	1.535	-	-	(261)	(61)	-
2	Ege Tarım	60.677	24.024	44.745	40	-	2.930	1.035	-

(1) *Represents for the period ended December 31, 2022 financial statements. Prior year profit/loss is obtained from December 31, 2021 financial statements.*

Information on associates disposed in the current period

In the current period the Group has not disposed any associates.

Information on associates purchased in the current period

In the current period the Group has not purchased any associates.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

7. Information on investments in associates (net) (continued)

7.c Information on the consolidated associates:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	İş Faktoring A.Ş. (İş Faktoring)	Istanbul/Turkey	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	Istanbul/Turkey	29,46	58,19
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş. (İş Girişim)	Istanbul/Turkey	16,67	56,79

		Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/ Loss	Prior Period Profit/ Loss	Fair Value
1	İş Faktoring	17.472.077	1.497.546	8.884	838.056	-	238.068	55.155	-
2	İş Finansal (1)	37.530.663	3.733.268	53.855	1.497.818	-	274.355	127.737	1.190.386
3	İş Girişim(1)	1.018.101	1.013.099	3.801	3.132	-	5.813	(284)	170.656

(1) Fair value is calculated over the year-end stock market value.

	Current Period	Prior Period
Balance at the Beginning of the Period	**1.491.613**	
Movements During the Period	30.023	
Purchases	-	
Bonus Shares Received	-	
Current Year Share of Profit	-	
Sales	-	
Revaluation Increase/Decrease (1)	30.023	
Provision for Impairment (-)	-	
Other	-	
Balance at the End of the Period	**1.521.636**	
Capital Commitments	-	
Share Percentage at the End of the Period (%)	-	

(1) Includes accounting differences with the equity method.
(2) Non-financial subsidiaries amounting to TL 2.414 are not included in the table (December 31, 2022: TL 2.137).

Information on associates disposed in the current period

In the current period the Group has not disposed any associates.

Information on associates purchased in the current period

In current period the Group has not purchased any associates.

7.d Sectoral information of consolidated associates and the related carrying amounts in the legal books:

	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	325.716	311.134
Leasing Companies	1.027.069	1.012.259
Financial Service Companies	-	-
Other Financial Associates	168.851	168.220

7.e Information on consolidated associates quoted on stock market:

	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	1.195.918	1.180.479
Associates Quoted on Foreign Stock Markets	-	-

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

SECTION FIVE (Continued)
EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

8. Information related to subsidiaries (net)

8.a Information related to equity component of subsidiaries:

	YF	**TSKB GYO**	**Yatırım VKŞ**
Current Period (1)	**Current Period**	**Current Period**	**Current Period**
CORE CAPITAL			
Paid-in Capital	63.500	650.000	150
Share Premium	-	1.136	-
Legal Reserves	13.001	8.937	113
Other Comprehensive Income/Loss according to TAS	21.758	-	-
Current and Prior Years' Profit	290.720	1.152.776	(12)
Leasehold Improvements (-)	1.950	-	-
Intangible Assets (-)	1.719	48	-
Total Core Capital	**385.310**	**1.812.801**	**251**
Supplementary Capital	**-**	**-**	**-**
Capital	**-**	**-**	**-**
Net Available Capital	**385.310**	**1.812.801**	**251**

(1) The information is obtained from financial statements subject to consolidation as of March 31, 2023.

	YF	**TSKB GYO**	**Yatırım VKŞ**
Prior Period (1)	**Current Period**	**Current Period**	**Current Period**
CORE CAPITAL			
Paid-in Capital	63.500	650.000	150
Share Premium	-	1.136	-
Legal Reserves	11.359	8.937	47
Other Comprehensive Income/Loss according to TAS	23.175	-	-
Current and Prior Years' Profit	249.255	1.149.455	107
Leasehold Improvements (-)	1.661	-	-
Intangible Assets (-)	363	34	-
Total Core Capital	**345.265**	**1.809.494**	**304**
Supplementary Capital	**-**	**-**	**-**
Capital	**-**	**-**	**-**
Net Available Capital	**345.265**	**1.809.494**	**304**

(1) The information is obtained from financial statements subject to consolidation as of December 31, 2022.

Paid in capital has been indicated as Turkish Lira in articles of incorporation and registered in trade registry. Effect of inflation adjustments on paid in capital is the difference caused by the inflation adjustment on shareholders' equity items. Extraordinary reserves are the status reserves which have been transferred with the General Assembly decision after distributable profit have been transferred to legal reserves. Legal reserves are the status reserves which have been transferred from distributable profit in accordance with the Article of 519 of the Turkish Commercial Code No 6102. The Parent Bank's internal capital adequacy assessment process is made annually on a consolidated basis. Consolidated subsidiaries and associates are included in the assessment.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

8. Information related to subsidiaries (net) (continued)

8.b As per Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards unconsolidated subsidiaries and reason of unconsolidating and needed capital if they are subject to capital requirement:

TSKB Gayrimenkul Değerleme A.Ş., and TSKB Sürdürülebilirlik Danışmanlığı A.Ş. are valued at cost and are not consolidated since they are not financial subsidiaries. Unconsolidated subsidiaries of the Parent Bank are not subject to minimum capital requirement.

8.c Information related to unconsolidated subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	TSKB Gayrimenkul Değerleme A.Ş. (TSKB GMD)	Istanbul /Türkiye	99,99	99,99
2	TSKB Sürdürülebilirlik Danışmanlığı A.Ş. (TSKB SD)	Istanbul/Türkiye	100,00	100,00

		Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	TSKB GMD	59.921	48.849	1.816	1.408	-	9.938	2.551	-
2	TSKB SD	11.644	8.664	409	466	-	(1.863)	685	-

8.a.4 Information related to consolidated subsidiaries:

	Title	Address (City/ Country)	Bank's share percentage-If different voting percentage (%)	Bank's risk group share percentage (%)
1	Yatırım Finansman Menkul Değerler A.Ş.(YF)	Istanbul /Turkey	95,78	98,51
2	TSKB Gayrimenkul Yatırım Ortaklığı A.Ş. (TSKB GYO)	Istanbul/Turkey	88,74	88,74
3	Yatırım Varlık Kiralama A.Ş.	Istanbul/Turkey	100,00	100,00

	Total Assets	Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
YF (1)	2.768.583	388.979	58.264	129.112	333	43.107	22.093	-
TSKB GYO (1)	1.822.544	1.812.849	805	1.799	-	3.380	3.919	2.242.882
Yatırım VKŞ (1)	111.949	251	-	-	-	(52)	1	-

(1) The consolidated financial data of the subsidiaries are prepared in accordance with BRSA regulations.

(2) Its fair value is calculated over the year-end stock market value.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

8. Information related to subsidiaries (net) (continued)

8.e Information related to consolidated subsidiaries (continued):

Unconsolidated movement related subsidiaries subjected to consolidation is as follows:

	Current Period(2)	Prior Period
Balance at the Beginning of the Period	**1.937.664**	**881.621**
Movements During the Period	39.918	1.056.043
Purchases (2)	-	-
Bonus Shares Obtained	-	-
Current Year Shares of Profit	-	-
Sales	-	-
Revaluation Increase (1)	39.918	1.056.043
Provision for Impairment	-	-
Balance At the End of the Period	**1.977.582**	**1.937.664**
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(1) *Includes accounting differences with the equity method.*

(2) *Non-financial subsidiaries amounting to TL 57.512 are not included in the table (December 31, 2022: TL 51.970).*

(3) *After the capital increase of TL 150.000.000 (full amount) made by TSKB REIT, the Bank acquired TSKB REIT shares amounting to TL 133.469.*

According to the principles of consolidation accounting, the cost values of the consolidated subsidiaries have been deducted from the accompanying consolidated financial statements.

Subsidiaries disposed in the current period

In the current period, the Group has not disposed any subsidiaries.

Subsidiaries purchased in the current period

In the current period, the Group has not purchased any subsidiaries.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

8. Information on subsidiaries (net) (continued)

8.f Sectoral information on subsidiaries subject to consolidation and the related carrying amounts in the legal books:

Subsidiaries	Current Period	Prior Period
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Financial Service Companies	-	-
Other Financial Subsidiaries	1.977.582	1.937.664

8.g Subsidiaries subject to consolidation quoted on stock market:

	Current Period	Prior Period
Subsidiaries quoted on domestic stock exchanges	1.608.722	1.605.723
Subsidiaries quoted on foreign stock exchanges	-	-

9. Information related to entities under common control

TSKB GYO, one of the subsidiaries of the Parent Bank, established a joint venture with Bilici Yatırım Sanayi ve Ticaret A.Ş. in Adana under the name of Adana Otel Projesi Adi Ortaklığı ("Adana Hotel Project") on 26 May 2011 and Anavarza Otelcilik Anonim Şirketi on 27 March 2015.

The capital structure of the Adana Otel Projesi Adi Ortaklığı ("Adana Hotel Project") is designated as 50% of participation Bilici Yatırım Sanayi ve Ticaret A.Ş. and 50% of participation for TSKB GYO. The main operations of Adana Otel Projesi Adi Ortaklığı is to start, execute, and complete the hotel project which will be operated by Divan Turizm İşletmeleri A.Ş. (previous name "Palmira Turizm Ticaret A.Ş.").

The capital structure of Anavarza Otelcilik Anonim Şirketi is designated as 50% of participation Bilici Yatırım Sanayi ve Ticaret A.Ş. and 50% of participation for TSKB GYO. The main operations of Anavarza Otelcilik Anonim Şirketi is tourism oriented hotels, motels, accommodation facilities, gastronomy, sports, entertainment and health care.

Bilici Yatırım TSKB GYO Adana Otel Projesi Adi Ortaklığı Ticari İşletmesi, owned by TSKB GYO with 50%-50% Bilici Yatırım Sanayi ve Ticaret A.Ş has been transformed into a company named "Yarsuvat Turizm Anonim Şirketi" together with all its assets and liabilities, as a whole, by changing the type.

Transformation of Bilici Yatırım TSKB GYO Adana Otel Projesi Adi Ortaklığı Ticari İşletmesi to Yarsuvat Turizm Anonim Şirketi and after transformation transfer to Anavarza Otelcilik A.Ş. with all its assets and liabilities as a whole was completed with the Merger document of Adana Chamber of Commerce dated 20.12.2019 and numbered 9647.

	Total Assets	Equity	Total Fixed Assets	Interest Income	Securities Income	Current Year Profit /Loss	Prior Year Profit /Loss	Fair Value
Anavarza Otelcilik	33.463	(12.316)	3.565	323	-	2.210	5.606	-

10. Information on finance lease receivables (net)

10.a Maturities of investments on finance leases:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	112.039	102.232	75.501	68.056
Between 1- 4 years	117.819	92.530	129.193	108.587
More than 4 years	276.881	198.125	263.900	203.588
Total	**506.739**	**392.887**	**468.594**	**380.231**

An expected loss provision amounting to TL 100.109 (December 31, 2022: TL 97.153) has been allocated to the "Financial Lease Receivables" account.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

10. Information on finance lease receivables (net) (continued)

10.b The information on net investments in finance leases:

	Current Period	Prior Period
Gross investments in finance leases	**506.739**	**468.594**
Unearned revenue from finance leases (-)	113.852	88.363
Cancelled finance leases (-)	-	-
Net investments in finance leases	**392.887**	**380.231**

10.c Explanation with respect to finance lease agreements, the criteria used in determination of contingent rents, conditions for revisions or purchase options, updates of leasing amounts and the restrictions imposed by lease arrangements, whether arrays in repayment occur, whether the terms of the contract are renewed, if renewed, the renewal conditions, whether the renewal results any restrictions, and other important conditions of the leasing agreement:

Finance lease agreements are made in accordance with the related articles of the Financial Leasing, Factoring and Financing Company Law No. 6361. There are no restructuring or restrictions having material effect on financial statements.

11. Information on derivative financial assets for hedging purposes

There is a positive differences amounting to TL 249.628 related to derivative financial assets for hedging purposes (December 31, 2022: positive differences amounting to TL 387.926).

As of March 31, 2023, the contract amounts and the net fair value carried on the balance sheet of derivative financial instruments designated as hedging instruments are summarized in the table below:

	Current Period			Prior Period		
	Face Value	**Asset**	**Liability**	**Face Value**	**Asset**	**Liability**
Interest Rate Swap	2.448.600	-	81.406	15.582.944	-	134.010
FC	2.448.600	-	81.406	15.582.944	-	134.010
TL	-	-	-	-	-	-
Swap Currency Transactions	11.316.048	249.628	-	10.914.093	387.926	-
FC	11.316.048	249.628	-	10.914.093	387.926	-
TL	-	-	-	-	-	-

11.a Information on fair value hedge accounting

Current Period Hedging Item	**Hedged Item**	**Type of Risk**	**Fair Value Change of Hedged Item (1)**	**Fair Value of Hedging Instrument (1)**		**Income St Effect (Profit/Loss Through Derivative Financial Instruments)**
				Asset	**Liability**	
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	79.374	-	(80.663)	(1.289)
Cross Currency Swap Transactions	Fixed Rate Issued Eurobond	Interest Rate Risk	(85.904)	93.096	-	7.192

(1) The fair value of hedged item and hedging instrument are presented as net market value excluding credit risk and accumulated interest.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

11. Information on fair value hedge accounting (continued)

Prior Period Hedging Item	Hedged Item	Type of Risk	Fair Value Change of Hedged Item (1)	Fair Value of Hedging Instrument (1)		Income St Effect (Profit/Loss Through Derivative Financial Instruments)
				Asset	Liability	
Interest Rate Swap Transactions	Fixed Rate Eurobond and Green bond Issued	Interest Rate Risk	8.201	-	(3.496)	4.705
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	93.402	-	(94.182)	(780)
Cross Currency Swap Transactions	Fixed Rate Issued Eurobond	Interest Rate Risk	(76.245)	80.846	-	4.601

(1) The fair value of hedged item and hedging instrument are presented as net market value excluding credit risk and accumulated interest.

12. Explanations on tangible assets (net)

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

13. Information on intangible assets

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

14. Information on investment properties

In the current period, the Group owns three investment properties with a net book value of TL 764.911 (December 31, 2022: TL 764.911) belonging to its subsidiary operating in the field of real estate investment trust. As of March 31, 2023 and December 31, 2022, the table of movement of investment properties is as follows.

Current Period	Opening Balance of Current Period	Additions	Disposals	Change in Fair Value	Closing Balance of Current Period
Tahir Han	139.860	-	-	-	139.860
Pendorya Mall	410.000	-	-	-	410.000
Adana Hotel Project	215.051	-	-	-	215.051
Total	**764.911**	**-**	**-**	**-**	**764.911**

Prior Period	Closing Balance of Prior Period	Additions	Disposals	Change in Fair Value	Closing Balance of Prior Period
Tahir Han	50.400	-	-	89.460	139.860
Pendorya Mall	185.502	-	-	224.498	410.000
Adana Hotel Project	100.276	-	-	114.775	215.051
Total	**336.178**	**-**	**-**	**428.733**	**764.911**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

15. Information on deferred tax assets

15.a Temporary differences, tax losses, exemptions and deductions reflected to balance sheet as deferred tax asset:

The Group has computed deferred tax asset or liability on temporary differences arising from carrying values of assets and liabilities in the accompanying financial statements and their tax bases.

Assets:	**Current Period**	**Prior Period**
Loan commissions accrual adjustment	25.743	20.768
Provisions	818.444	851.929
Employee benefit provision	16.231	12.349
Marketable Securities	267.208	178.422
Others (1)	40.456	30.909
Total Deferred Tax Asset	**1.168.082**	**1.094.377**
Deferred tax liabilities:		
Marketable securities	(2.903)	(2.212)
Valuation of derivative instruments	(166.021)	(322.260)
Useful life difference of fixed assets	(12.591)	(1.980)
Others	(40.287)	(43.794)
Total Deferred Tax Liability	**(221.802)**	**(370.246)**
Net Deferred Tax Asset	**946.280**	**724.131**

(1) In the other item, there is also a deferred tax liability related to hedge accounting amounting to TL 19.844 (December 31, 2022: TL 23.350 tax asset).

	Current Period	**Prior Period**
Deferred Tax as of January 1 Asset / (Liability) - Net	724.131	396.583
Deferred Tax (Loss) / Gain	192.375	437.505
Deferred Tax that is Realized Under Shareholder’s Equity	29.774	(109.957)
Deferred Tax Asset / (Liability) Net	**946.280**	**724.131**

15.b Temporary differences over which deferred tax asset are not computed and recorded in the balance sheet in prior periods, if so, their expiry date, losses and tax deductions and exceptions:

There is no temporary differences over which deferred tax asset are not computed and recorded in the balance sheet in prior periods. (December 31, 2022: None).

15.c Allowance for deferred tax and deferred tax assets from reversal of allowance:

As of the reporting date, the Bank has no allowance for deferred tax and deferred tax liability from reversal of allowance (December 31, 2022: None).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and disclosures related to the consolidated assets (continued)

16. Explanation on assets held for sale

	Current Period	Prior Period
Net book value at beginning of period	-	64.403
Cash Paid for Purchase	-	-
Expected Loss (-)	-	64.403
Net book value at end of period	-	-

Ojer Telekomünikasyon A.Ş. (OTAŞ), the main shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom), has been agreed between all lenders, including the Bank, for the restructuring of the debts provided under the loan agreements and that OTAŞ owns 192.500.000.000 Group A shares, which constitute 55% of Türk Telekom's issued capital and are pledged to provide for the guarantee of existing loans, are owned by OTAŞ and all lenders are directly or The transaction was completed by taking over by a special purpose company established in the Republic of Turkey, of which it is an indirect partner. The Bank participated in LYY Telekomünikasyon A.Ş., which was established within this scope, with a rate of 1,6172% and an amount of TL 64.403. With the restructuring on 17 August 2022, the Bank's participation rate increased to 1,8403% and no fee was paid by the Bank for the increase. The Bank evaluated this subsidiary within the scope of IFRS 5 Standard for Fixed Assets Held for Sale and Discontinued Activities.
As of March 31, 2022, 192.500.000.000 Group A registered shares, representing 55% of the capital of Türk Telekomünikasyon A.Ş., owned by LYY Telekomünikasyon A.Ş., were sold to the Turkey Wealth Fund and as a result of the collection made from the sales amount, the relevant loan was collected in proportion to the Bank's share. However, as of the current period, the value of the acquired asset has been allocated for the provision of depreciation. The liquidation decision of LYY Telekomünikasyon A.Ş. was taken at the General Assembly Meeting dated 27.12.2022 and the liquidation of the company was registered by the Istanbul Registry of Commerce on 28.12.2022. In this context, the amount of the partnership share, all of which were allocated in its provisions for the previous years and follow-up accounts under the "Fixed Assets Related to Held and Discontinued Activities for Sale Purposes", have been written off from the asset in accounting terms.

17. Information about other assets

17.a Other assets which exceed 10% of the balance sheet total and breakdown of these which constitute at least 20% of grand total:

Other assets do not exceed 10% of total assets, excluding off-balance sheet commitments (December 31, 2022: None).

II. Explanations and disclosures related to the liabilities

1. Information of maturity structure of deposits

1.a.1 Maturity structure of deposits:

The Parent Bank is not authorized to accept deposits.

1.a.2 Information on saving deposits under the guarantee of saving deposit insurance fund and exceeding the limit of deposit insurance fund:

The Parent Bank is not authorized to accept deposits.

1.b Information on the scope whether the Bank with a foreign head office suits saving deposit insurance of the related country:

The Parent Bank is not authorized to accept deposits.

1.c Saving deposits which are not under the guarantee of deposit insurance fund:

The Parent Bank is not authorized to accept deposits.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the consolidated liabilities (continued)

2. Negative differences table related to derivative financial liabilities

Derivative Financial Liabilities Held For Trading (1)	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Forward Transactions	-	591	117	503
Swap Transactions	71.075	771.477	169.879	827.844
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	**71.075**	**772.068**	**169.996**	**828.347**

(1) Derivative Financial Liabilities for Hedging Purposes amounting to TL 81.406 (December 31, 2022: TL 134.010) are shown in the "Derivative Financial Liabilities" account.

3. Information on banks and other financial institutions:

3.a General information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	13.000	314.213	-	552.003
From Foreign Banks, Institutions and Funds	-	71.228.247	-	70.262.082
Total	**13.000**	**71.542.460**	-	**70.814.085**

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Short-term	13.000	697.178	-	251.625
Medium and long-term	-	70.845.282	-	70.562.460
Total	**13.000**	**71.542.460**	**-**	**70.814.085**

3.c Additional information about the concentrated areas of liabilities:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Nominal	624.360	14.310.000	518.410	20.467.150
Cost	594.239	14.233.880	494.348	20.362.637
Book Value	623.511	14.538.169	505.705	21.047.752

As of January 23, 2020, the Bank issued Eurobonds in the amount of USD 400 million. The interest rate of the fixed-rate, 5-year maturity and 6-month coupon payment debt instrument with an amortization date of January 23, 2025 is set at 6%.

As of January 14, 2021, the Bank issued Eurobonds in the amount of USD 350 million. The interest rate of the fixed-rate, 5-year maturity and 6-month coupon payment debt instrument with an amortization date of January 14, 2026 is set at 5,875%.

As of December 29, 2022, January 26 and March 24, 2023, Yatırım Finansman Menkul Değerler A.Ş. issued debt instruments with a maturity of 126 days, 77 days and 90 days at a simple interest rate of 22,50, 22,40 and 22,50 with total nominal amounts of TL 527.910.000 and redemption dates of May 04, April 13 and June 22, 2023.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the consolidated liabilities (continued)

3. Information on banks and other financial institutions

3.c Additional information about the concentrated areas of liabilities (continued)

The details of the issues that Yatırım Varlık Kiralama A.Ş. issued as of December 31, 2022 and whose redemption date has not yet come is as follows:

ISIN Code	Fund User	Issue Amount (TL)	Issue Date	Redemption Date
TRDYVKS42315	MLP Sağlık Hizmetleri A.Ş.	100.000.000	11/10/2022	07/04/2023

(*) The amount of TL 3.550 thousand taken into the Group portfolio is eliminated in financials.

3.d Additional information about the concentrated areas of liabilities:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Other liabilities which exceed 10% of the balance sheet total and the breakdown of these which constitute at least 20% of grand total

There are no other liabilities which exceed 10% of the balance sheet total (December 31, 2022: None).

5. Explanations on financial lease obligations (net)

5.a Explanations on finance lease payables:

The Group has no finance lease payables (December 31, 2022: None).

5.b Explanations regarding operational leases:

As of the reporting date, the Bank's 2 head office buildings, 11 branch, 26 cars and 293 computers are subject to operational leasing. The Bank has no liability for operational leases in the current period (December 31, 2022: 2 head office buildings, 11 branch, 24 cars and 383 computers under operational leasing). In the current period, the Bank has lease liability with TFRS 16 amounting to TL 33.280 related to operational lease transactions (December 31, 2022 : TL 5.563).

5.c Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms:

The Group has no sale and lease back transactions as of the reporting date (December 31, 2022: None).

6. Negative differences on derivative financial instruments held for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair Value Hedge (1)	-	81.406	-	134.010
Cash Flow Hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
	-	**81.406**	**-**	**134.010**

(1) Derivative Financial Liabilities for Hedging Purposes are shown in the "Derivative Financial Liabilities".

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the consolidated liabilities (continued)

7. Information on provisions

7.a Foreign exchange losses on the foreign currency indexed loans and finance lease receivables:

As of the reporting date, the Parent Bank has no foreign exchange losses on the foreign currency indexed loans (December 31, 2022: None).

7.b The specific provisions provided for unindemnified non cash loans:

As of the reporting date, the Parent Bank's specific provisions provided for unindemnified non cash loans amounts to TL 5.657 (December 31, 2022: TL 1.892).

The Parent Bank has an expected loss provision amounting to TL 50.994 for non-cash loans (December 31, 2022: TL 47.957)

7.c Information related to other provisions:

7.c.1 Provisions for possible losses:

Free provision amounting to TL 950.000 provided by the Bank management in the current period for possible results of the circumstances which may arise from possible changes in the economy and market conditions. (December 31, 2022: TL 900.000).

7.c.2 Information on employee termination benefits and unused vacation accrual:

The Group has calculated reserve for employee termination benefits by using actuarial valuations as set out in the TAS 19 and reflected the calculated amount to the financial statements.

As of 31 March 2023, employee termination benefits is amounting TL 46.603 reflected in financial statements (31 December 2022: TL 38.982). As of 31 March 2023, the Bank has provided a reserve for unused vacation amounting to TL 17.502 (31 December 2022: TL 9.208). This balance is classified under reserve for employee benefits in the financial statements.

Liabilities on pension rights:

As explained on the Section Three, Accounting Policies, XV. Explanations on Liabilities Regarding Employee Benefits as of March 31, 2023, the Bank has no obligations on pension rights (December 31, 2022: None).

.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the consolidated liabilities (continued)

7. Information on provisions (continued)

7.c Information related to other provisions (continued):

7.c.2 Information on employee termination benefits and unused vacation accrual (continued):

Liabilities for pension funds established in accordance with Social Security Institution

As of March 31, 2023: None (December 31, 2022: None).

Liabilities resulting from all kinds of pension funds, foundations etc. which provide post-retirement benefits for the employees

As of December 31, 2022, the cash value of the Bank's principal liabilities of the TSKB A.Ş. Civil Servants and Contractors Relief and Pension Foundation fund was calculated by an independent actuary using actuarial assumptions and according to the actuary's report dated January 24, 2023, no technical or actual deficit requiring provision as of December 31, 2022 was identified.

Accordingly, as of March, 31 2023 the Bank has no requirements for the benefits transferable to the fund and for other benefits not transferable to the fund and arising from other social rights and payments covered by the existing trust indenture of the Fund and medical benefits provided for employees in accordance to the law explained in Section 3 Note XVI, the accounting policies related with employee benefits.

7.c.3 If the other provisions exceed 10% of the sum of the provisions, the items causing the excess and their amounts:

As of March 31, 2023, the Bank reflected the case provision of TL 50.000 (December 31, 2022: TL 61.930) in its financial statements.

7.c.4 If other provisions exceeds 10% of total provisions, the name and amount of sub-accounts:

None.

8. Information on taxes payable

8.a Information on current taxes payable

8.a.1 Information on taxes payable:

	Current Period		**Prior Period**	
Corporate Taxes and Deferred Taxes	**TL**	**FC**	**TL**	**FC**
Corporate Taxes Payable	1.159.593	-	537.980	-
Deferred Tax Liability	-	-	-	-
Total	**1.159.593**	**-**	**537.980**	**-**

8.a.2 Information on taxes payable:

	Current Period	**Prior Period**
Corporate Taxes Payable	1.159.593	537.980
Taxation of Securities	5.562	4.782
Capital gains tax on property	-	-
Banking and Insurance Transaction Tax (BITT)	15.592	22.816
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	2.825	3.206
Other	35.077	9.550
Total	**1.218.649**	**578.334**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the consolidated liabilities (continued)

8. Information on taxes payable (continued)

8.a Information on current taxes payable (continued)

8.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	1.305	673
Social Security Premiums-Employer	1.459	774
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	383	180
Unemployment Insurance-Employer	751	349
Other	-	-
Total	**3.898**	**1.976**

8.b Explanations on deferred taxes liabilities:

As of the reporting date, the Group has no deferred tax liability (December 31, 2022: None).

9. Information on liabilities regarding assets held for sale

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

10. Explanations on the number of subordinated loans the Parent Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

11. Explanations on shareholders' equity

11.a Presentation of paid-in capital:

	Current Period	Prior Period
Common stock	2.800.000	2.800.000
Preferred stock	-	-

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

Capital System	Paid-in capital	Ceiling
Registered Capital System	2.800.000	7.500.000

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

In line with the decision taken at the Ordinary General Assembly held on March 28, 2023, the Bank does not have any capital increase during the current period.

In line with the decision taken at the Ordinary General Assembly held on March 29, 2022, the Bank does not have any capital increase during the current period.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and disclosures related to the consolidated liabilities (continued)

11.d Information on share capital increases from capital reserves:

None (December 31, 2022: None).

11.e Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments:

The Bank has no capital commitments for its associates in the last fiscal year and at the end of the following period (December 31, 2022: None).

11.f Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

The prior period income, profitability and liquidity of the Parent Bank and their trends in the successive periods are followed by Budget Planning and İnvestor Relations Department by considering the outcomes of the potential changes in the foreign exchange rate, interest rate and maturity alterations on profitability and liquidity under various scenario analyses. The Pareny Bank operations are profitable, and the Bank retains the major part of its profit by capital increases or capital reserves within the shareholders equity.

11.g Information on preferred shares:

The Parent Bank has no preferred shares (December 31, 2022: None).

11.h Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TP	**YP**	**TP**	**YP**
From Associates, Subsidiaries, and Entities Under Common Control	**292.724**	**-**	**394.449**	**-**
Available for Sale Financial Assets	**964.011**	**(221.224)**	**1.055.949**	**(266.330)**
Valuation Differences	775.405	(221.224)	882.550	(266.330)
Foreign Exchange Difference	188.606	-	173.399	-
Total	**1.256.735**	**(221.224)**	**1.450.398**	**(266.330)**

11.i Informations on legal reserves:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

11.j Information on extraordinary reserves:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

12. Information on minority shares:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and disclosures related to the consolidated off-balance sheet items

1. Information on off-balance sheet liabilities

1.a Nature and amount of irrevocable loan commitments:

	Current Period	Prior Period
Commitments for Letter of Credit	1.743.508	163.786
Commitments for Stock Brokerage Purchase and Sales	433.343	30.052
Commitments for Money Market Brokerage Purchase and Sales	62.313	755.492
Commitments for Forward Purchase and Sales of Assets	3.353.739	1.543.169
Capital Commitments for Subsidiaries and Associates (1)	145.514	138.750
Other	987.614	2.697.272
Total	**6.726.031**	**5.328.521**

(1) The remaining amount of the Parent Bank's commitment to purchase the shares of the Turkish Growth and Innovation Fund (TGIF), which is planned to be established by the European Investment Fund (EIF), and the Parent Bank's TSKB It includes the capital participation commitment amount for the cash capital increase of Sustainability A.Ş..

1.b Possible losses and commitments related to off-balance sheet items including items listed below:

1.b.1 Non-cash loans including guarantees, surety and acceptances, financial collaterals and other letters of credits:

As of the reporting date, total letters of credits, surety and acceptance amount to TL 5.297.764 (December 31, 2022: TL 3.570.065).

1.b.2 Certain guarantees, tentative guarantees, surety ships and similar transactions:

As of the reporting date, total letters of guarantee is TL 5.212.971 (December 31, 2022: TL 3.735.544).

1.c.1 Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	3.343.956	1.285.669
With Maturity of One Year or Less than One Year	416.573	88.233
With Maturity of More than One Year	2.927.383	1.197.436
Other Non-Cash Loans	7.166.779	6.019.940
Total	**10.510.735**	**7.305.609**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and disclosures related to the consolidated off-balance sheet items

1. Information on off-balance sheet liabilities

1.c.2 Information on sectoral risk breakdown of non-cash loans:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

1.c.3 Information on non cash loans classified under Group I and Group II:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

2. Information related to derivative financial instruments

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

3. Explanations on loan derivatives and risk exposures

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Explanations on contingent liabilities and assets

There are 68 legal cases against the Bank which are amounting to TL 986 as of the reporting date (December 31, 2022 TL 986 - 68 legal cases).

Tax Audit Committee inspectors made an investigation for the years 2008-2011 about the payments made by the Parent Bank and employees to "Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı" (Foundation) established in accordance with the decisions of Turkish Commercial Law and Civil Law as made to all Foundations in the sector. According to this investigation it has been communicated that the amount Parent Bank is obliged to pay is a benefit in the nature of fee for the members of Foundation worked at the time of payment, the amount Foundation members are obliged to pay should not been deducted from the basis of fee; accordingly tax audit report was issued with the claim that it should be taken penalized income tax surcharge / penalized stump duty deducted from allowance and total amount of TL 17.325 tax penalty notice relating to period in question to Parent Bank relying on this report.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations related to the consolidated off-balance sheet items (continued)

4. Information related to derivative financial instruments (continued)

Some of the lawsuits are decided favorable, remaining of lawsuits are decided unfavorable by the tax courts of first instance. On the other hand, appeal and objection have been requested by the Parent Bank against the decision of the Court with respect to the Parent Bank and by the administration against the decision of the Court with respect to the administration and completion of appeal process is waited. The tax and penalty notices related to the decision of the tax court of first instance against the Parent Bank are accrued by administration depending on legal process and as of July 31, 2014 the Parent Bank has made total payments amounting to TL 22.091.

A similar case has been submitted to the Constitutional Court in the form of individual remedies by the main shareholder of the parent Bank in relation to the parent Bank's liabilities to pay, the Constitutional Court gave the decision with court file number 2014/6192. According to court decision published in the Official Gazette dated 21 February 2015 and numbered 29274, the assessments against the Parent Bank was contrary to the principle of legality and the Parent Bank's property rights has been violated. This decision is considered to be a precedent for the Parent Bank and an amount of TL 12.750 corresponding to the portion that the Parent Bank was obliged to pay for the related period is recognized as income in the prior period.

Due to the ownership of Pendorya AVM, which is built on the real estate owned by TSKB REIT registered in Istanbul Province, Pendik District, Doğu Mahallesi, 105 Map, 865 Island, Plot 64, Sağlam Satış ve Paz. Inc. (Malazlar A.Ş.) Pendik 2nd Civil Court of First Instance, prevention of seizure against IMM Presidency and road contractor Karacan Yapı on the grounds that some of the side road construction around Pendorya AVM passes through the parcels owned by it, He filed a lawsuit with the demand for the collection of TL 7 compensation from the defendants, without prejudice to his rights. TSKB REIT intervened alongside the defendants

Relating to immovable property, subject of litigation discovery review and expert reports were submitted to the court file. Objections to the report and statement of TSKB GYO have been given. IBB Presidency has declared that expropriation proceedings related to the subject have been initiated. For this reason, lawsuit was removed from "Possessory Actions" and converted to the "Confiscating without expropriating" by the judge.

Accepting in the new case, the plaintiff claimed compensation from the Administration and in order to determine the amount of compensation the Court decided an expert examination since the information provided by the Land Registry and the Municipality was not deemed sufficient.

Expert reports submitted to the Court on May 30, 2013 and the Court decided to add Pendik Municipality as a defendant in the case. At the latest hearing on December 24, 2013 it was decided to accept the expert reports and Pendik Municipality to pay the relevant amount (TL 645) to the plaintiff. The reasoned decision has been notified, the decision which has been appealed by the appellant and the respondent Pendik Municipality has turned deteriorate the Supreme Court decision was a request for the correction requested by the İstanbul Metropolitan Municipality (IMM). The decision has been requested adjustment by IMM and plaintiff Sağlam Satış ve Paz. A.Ş. (Malazlar A.Ş.). Breaking decision of the Supreme Court is expected to evaluate the requests for correction of decision. The Court decided to apply of Supreme Court's decision to dismiss. The notification of reasoned decision is expected.

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations related to the consolidated off-balance sheet items (continued)

4. Information related to derivative financial instruments (continued)

Beyoğlu Municipality approved the reclaim of TSKB GYO for the Building II which has the location as 1486 map and 76 parcel in Fındıklı in Beyoğlu, Istanbul for the forfeiture because of zoning change. However, Municipality of Beyoğlu sued because of no approbation by Istanbul Metropolitan Municipality, in order to keep rights on the subject.

The court made a decision as no solution for the relevant claim due to Beyoğlu Municipality approved the reclaim. However, there has to be permission by Istanbul Metropolitan Municipality, and Cultural and Natural Heritage Preservation Board for the exact result. Thats why, decision was appealed by the company. The Council of State reversed the judgement based on unappropriate zoning plan changes with the decision of 28 March 2014. In addition, a new implementation development plan covering the Fındıklı Building II, which has been canceled by the judicial authorities and which is owned by TSKB GYO, is being prepared by the Municipality of Beyoğlu on December 21, 2010, the 1/1000 Scaled Beyoğlu District Protected Urban Site Protected Development Plan. For this content, TSKB GYO’s application were made in writing to the Beyoğlu Municipality on 28 October 2014 in order to plan by taking into account the 1/1000 Scale Implementation Plan which is being prepared by the Municipality of Beyoğlu and the Istanbul Metropolitan Municipality. The court requested the Municipality to ask the plan including the immovable subject to the decision of the Council of State is still in force as a result of the decision of dismissal and that the plan canceled by the court in the letter sent from the Municipality is still valid answered in the form. In the case which was started to discuss again in court; an expert opinion examination was made. The Court has ruled in favor of the Parent Bank by canceling the administrative proceeding. Against decision, within the legal period, Beyoğlu Municipality has applied for the appeal law and it is expected that the file will be sent to Istanbul Regional Administrative Court for examination. The decision to cancel the administrative action given by the Council of State in favor of the Group has been approved and the decision has become final.

A lawsuit was filed by one of the investors of TSKB REIT regarding the cancellation of Articles 5, 7 and 9, which were decided at the Ordinary General Assembly meeting held on April 27, 2018. In the petition, a stay of execution was requested regarding Articles 5 and 7, the request for interim injunction regarding the stay of execution was rejected, and an appeal was filed by the plaintiff. The petition for response to the case and the legal opinion have been submitted. In the first session of the file, it was decided to dismiss the case. The notification of the reasoned decision is awaited.

According to the Legal Department of the Parent Bank, other lawsuits filed against the Parent Bank are not expected to have a significant impact on the financial statements. The provision for a lawsuit filed against the Bank is included in the Note 7.c.3 of Section Five.

5. Custodian and intermediary services

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the consolidated income statement

1. Information on interest income

1.a Information on interest on loans:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Interest on Loans (1)				
Short Term Loans	149.538	82.007	82.551	52.584
Medium and Long Term Loans	165.915	1.423.107	89.571	839.318
Interest on Non-performing Loans	36	-	45	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	**315.489**	**1.505.114**	**172.167**	**891.902**

(1) Commission income from loans has been included to the interest on loans.

1.b Information on interest received from banks:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
The Central Bank of Turkey (1)	11	-	237	-
Domestic Banks	37.352	5.151	7.540	977
Foreign Banks	-	2.069	-	40
Branches and Head Office Abroad	-	-	-	-
Total	**37.363**	**7.220**	**7.777**	**1.017**

(1) Interests given to the Turkish Lira and US Dollar portion of the CBRT Required Reserves, reserve options and unrestricted accounts have been presented under "The Central Bank of Turkey" line in the financial statements.

1.c Information on interest received from marketable securities:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Financial Assets at Fair Value Through Profit and Loss	333	-	1.072	-
Financial Assets at Fair Value Through Other Comprehensive Income	129.317	92.376	110.453	124.367
Financial Assets Measured at Amortized Cost	649.201	129.937	395.334	1.543
Total	**778.851**	**222.313**	**506.859**	**125.910**

As stated in the accounting policies, the Parent Bank makes the valuation of the government bonds Indexed to Consumer Prices in its securities portfolio on the basis of the reference index on the date of issuance and the index calculated by taking into account the estimated inflation rate. The estimated inflation rate used in the valuation is updated when deemed necessary during the year. As of March 31, 2023, the valuation of these assets was made according to the annual inflation rate of 49,9% (October 2022-October 2023) (March 31, 2022: 49%).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the consolidated income statement (continued)

1. Information on interest income (continued)

1.d Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries, Commission Income	23.736	9.296

2. Information on interest expenses

2.a Information on the interest given to the loans used:

	Current Period		Prior Period	
	FC	TL	FC	YP
Banks	1.919	365.219	4.713	72.597
The Central Bank of Turkey	-	-	-	-
Domestic Banks	1.919	118.109	1.140	1.780
Foreign Banks	-	247.110	3.573	70.817
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	607.962	-	162.751
Total (1)	**1.919**	**973.181**	**4.713**	**235.348**

(1) Commissions given to the Banks and Other Institutions are presented under interest expense.

2.b Information on interest expenses to associates and subsidiaries:

There is no interest expense to its associates and subsidiaries (March 31, 2022: None).

2.c Information on interest expense to securities issued:

	Current Period		Prior Period	
	FC	TL	FC	TL
Interest on securities issued (1)	24.767	234.949	8.443	337.293

(1) Commissions given to issuance have been included to interest expense.

3. Information on dividend income:

Not prepared in accordance with the Article No.25 of the Communiqué on the Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

4. Information on net trading income (net)

	Current period	Prior period
Profit	**1.424.971**	**2.079.905**
Gains on capital market operations	1.774	11.243
Gains on derivative financial instruments (1)	996.293	1.774.249
Foreign exchange gains	426.904	294.413
Losses (-)	**1.303.894**	**1.788.230**
Losses on capital market operations	18.139	665
Losses on derivative financial instruments (1)	1.026.493	882.688
Foreign exchange losses	259.262	904.877

(1) Foreign exchange gain from derivative transactions amounting to TL 248.713 is presented in "Gains on derivative financial instruments" (March 31, 2022: TL 932.532), foreign exchange loss from derivative transactions amounting to TL (314.952) is presented in "Losses on derivative financial instruments" (March 31, 2022: TL (210.971).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and disclosures related to the consolidated income statement (continued)

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	285.793	25.971
Gains on Sale of Assets	485	4
From Associate and Subsidiary Sales	-	-
From Immovable Fixed Asset Sales	-	-
From Property Sales	485	4
From Other Asset Sales	-	-
Other (1)	27.870	45.524
Total	**314.148**	**71.499**

(1) Also includes the income amount of TL 6.768 related to the intermediary issues of Yatırım Varlık Kiralama A.Ş. The same amount is included in other operating expenses as well, and it is shown as gross without netting for reporting purposes.

6. The Group's expected loss provisions and other provision expenses

	Current Period	Prior Period
Expected Credit Loss	65.739	390.635
12 Months Expected Credit Loss (Stage 1)	61.919	141.099
Significant Increase in Credit Risk (Stage 2)	-	172.453
Non-performing Loans (Stage 3)(2)	3.820	77.083
Marketable Securities Impairment Expenses	1.536	21.596
Financial Assets at Fair Value Through Profit or Loss	-	8.702
Financial Assets at Fair Value Through Other Comprehensive Income	1.536	12.894
Associates, Subsidiaries, and Entities under Common Control (Joint Venture) Value Decrease	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control (Joint Venture)	-	-
Other	50.000	319.403
Total	**117.275**	**731.634**

(1) As of the reporting date the free provision expense for possible losses amounting to TL 50.000 has ben incurred (March 31, 2022: 215.000).
(2)Also includes the free provision amount for the loan belonging to LYY Telekomünikasyon A.Ş., which was written off from an asset in the prior period.

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the consolidated income statement (continued)

7. Information related to other operating expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	10.395	8.926
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	4.816	2.597
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortization Expenses of Intangible Assets	827	504
Impairment on Subsidiaries Accounted for Under Equity Method	-	-
Impairment on Assets for Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Assets Held for Sale	-	-
Other Operating Expenses	123.127	28.861
Rent Expenses	2.265	802
Maintenance Expenses	1.848	731
Advertisement Expenses	236	178
Other Expenses (2)	118.778	27.150
Loss on Sales of Assets	-	-
Other (1)	56.763	53.522
Total	**195.928**	**94.410**

(1) Yatırım Varlık Kiralama A.Ş.it also includes the amount of TL 6,768 related to the issuance of intermediaries belonging to . The same amount is also included as income in other operating income and is shown as gross without clarifying the reporting requirement. It includes tax and fee expenses excluding corporate tax in the amount of TL 17,892; permit provisions expenses in the amount of TL 8,502 (March 31, 2022: tax and fee expenses excluding corporate tax in the amount of TL 3,247; permit provisions expenses in the amount of TL 4,930).

(2) It includes donations in the amount of TL 66.516 made due to the earthquake disaster dated February 6, 2023.

8. Information on profit/loss before tax from continued and discontinued operations before tax

The Group's pre-tax profit on March 31, 2023 increased by 122,50% compared to its previous period pre-tax profit (March 31, 2022: an increase of 195,52%). Compared to the previous period, the Group's net interest income increased by 30,72% (March 31, 2022: an increase of 125,66%).

9. Information on tax provision for continued and discontinued operations

9.a Information on current tax charge or benefit and deferred tax charge or benefit:

The Group’s current tax charge for the period is TL 625.397 (March 31, 2022: TL 695.065 expense). Deferred tax income is TL 192.375 (March 31, 2022: TL 471.407 deferred tax expense).

9.b Information related to deferred tax benefit or charge on temporary differences:

Deferred tax income calculated on temporary differences is TL 192.375 (March 31, 2022: TL 471.407 expense).

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and disclosures related to the consolidated income statement (continued)

9. Information on tax provision for continued and discontinued operations (continued)

9.c Information related to deferred tax benefit / charge on temporary differences, losses, tax deductions and exceptions:

None. (March 31, 2022: None)

10. Explanations on net profit/loss from continued and discontinued operations:

The Group is decreased the net profit by 133,16% for the period ended March 31, 2023 compared to prior period.

11. Information on net profit/loss

11.a The nature and amount of certain income and expense items from ordinary operation is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Group's performance for the period:

The Group has generated TL 2.972.765 of interest income, TL 1.325.222 of interest expenses, TL 113.067 of net fees and commission income from banking operations (March 31, 2022: TL 1.879.019 interest income, TL 618.661 interest expenses, TL 60.041 net fee and commission income).

11.b The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any:

There are no changes in the accounting estimates. (March 31, 2022: None).

11.c Minority share of profit and loss:

The current year loss attributable to minority shares is TL 2.190 (March 31, 2022: TL 1.357 Profit). The total shareholders' equity, including current year profit attributable to minority shares is TL 220.612 (March 31, 2022: TL 91.340).

12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items are shown below.

	Current Period	**Prior Period**
Gains on Brokerage Commissions	48.512	29.283
Commissions from Initial Public Offering	258	12.641
Investment Fund Management Income	5.970	1.205
Other	41.538	13.429
Total	**96.278**	**56.558**

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

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

V. Explanations on the risk group of the Parent Bank

1. Information on the volume of transactions related to the Parent Bank’s own risk group, outstanding loan and deposit transactions and income and expenses of the period

1.a Current period:

Risk Group of the Parent Bank (1)(2)	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	1.496.337	-	592.026	-	-	-
Balance at the end of the period	1.463.103	(517)	551.387	-	-	-
Interest and commission income received	22.318	1.418	10.989	-	-	-

(1) The mutual transactions of the parent company Bank and the fully consolidated subsidiaries have been eliminated.

1.b Prior period:

Risk Group of the Parent Bank (1)	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	997.287	9.754	489.070	-	13.581	-
Balance at the end of the period	1.496.337	-	592.026	-	-	-
Interest and commission income received (2)	8.769	527	4.923	-	158	-

(1) Mutual transactions between the Parent Bank and its fully consolidated subsidiaries are eliminated.

(2) Informations about March 31, 2022..

1.c Information on deposit held by Parent Bank’s own risk group:

The Parent Bank is not authorized to accept deposits.

2. Information on forward and option agreements and other similar agreements made with related parties

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Entities Included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Fair Value Through Profit or Loss Transactions	-	-	-	-	-	-
Beginning of the Period	-	-	-	-	-	-
End of the Period	939.927	-	-	-	-	-
Total Profit / Loss	(6.354)	-	-	-	-	-
Hedging Risk Transactions						-
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

(1) Includes informations about March 31, 2022..

3. Total salaries and similar benefits provided to the key management personnel

Benefits provided to key management personnel in the current period amount to TL 30.119 (March 31, 2022: TL 14.683).

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

VI. Explanations and footnotes related to post-balance sheet issues

The international credit rating agency Fitch Ratings has confirmed TSKB's credit ratings listed below. There has been no change in the current appearance of the notes.

In the current situation, the notes and note views belonging to our Bank are as follows:

Long-term Maturity Foreign Currency: B-; Outlook: Negative
Long-term Maturity National Currency: B; Outlook: Negative
Short-term Maturity Foreign Currency: B
Short-term Maturity National Currency: B
Long-term National Note: AA; Outlook: Stable
Financial Capacity Note: b-
State Support Note: ns
Long-Term Unsecured Debt Note: BShort
Dated Unsecured Debt Note: B
Shareholder Support Note: ccc+

SECTION SIX

AUDITORS' REPORT

I. Explanations on the auditors' limited review report

The consolidated financial statements as of and for the three month period ended March 31, 2023 have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ (A Member firm of Ernst & Young Global Limited) and Auditors' Report dated May 3, 2023 is presented in the introduction of this report.

II. Explanations and notes prepared by independent auditors

There are no other explanations and notes not expressed in sections above related with the Group's operation.

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

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities

A. GENERAL INFORMATION

Board of Directors

Name and Surname	Position	Term	Independent Member	Committees and Roles
Adnan Bali	Chairperson	2021-2024	No	-
Ece Börü	Vice Chairperson	2022-2024	No	Member of Corporate Governance Committee, Member of Sustainability Committee
Murat Bilgiç	Board Member	2022-2024	No	Member of Credit Revision Committee, Member of Sustainability Committee
Bahattin Özarslantürk	Board Member	2021-2024	Yes*	Chair of Credit Revision Committee, Member of Audit Committee
Mithat Rende	Board Member	2023-2024	No	Member of Sustainability Committee
Abdi Serdar Üstünsalih	Board Member	2021-2024	No	-
Gamze Yalçın	Board Member	2021-2024	Yes*	Chair of Audit Committee, Chair of Corporate Governance Committee, Chair of Remuneration Committee
M. Sefa Pamuksuz	Board Member	2023-2024	Yes	-
Cengiz Yavillioğlu	Board Member	2021-2024	No	-
Murat Doğan	Board Member	2022-2024	No	Member of Corporate Governance Committee, Member of Remuneration Committee, Member of Sustainability Committee
Celal Caner Yıldız	Board Member	2022-2024	No	Member of Credit Revision Committee, Member of Sustainability Committee

** Considered as an independent member pursuant to the Corporate Governance Communique by the CMB for being a Member of the Audit Committee.*

Changes in Board of Directors during the period

Mr. Hüseyin Yalçın has retired from his duty effective as of 21 March 2023. Mr. M. Sefa Pamuksuz has been voted in to the vacant Board Member position, with the title of an Independent Board Member. Mr. M. Sefa Pamuksuz's resume is provided below.

In the aforementioned General Assembly meeting; due to Bank's Independent Board Member Mr. Mithat Rende's 6 years term ending in 22 March 2023, which is the condition for being an independent member, it has been decided that Mr. Mithat Rende will continue to act as a Board Member from this date onwards.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

A. GENERAL INFORMATION (continued)

M. Sefa Pamuksuz
Independent Board Member

M. Sefa Pamuksuz graduated from Department of Business Administration at Middle East Technical University and received his master's degree in Finance at Boston College. Having 25 years of experience in Turkish Treasury including General Directorate of Public Capital Institutions and Enterprises and working in various capacities, Mr. Pamuksuz recently acted as the Coordinator of the G20 Infrastructure and Investment Working Group as well as the Chair of the G20/OECD Task Force on Institutional Investors and Long-Term Investments (LTI).

Mr. Pamuksuz has also worked as the Alternate Executive Director of Türkiye in the World Bank Group. Having worked in various finance management projects and being an Adviser for IMF FAD, Mr.Pamuksuz provided technical assistance to the governments of Cyprus, Mozambique, Lao PDR, Jamaica, Jordan, the Philippines and Serbia. Holding a CPA certificate, M. Sefa Pamuksuz is currently working as a consultant on Public Financial Management, Long-Term Investments, Corporate Governance and SOEs at PAL A.Ş. Mr. Pamuksuz has been elected as Member of the TSKB Board of Directors on March 29, 2023.

Information on the Bank's Board Meetings

The Board of Directors issued 13 decisions in the period between January 1, 2023 - March 31, 2023. Board Members attended the meetings at a satisfactory level.

Senior Management and Directors

Name Surname	Position
Murat Bilgiç	CEO
Hakan Aygen	Executive Vice President – Loans Allocation, Loan Analysis, Specialized Loans, Engineering
Engin Topaloğlu	Executive Vice President - Financial Control, Budget and Planning, Loan Operations, Treasury and Capital Markets Operations, Loan Monitoring
Meral Murathan	Executive Vice President - Treasury, Financial Institutions and Investor Relations, Development Finance Institutions
Hasan Hepkaya	Executive Vice President - Advisory Services Sales, Financial and Technical Advisory, Corporate Banking Sales, Project Finance, Economic Research, Corporate Banking Marketing
Poyraz Koğacıoğlu	Executive Vice President - Corporate Finance
Özlem Bağdatlı	Executive Vice President - Human Resources, Legal Affairs, Pension and Assistance Funds, Corporate Communications
Bilinç Tanağardı	Executive Vice President - Application Development, System and Network Support, Enterprise Architecture and Process Management
Tolga Sert	Director - Financial Control, Loan Operations, Treasury and Capital Markets Operations, Loan Monitoring
S. Hüseyin Gürel	Director – Advisory Services Sales, Financial and Technical Advisory

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

A. GENERAL INFORMATION (continued)

Changes in Senior Management and Directors

Mr. A. Ferit Eraslan has retired from his duty effective as of 28 February 2023.

The departments under his responsibility are transferred to Mr. Engin Topaloğlu, who acts as Chair of Board of Internal Auditors, Executive Vice President in charge of Risk Management and Internal Control departments from 1 August 2021 onwards. Board of Internal Auditors, Risk Management, Internal Control and Corporate Compliance is now reporting under the Audit Committee. Mr. Engin Topaloğlu's resume is provided below.

Engin Topaloğlu

Engin Topaloğlu was born in Pazar/Rize in 1971. He holds BS and MS degrees in Industrial Engineering from Bilkent University, and PhD degree in Finance and Banking from Kadir Has University. Working as a research assistant at Bilkent University between 1993 and 1995, Engin Topaloğlu started working in the finance sector as a member of the Board of Inspectors at İşbank. Serving as an Assistant Manager and Group Manager in the Budget and Planning Department of this institution between 2004 - 2008, Engin Topaloğlu was appointed as the Head of the Corporate Architecture Department in 2008, the Manager of Gebze Branch in 2011, the Head of Retail Banking Marketing Department in 2015 and the Manager of London Branch in 2016.

He served as a member of the board of directors at İş Yatırım Menkul Değerler A.Ş., İşNet Telekomünikasyon A.Ş., Erişim Müşteri Hizmetleri A.Ş., the Turkish-British Chamber of Commerce and Industry, and as vice chairman of the board of directors at Anadolu Hayat Emeklilik A.Ş. Working as the Executive Vice President for Inspection, Risk Management and Internal Control at the Industrial Development Bank of Türkiye since August 2021, Engin Topaloğlu holds the Chartered Finance Analyst certificate issued by the CFA Institute.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

B. ASSESSMENT OF THE PERIOD BY THE CHAIRPERSON OF THE BOARD

In the first three months of 2023, the persistent issues of global recession concerns and geopolitical risks remained at the forefront of discussions, as a state of equilibrium was sought. In addition to existing inter-country and regional rivalries, the potential hot conflicts that have arisen or may arise in connection with them, the global economy is also facing the challenge of a sticky high inflation environment. Despite the efforts of central banks such as the FED and the ECB, interest rate hikes have failed to effectively mitigate this issue, leaving the global economy increasingly vulnerable.

According to global forecasts released by the IMF in this environment, a significant contraction in trade volume is expected in 2023 and global growth is also projected to decline. The IMF has projected global growth at 2,8% for the year-end. Although it has lowered its inflation expectation to 4,7%, the outlook remains persistent.

Unfortunately, our country started the new year on a note of disaster and suffering, which not only resulted in significant human and social losses due to the earthquake but also led to severe economic repercussions. Economic activity in the earthquake zone generates about 9,3 percent of GDP. Although agriculture is the dominant sector, manufacturing industry also plays an important role in the region. The weight of the region in Türkiye's exports is 8,5% and the number of active insured employees in the region corresponds to 11,7% of all employees. In terms of the banking sector, the affected region accounts for approximately 6% of savings deposits and 4% of commercial deposits.

In this context, while the humanitarian needs of the region are rapidly being met, the process of economic value creation must be given urgent attention, particularly in the disaster area, in order to rebuild the economic infrastructure and ensure sustainable economic activity. TSKB explores with all its international stakeholders the possibilities of financing and consultancy activities in a way to prioritize the disaster area and monitors all tools that can be created to this end. It continues to work diligently, in direct proportion to its mission and goals, towards creating value in the disaster area through international development finance institutions in particular.

During the same period, TSKB has maintained a sustainable performance by upholding its solid asset quality. The Bank remains committed to meeting the needs of its customers across all areas of corporate banking, investment banking, and consultancy, with a sustainability-oriented approach that will persist throughout the rest of the year.

Yours Sincerely,

Chairperson of the Board

Adnan Bali

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (Continued)

C. ASSESSMENT OF THE PERIOD BY THE CEO

The year 2023 began with a disastrous earthquake that deeply affected our nation, and we spent the first quarter of the year attempting to recover from the devastation that impacted not only the region but also the entirety of our country. The earthquakes are one of the most catastrophic disasters in history, both in terms of loss of life and the extensive destruction of buildings resulting from their widespread impact. A disaster of this scale would have an equally negative impact on the economy, and given the region's contribution to the growth of the country's economy, we expect the economic recovery to be spread over the course of the year.

As TSKB, we continue to aid the earthquake-stricken region and those affected by the disaster. In this context, we have assumed an active role in disaster areas with our subsidiary companies since day one. Alongside the voluntary cash and in-kind aid provided by our employees from the onset of the earthquake, we have donated a total of TL 65 million to AFAD to address the urgent needs of the affected regions. Of this amount, our Bank donated TL 55 million, while Yatırım Finansman, TSKB GYO, TSKB Gayrimenkul Değerleme, and Escarus contributed TL 10 million collectively. As part of our social responsibility efforts, we have decided to redirect the scholarship programs that we have been running for years to these earthquake-affected regions to boost the hopes of the affected youth.

On the other hand, these provinces account for a significant share of our production, renewable energy installed capacity, employment, and exports. Since the first day, we have considered it a significant responsibility to support our customers in the earthquake-affected region with all our means. Within the scope of our Bank's development banking mission, in parallel with its business model that puts sustainability at the center, we have increased our engagement with international development finance institutions to formulate lasting solutions for disasters not only in the earthquake-stricken region but also throughout the country. Our main focus in the short and medium term will be the redevelopment of earthquake zones.

In the first quarter of the year, we continued to focus on our environmental, social and governance goals in line with our medium and long-term strategy. Within the framework of the memorandum of understanding signed in 2021 between our Bank, Republic of Türkiye and development partners, including the German Development Bank, we concluded a EUR 100 million "Climate Finance Loan" agreement with the Ministry of Treasury and Finance of the Republic of Türkiye and the German Development Bank to finance renewable energy, energy efficiency, energy storage and electric vehicle technology investments across Türkiye. As part of this loan agreement, the International Climate Initiative has provided EUR 10 million in grant support. With this fund, our aim as a Bank is to support and contribute to innovative investment projects.

In line with our mission and long-term goals, we continue to support investments that make a tangible contribution to Türkiye's sustainable development goals. Since 2021, in line with our target of disbursing USD 8 billion of SDG-linked loans by 2030, we have provided new financing totaling more than USD 2,5 billion. Through new loans and in line with our expectations, we grew our loan portfolio by 1,5% on an FX-adjusted basis year-to-date. We maintained the ratio of SDG-related loans in our total portfolio at 91% as of end-March. With our existing liquidity and the new funds we will provide, we will continue to support the environmental and social development-oriented investments of companies in Türkiye in the coming period.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO’s assesments for the interim activities (continued)

C. ASSESSMENT OF THE PERIOD BY THE CEO (continued)

In the first quarter of 2023, our Bank’s total assets amounted to TL 114,9 billion, while our total loan portfolio reached TL 85,1 billion. During the first quarter, our bank continued to prioritize inclusiveness by supporting financing for investment projects in various sectors, with a particular focus on renewable energy projects. Our commission income from investment banking and advisory activities also supported our banking revenues with an annual increase of 88%. In the first three months of 2023, we generated a profit before provisions and taxes of TL 1,8 billion, while our net profit for the same period was TL 1,4 billion. Our return on equity ratio was realized at 41.5%.

Undoubtedly, the most urgent and priority issue that we need to resolve in the coming period will be the reconstruction of our country’s destroyed cities in the healthiest and safest way; as physically, economically and socially. In addition, we will continue to closely monitor global developments and support our customers’ and stakeholders’ green, climate risk mitigation-oriented and inclusive transformation journeys. We will continue to work for the sustainable and qualified development of our country in cooperation with all our stakeholders through the innovative solutions we develop in all our business lines.

Yours Sincerely,

Chief Executive Officer

Murat Bilgiç

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

D. ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD

Economic Developments in the First 3 Months of 2023

The first quarter of 2023 was marked by heightened financial uncertainty in the world economy. While concerns about the global banking system increased in March, these concerns were partially mitigated by the measures taken by regulators and central banks. However, there is still a risk that possible interest rate hikes by central banks could tighten financial conditions. The reopening of China has had a positive impact on expectations for economic activity in the first quarter of 2023, leading to a revision in a positive direction. However, there has been a divergence in activity between manufacturing and services sectors in major economies. In its April Global Economic Outlook report, the International Monetary Fund (IMF) lowered its 2023 global growth forecast from 2,9% to 2,8% and its 2024 growth forecast from 3,2% to 3,0%. On the other hand, it continued to revise its global inflation forecasts upwards. The report notes that the outlook remains uncertain due to the turmoil in the financial sector, high inflation, the ongoing ramifications of Russia's invasion of Ukraine, and COVID-19, now in its third year. It states that downside risks to the global growth outlook persist due to these dynamics and draws attention to the high rigidity in inflation.

Financial uncertainties and inflationary pressures are closely monitored in global markets in terms of risk appetite. While the decline in inflation is slowing, uncertainties about the monetary policies of central banks in advanced economies are increasing. The problems in the banking system and the surprise decision of the Organization of the Petroleum Exporting Countries and its Allies (OPEC+) to cut oil production in early April add to these uncertainties. In this environment, capital flows to emerging economies remained fragile.

The Turkish economy ended 2022 with relatively strong growth and made a resilient start to 2023. In the fourth quarter of 2022, gross domestic product (GDP) grew on the back of domestic demand despite the deceleration in external demand. According to adjusted data for calendar and seasonal factors, the Gross Domestic Product (GDP) saw a quarter-on-quarter growth of 0,9%, with an annualized GDP growth rate of 3,5%. While the growth rate in 2022 was 5,6%, GDP in dollar terms increased from USD 807,1 billion in 2021 to USD 905,5 billion and GDP per capita was estimated at USD 10.655.

The earthquake that struck in early February and affected many cities is believed to have increased downside risks to the short-term growth outlook through its direct and indirect effects. Nevertheless, monetary and fiscal policy measures to be taken by the government are expected to partially contain the losses in growth in the medium term. Looking at 2023 preliminary data, industrial production increased by 2,0% in January compared to the previous month but contracted by 6,0% in February due to the earthquake. Retail sales increased by 5,7% month-on-month in January but fell by 6,5% month-on-month in February, again due to the earthquake. In the labor market, the seasonally adjusted unemployment rate declined from 10,3% at the end of 2022 to 10,0% as of February, while broadly defined unemployment indicators deteriorated. On the other hand, the manufacturing purchasing managers' index (PMI) moved into expansionary territory with 50,9 at the end of the first quarter, while the capacity utilization rate declined slightly. Confidence indices declined except for the manufacturing industry, while banking sector loan volume and other indicators of spending suggest that domestic demand remains resilient.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

D. ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD (continued)

Economic Developments in the First 3 Months of 2023 (continued)

Exports continued to increase in the first three months of the year. Despite the decline in international energy prices, risks to the external balance increased due to the strengthening domestic demand and the rise in gold imports. According to preliminary data from the Ministry of Trade, exports increased by 2,5% in January-March 2023 compared to the same period in 2022, while imports rose by 11,4%. The foreign trade deficit expanded to USD 34,9 billion, compared to USD 26,5 billion in the same period of 2022. The recovery in services revenues slowed down, which partially offset the widening in the trade balance. In the first two months of the year, the current account deficit rose from USD 12,2 billion to USD 18,8 billion. The current account surplus excluding gold and energy declined from USD 3,7 billion in January-February 2022 to USD 3,3 billion in the same period of 2023.

Inflation continues to fall due to the decline in energy prices and the base effect. Annual inflation in the headline consumer price index (CPI) fell to 50,5% in March from 64,3% at end-2022. Annual inflation in the headline domestic producer price index (D-PPI) fell to 62,5% in March from 97,7% at the end of 2022, while annual manufacturing PPI inflation decreased to 55,2% from 78,7%. Despite the continued rapid improvement in producer inflation and cost factors, March data confirmed the persistence of price increases in food and services as well as the resistance in core momentum indicators. The CBRT cut its monetary policy rate from 9,00% at the end of 2022 to 8,50% in February and maintained the same rate in March. However, it emphasized that the current monetary policy stance is adequate to support the post-earthquake recovery process while ensuring both price stability and financial stability.

The first-quarter data of 2022 indicates a decline in the central government's budget performance indicators. The budget balance, which posted a surplus of TL 99,8 billion in the first two months of 2022, posted a deficit of TL 202,8 billion in the same period of 2023, while the primary balance turned from a surplus of TL 157,7 billion into a deficit of TL 147,2 billion in the same period.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

D. ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD (continued)

Markets

Global markets were volatile in the first three months of 2023. Although China's lifting of COVID-19 measures at the beginning of the year had a positive impact on risky assets in January, risk appetite declined in February with the expectation that major central banks would pursue higher interest rate policies for longer periods in the fight against inflation. In mid-March, the search for safe havens accelerated due to the developments in the global banking system. In recent days, concerns over the banking system have eased to some extent, and there has been a slight recovery in risk appetite. However, bond yields fell below the levels at the beginning of the year, while the price of gold increased. Benchmark equity indices gave up some of their early-year gains, while banking sector stocks followed a fragile course.

Despite global trends, domestic financial markets experienced selling pressure in the first quarter. Against this backdrop, the Borsa Istanbul 100 and 30 indices fell by 12,6% and 10,9%, respectively, in the first quarter. In the same period, the banking sector saw a decline of 10,7%. Bond yields followed a volatile course, with the compound interest rate of the 2-year benchmark bond closing at 11,7% at the end of the first quarter, down from 9,97% at the end of 2022. As of March 31, the USD/TL exchange rate stood at TL 19,08.

Banking Sector

In the first quarter of 2023, the total loans saw a nominal increase of 12,4% in TL terms and an 11,1% increase in foreign exchange (FX)-adjusted terms, based on the currency basket, year to date. According to BRSA Weekly Bulletin data, in this period, the sector's Turkish lira (TL) loans increased by 17,4% in nominal terms and foreign currency (FX) loans decreased by 1,6% when adjusted for exchange rate effects, while TL corporate loans and retail loans increased by 16% and 20,9%, respectively. Loan growth in the sector during the first three months of 2023 was primarily driven by an increase in consumer loans and retail credit cards. A notable trend since the beginning of 2023 is the accelerated surge in retail loans.

As of March 2023, TL corporate loans were the main driver of the 8,9% growth in corporate loans. In the sector, SME loans surged by 15,9% in FX-adjusted terms, while corporate loans excluding SMEs rose by 5,3%. The increase in corporate loans was driven by firms' need for operating loans due to economic conditions.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO’s assesments for the interim activities (continued)

D. ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD (continued)

Banking Sector (continued)

The sector’s non-performing loan ratio, which stood at 2,1% as of end-2022, was realized as 1,8% as of end-March with the contribution of limited non-performing loan formation and the lift in total loans. The non-performing loan ratio declined from 1,8% to 1,7% in corporate loans excluding SMEs and from 2,8% to 2,2% in SME loans. Despite the slowdown in loan allocations in retail loans, especially in general purpose loans, it declined from 1,9% to 1,7% thanks to the contribution of performing loans.

Since the beginning of the year, TL deposits in the sector grew by 23% in nominal terms, while FX deposits contracted by 1% and total deposits increased by 12% in the first quarter. The share of FX deposits in total deposits also declined from 46% to 41% compared to end-2022. As of the end of March, the amount of funds transferred to FX-protected deposits increased by 20% year-to-date, amounting to TL 1,7 trillion, which represents 17,1% of the total deposits. Its share in total TL deposits is 28,8%.

As of end-March, the sector’s net interest margin was 5,02%, above the sector average of 6,92% for private banks and 2,87% for state-owned banks. As of the first quarter, the sector’s capital adequacy ratio stood at 17,1%, and is calculated at 15,2% excluding temporary adjustments.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

E. GENERAL ASSEMBLY DECISIONS

The Bank's Ordinary General Assembly Meeting was held at the Headquarters on 28 March 2023.

The 2022 Ordinary General Assembly Meeting was held with the participation of 190.648.992.378,9 shares corresponding to a total share capital of TL 1.906.489.923,789 out of 280.000.000.000 shares corresponding to the Bank's total share capital of TL 2.800.000.000, while 27.500.245,3 shares corresponding to a share capital of TL 275.002,453 were represented physically or by electronic means, 169.917.445.733,6 shares corresponding to a share capital of TL 1.699.174.457,336 TL were represented by proxy and 20.704.046.400 shares corresponding to a share capital of TL 207.040.464 TL were represented by depositary representatives.

The agenda items discussed and approved by the shareholders during the meeting are as follows:

• Commencement, constitution of the Meeting Presidency in accordance with the Articles of Association of the Bank and delegation of authority to the Meeting Presidency for the execution of the minutes of the General Assembly have been approved with consensus of the votes.
• Review and discussion of the Annual Reports of the Board of Directors and Independent Auditor Reports regarding the accounts and transactions of the Bank within the year of 2022 have been approved with majority of the votes.
• Review, discussion and approval of the balance sheet and profit and loss statements of the Bank for the year of 2022 have been approved with majority of the votes.
• The appointment of Mr. Celal Caner Yıldız, Ms. Ece Börü and Mr. M. Sefa Pamuksuz as the members of the Board of Directors for replacing Mr. Mahmut Magemizoğlu Mr. Ozan Uyar and Mr. Hüseyin Yalçın who have resigned their posts as Board of Directors members has been approved with the majority of the votes.
• The appointment of Mr. M. Sefa Pamuksuz as an independent member has been approved with majority of the votes.
• It has been approved with majority of the votes that the Board Members be released of their obligations.
• It has been approved with majority of the votes that in line with our Dividend Distribution Policy, 5% of the net profit for the year 2022 be allocated as legal reserves, 145.288.162.-TL be allocated as special funds in order to buy venture capital mutual funds and the remaining be allowed as extraordinary reserves.
• The allowance to be paid to the Members of the Board has been approved with majority of the votes.
• Election of the Independent Audit Firm has been approved with the majority of the votes.
• Upper limit of the donations to be made in 2023 has been approved with majority of the votes.
• It has been approved with majority of the votes that Board Members be authorized to perform the transactions listed in Articles 395 and 396 of the Turkish Commercial Code.

Apart from the items submitted for approval, the agenda items on which The General Assembly was provided with information are as follows:
• Becoming a signatory of the Net Zero Banking Alliance
• Commitment to align the loan and investment portfolio with zero emissions targets by 2050

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

E. GENERAL ASSEMBLY DECISIONS (continued)

• The target verification process specific to the loan portfolio and sectors within the scope of the Science-Based Targets Initiative application
• The bonus payments made to the employees in 2022, as well as those planned to be made in 2023
• The donations made for the earthquake in 2022 and in 2023
• The transactions set forth in Article 1.3.6 of the Capital Market Board's Series II-17.1 Corporate Governance Communiqué

F. SIGNIFICANT DEVELOPMENTS IN THE BANK'S ACTIVITIES IN THE INTERIM PERIOD

In response to the earthquake of February 6, 2023 centered in Kahramanmaraş, TSKB and its subsidiary companies donated a total of TL 65 million to AFAD to support relief efforts with a sense of responsibility towards the affected regions and the aim of creating long-term solutions to help heal the wounds caused by the disaster. In the period ahead, the Bank plans to enhance its efforts to promote the development of sustainable living areas that can withstand natural disasters. Additionally, it will continue to provide extra resources and collaborate as a solution provider for its private sector business partners.

TSKB continues to invest in its intellectual capital for all stakeholders, especially its employees. In January, the Bank offered access to approximately 700 books on SDGs and related digital databases with the TSKB Sustainability Books Collection. The Collection established within the TSKB Library is a first of its kind in Türkiye. TSKB, which has been endeavoring to bring distinguished publications to Türkiye since its establishment, has published 11 important works so far, including the Turkish translation of Régis Marodon's "Financing Our Common Future" under the title "Ortak Geleceğimizi Finanse Etmek".

In the first quarter of the year, TSKB received two awards at the Istanbul Marketing Summit for its sustainability communication project "Transforming Steps" aiming to raise awareness on the Bank's campus. The project, which is Türkiye's first energy-efficient sustainability communication campaign, won TSKB the "IMA Gold" award in the illustration category and the "IMA Mentioned" award in the indoor use category.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

F. SIGNIFICANT DEVELOPMENTS IN THE BANK'S ACTIVITIES IN THE INTERIM PERIOD (continued)

Developments Regarding the Bank's Corporate Governance Operations

The Bank's "Corporate Governance Compliance Report", "Corporate Governance Information Forms" and "Sustainability Principles Compliance Framework" were published on the Public Disclosure Platform on 3 March 2023. These reports are available at https://www.kap.org.tr/en/Bildirim/1120185, https://www.kap.org.tr/en/Bildirim/1120182 and https://www.kap.org.tr/en/Bildirim/1120187.

On the same date, TSKB's Integrated Annual Report 2022, including the performance of the year 2022 and Board of Directors' Annual Report covering the January 1st – December 31st 2022 period, was published on the Public Disclosure Platform. This report has been prepared in accordance with the International Integrated Reporting Framework and Integrated Thinking Principles recommended by the VRF as well as the GRI Standards published by the Global Reporting Initiative (GRI). Financial information has been independently audited and limited assurance audit services have been obtained for non-financial data. The report is available at https://www.kap.org.tr/en/Bildirim/1127980.

G. FINANCIAL DEVELOPMENTS IN THE INTERIM PERIOD

The summary of the Bank's consolidated key financial indicators as of March 31, 2023 is as follows:

The total asset size reached TL 114,9 billion with a 24% expansion compared to the same period of the previous year and a slight decrease of 2,3% compared to the end of 2022.

As of end-March, the total gross loan portfolio stood at TL 85,1 billion, marking a lift of 31% year-on-year and 4,6% year-to-date. The loans to assets ratio stood at 74,1%. The ratio of non-performing loans to total loans stood at 2,7 % as of the end of March.

Shareholders' equity surged by 86,1% compared to the same period of the previous year and by 9,8% compared to the end of 2022, reaching TL 14 billion. The capital adequacy ratio, which stood at 22,4% by the end of 2022, declined to 18,7% as of the end of March.

In the first quarter of 2023, net interest income was up by 26,4% on an annual basis to stand at TL 1.648 million, while the income from fees and commissions rose by 88,3% to reach TL 113 million. In the same period, the expense-income ratio, which was recorded as 8,2% in 2022, materialized at 17,0% due to the donations made to the earthquake region.

In the first quarter of the year, net income registered a surge of 133,7% year-on-year, reaching TL 1.414 million.

The return on equity, which was realized at 41% in 2022, reached the level of 41,5% in the first three months of 2023.

Return on assets was 4% at 2022 year-end and stood at 4,9% in the first quarter of 2023.

SECTION SEVEN

INFORMATION ON INTERIM ACTIVITY REPORT

I. Interim period activity report included chairman of board of directors and CEO's assesments for the interim activities (continued)

H. RISK MANAGEMENT

TSKB Risk Management Policies and implementation principles governing these policies comprise the written standards defined by the Board of Directors and enforced by the Bank's senior management.

In line with TSKB's Risk Management Policies, the main risks exposed by the Bank have been identified as credit risks, asset-liability management risk (market risk, structural interest rate risk, liquidity risk) and operational risk. A Risk Management Department has been established within the Bank to ensure compliance with said risk policies and the codes of practice pertaining thereto, and manage the risks the Bank is exposed to in accordance with these policies.

TSKB Risk Management Department actively participates in all processes related to the management of risks, and regularly reports to the Board of Directors, Audit Committee, senior management, and the relevant departments of the Bank. The roles, responsibilities and structure of the Department have been set forth in the Regulation on Risk Management Department.

I OTHER INFORMATION

Explanations related to the developments that had a significant impact on the banking activities in the relevant period are provided above. Please see our 2022 Annual Integrated Report available at the following address for further details:
https://www.tskb.com.tr/tskbentegrerapor2022/en.html