Türkiye Sınai Kalkınma Bankası Anonim Şirketi and Its Subsidiaries

Publicly announced consolidated financial statements and related disclosures at September 30, 2022 together with auditor’s review report and interim activity report

(Convenience translation of publicly announced consolidated financial statements and independent auditor’s review report originally issued in Turkish, See Note I. of Section Three)

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 independent auditor's review report originally issued in Turkish, See Note I. of Section three)

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 consolidated financial subsidiaries (together will be referred as "the Group") at September 30, 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of 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 nine-month period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial statements in accordance with the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by BRSA Legislation (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

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 September 30, 2022 include a free provision at an amount of TL 440,000 thousands provided in prior years and TL 280,000 allocated in the current period, totaling TL 720,000 by the Bank 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".

Building a better working world

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 Türkiye Sınai Kalkınma Bankası A.Ş. at September 30, 2022 and of the results of its operations and its cash flows for the nine-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 reviewed interim financial statements and disclosures in all material respects.

Additional paragraph for convenience translation to English

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

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

Fatma Ebru Yücel, SMMM
Partner

1 November 2022
İstanbul, Türkiye

THE CONSOLIDATED FINANCIAL REPORT OF
TÜRKİYE SINAİ KALKINMA BANKASI A.Ş.
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

Address: Meclisi Mebusan Cad. No:81 Fındıklı /İstanbul
Telephone: (212) 334 51 97
Fax : (212) 334 52 34
Web-site: www.tskb.com.tr
E-mail: ir@tskb.com.tr

The consolidated financial report for the nine months includes the following sections in accordance with "Communiqué on the Financial Statements and Related Explanation 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, whose financial statements 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 nine months, unless otherwise indicated, are prepared in **thousands of Turkish Lira ("TL")**, in accordance with the Communiqué on Bank's Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Bank's records, and have been independently reviewed and presented as attached.

1 November 2022

Adnan BALİ	**Murat BİLGİÇ**	**Aziz Ferit ERASLAN**	**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 : (0212) 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	1.413.339	50,48	1.413.339	-
T. Vakıflar Bankası T.A.O.	234.570	8,38	234.570	-
Under Custody at Merkezi Kayıt Kuruluşu (Other Institutions and Individuals)	1.152.091	41,14	1.152.091	-
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	1.438.280	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	-

The Parent Bank shares are traded in Istanbul Stock Exchange ("BIST") since 26 December 1986. The Parent Bank's 50,48% 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 (3)	Vice Chairman of the Board of Directors
Murat Bilgiç (2)	Member of the Board of Directors and Genaral Manager
Gamze Yalçın (3)	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 (4)	Member of the Board of Directors
Abdi Serdar Üstünsalih	Member of the Board of Directors
Hüseyin Yalçın	Member of the Board of Directors
Cengiz Yavilioğlu	Member of the Board of Directors

General Manager and Vice Presidents

Name Surname	Title / Area of Responsibility
Murat Bilgiç (2)	General Manager
Hakan Aygen	Executive Vice President - Engineering, Credit Analysis, Credit Allocation, Specialized Loans
A. Ferit Eraslan	Executive Vice President – Financial Control, Budget Planning, Corporate Compliance, Credit Operations, Treasury and Capital Market Operations
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 (5)	Executive Vice President – Human Resources, Legal Affairs, Retirement and Supplementary Foundations
Mustafa Bilinç Tanağardı (5)	Executive Vice President – Application Development, System Support and Operation, Enterprise Architecture and Process Management
Poyraz Koğacıoğlu (5)	Executive Vice President – Corporate Finance

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

(2) Member of the Board of Directors and General Manager of the Bank, Mrs. Ece Börü resigned from the General Manager position as of April 6, 2022. With the Board of Directors Decision dated as of March 25, 2022, Mr. Murat Bilgiç was appointed as the General Manager and started his duty as of 7 April 2022.

(3) Deputy Chairman of the Board of Directors, Independent Member of the Board of Directors and Chairman of the Audit Committee, Mr. Mahmut Magemizoğlu resigned from his post. At the Bank's Board of Directors meeting dated April 7, 2022, the Vice Chairman of the Board of Directors was vacant, within the framework of Article 363 of the Turkish Commercial Code, Mr. Ece Börü was appointed as the Chairman of the Audit Committee within the framework of Article 363 of the Turkish Commercial Code. It was decided to elect Gamze Yalçın.

(4) Board Member Mr. Ozan Uyar resigned from his post. At the Bank's Board of Directors meeting dated April 7, 2022, within the framework of Article 363 of the Turkish Commercial Code, Mr. Celal Caner Yıldız was chosen.

(5) At our Bank's Board of Directors meeting dated April 28, 2022; Mr. M. BilinçTanağardı, Mrs. Özlem Bağdatlı and Mr. Poyraz Koğacıoğlu. have been decided to appoint as Executive Vice President.

(6) Our Bank's Deputy General Manager Mrs. Aslı Zerrin Hancı left her job on April 30, 2022 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 2022 in the General Assembly Meeting held on 29 March 2022.

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 88,99%. 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.

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)

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.

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 30 SEPTEMBER 2022

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

			Reviewed Current Period 30 September 2022			Audited Prior Period 31 December 2021		
	ASSETS	**Section 5 Note I**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**FINANCIAL ASSETS (NET)**		**9.004.584**	**15.810.168**	**24.814.752**	**6.180.962**	**11.181.611**	**17.362.573**
1.1	**Cash and Cash Equivalents**		**4.504.077**	**5.372.971**	**9.877.048**	**1.726.208**	**3.945.944**	**5.672.152**
1.1.1	Cash and Balances with Central Bank	**(1)**	6.729	2.456.880	2.463.609	14.716	2.023.420	2.038.136
1.1.2	Banks	**(3)**	276.411	2.918.730	3.195.141	282.457	1.925.304	2.207.761
1.1.3	Money Market Placements		4.221.160	-	4.221.160	1.429.167	-	1.429.167
1.1.4	Expected Credit Losses (-)		223	2.639	2.862	132	2.780	2.912
1.2	**Financial Assets at Fair Value Through Profit or Loss**	**(2)**	**25.966**	**-**	**25.966**	**42.759**	**263.097**	**305.856**
1.2.1	Government Debt Securities		-	-	-	-	-	-
1.2.2	Equity Instruments		38	-	38	32.276	-	32.276
1.2.3	Other Financial Assets		25.928	-	25.928	10.483	263.097	273.580
1.3	**Financial Assets at Fair Value Through Other Comprehensive Income**	**(4)**	**3.203.235**	**8.575.456**	**11.778.691**	**2.642.160**	**6.293.117**	**8.935.277**
1.3.1	Government Debt Securities		2.747.200	8.245.274	10.992.474	2.254.125	6.096.386	8.350.511
1.3.2	Equity Instruments		98.530	330.182	428.712	83.751	196.731	280.482
1.3.3	Other Financial Assets		357.505	-	357.505	304.284	-	304.284
1.4	**Derivative Financial Assets**	**(2)**	**1.271.306**	**1.861.741**	**3.133.047**	**1.769.835**	**679.453**	**2.449.288**
1.4.1	Derivative Financial Assets at Fair Value Through Profit or Loss		1.271.306	1.861.741	3.133.047	1.769.835	679.453	2.449.288
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)**		**12.168.192**	**69.452.786**	**81.620.978**	**8.969.119**	**56.330.165**	**65.299.284**
2.1	**Loans**	**(5)**	**8.632.977**	**67.315.429**	**75.948.406**	**6.230.754**	**57.889.759**	**64.120.513**
2.2	**Lease Receivables**	**(10)**	37.786	351.607	389.393	**10.238**	**336.329**	**346.567**
2.3	**Factoring Receivables**		-	-	-	**-**	**-**	**-**
2.4	**Other Financial Assets Measured at Amortized Cost**	**(6)**	**5.557.238**	**4.520.376**	**10.077.614**	**3.321.632**	**634.071**	**3.955.703**
2.4.1	Government Debt Securities		5.557.238	4.520.376	10.077.614	3.321.632	634.071	3.955.703
2.4.2	Other Financial Assets		-	-	-	-	-	-
2.5	**Expected Credit Losses (-)**		**2.059.809**	**2.734.626**	**4.794.435**	**593.505**	**2.529.994**	**3.123.499**
III.	**PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (NET)**	**(16)**	**-**	**-**	**-**	**64.403**	**-**	**64.403**
3.1	Held for Sale Purpose		-	-	-	64.403	-	64.403
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	**EQUITY INVESTMENTS**		**1.092.934**	**-**	**1.092.934**	**815.503**	**-**	**815.503**
4.1	**Investments in Associates (Net)**	**(7)**	**1.048.282**	**-**	**1.048.282**	**777.551**	**-**	**777.551**
4.1.1	Accounted Under Equity Method		1.048.282	-	1.048.282	777.551	-	777.551
4.1.2	Unconsolidated Associates		-	-	-	-	-	-
4.2	**Subsidiaries (Net)**	**(8)**	**40.820**	**-**	**40.820**	**36.116**	**-**	**36.116**
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		40.820	-	40.820	36.116	-	36.116
4.3	**Entities under Common Control (Joint Venture) (Net)**		**3.832**	**-**	**3.832**	**1.836**	**-**	**1.836**
4.3.1	Joint Ventures Valued Based on Equity Method		3.832	-	3.832	1.836	-	1.836
4.3.2	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	**TANGIBLE ASSETS (Net)**	**(12)**	**484.428**	**-**	**484.428**	**479.361**	**-**	**479.361**
VI.	**INTANGIBLE ASSETS (Net)**	**(13)**	**3.442**	**-**	**3.442**	**4.514**	**-**	**4.514**
6.1	Goodwill		1.005	-	1.005	1.005	-	1.005
6.2	Other		2.437	-	2.437	3.509	-	3.509
VII.	**INVESTMENT PROPERTY (Net)**	**(14)**	**336.177**	**-**	**336.177**	**336.177**	**-**	**336.177**
VIII.	**CURRENT TAX ASSET**		**98**	**-**	**98**	**209**	**-**	**209**
IX.	**DEFERRED TAX ASSET**	**(15)**	**666.114**	**-**	**666.114**	**396.583**	**-**	**396.583**
X.	**OTHER ASSETS (Net)**	**(17)**	**760.601**	**203.838**	**964.439**	**1.222.133**	**111.795**	**1.333.928**
	TOTAL ASSETS		**24.516.570**	**85.466.792**	**109.983.362**	**18.468.964**	**67.623.571**	**86.092.535**

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

CONSOLIDATED BALANCE SHEET (STATEMENT OF CONDOLIDATED FINANCIAL POSITION) AS OF 30 SEPTEMBER 2022

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

			Reviewed Current Period 30 September 2022			Audited Prior Period 31 December 2021		
	LIABILITIES AND EQUITY	**Section 5 Note II**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
I.	**DEPOSITS**	**(1)**	-	-	-	-	-	-
II.	**FUNDS BORROWED**	**(3)**	-	**67.261.320**	**67.261.320**	**119.231**	**54.154.809**	**54.274.040**
III.	**MONEY MARKET BALANCES**		**587.908**	**1.391.909**	**1.979.817**	**713.079**	**698.140**	**1.411.219**
IV.	**MARKETABLE SECURITIES ISSUED (Net)**	**(3)**	**930.222**	**20.506.024**	**21.436.246**	**879.492**	**14.927.941**	**15.807.433**
4.1	Bills		480.780	-	480.780	93.237	-	93.237
4.2	Assets Backed Securities		449.442	-	449.442	786.255	-	786.255
4.3	Bonds		-	20.506.024	20.506.024	-	14.927.941	14.927.941
V.	**BORROWER FUNDS**		**27.347**	**512.745**	**540.092**	**11.191**	**680.513**	**691.704**
5.1	Borrower Funds		27.347	512.745	540.092	11.191	680.513	691.704
5.2	Other		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**	**(2)**	**457.078**	**1.024.898**	**1.481.976**	**801.270**	**320.009**	**1.121.279**
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		457.078	1.024.898	1.481.976	801.270	320.009	1.121.279
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VIII.	**FACTORING LIABILITIES**		-	-	-	-	-	-
IX.	**LEASE LIABILITIES**	**(5)**	**4.958**	-	**4.958**	**4.678**	-	**4.678**
X.	**PROVISIONS**	**(7)**	**841.597**	**62.649**	**904.246**	**488.689**	**58.780**	**547.469**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reverse for Employee Benefits		61.087	-	61.087	33.367	-	33.367
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		780.510	62.649	843.159	455.322	58.780	514.102
XI.	**CURRENT TAX LIABILITY**	**(8)**	**357.593**	-	**357.593**	**225.072**	-	**225.072**
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)**	-	**3.688.000**	**3.688.000**	-	**4.029.204**	**4.029.204**
14.1	Loans		-	3.688.000	3.688.000	-	-	-
14.2	Other Debt Instruments		-	-	-	-	4.029.204	4.029.204
XV.	**OTHER LIABILITIES**		**355.078**	**2.256.971**	**2.612.049**	**409.935**	**548.736**	**958.671**
XVI.	**SHAREHOLDERS' EQUITY**		**10.481.080**	**(764.015)**	**9.717.065**	**7.238.548**	**(216.782)**	**7.021.766**
16.1	Paid-in capital	(11)	2.800.000	-	2.800.000	2.800.000	-	2.800.000
16.2	Capital Reserves		1.384	-	1.384	1.386	-	1.386
16.2.1	Share Premium		1.010	-	1.010	1.012	-	1.012
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		374	-	374	374	-	374
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		**492.855**	**65.125**	**557.980**	**483.242**	**16.502**	**499.744**
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		**781.956**	**(829.140)**	**(47.184)**	**196.233**	**(233.284)**	**(37.051)**
16.5	Profit Reserves		**3.702.939**	-	**3.702.939**	**2.609.620**	-	**2.609.620**
16.5.1	Legal Reserves		440.208	-	440.208	381.427	-	381.427
16.5.2	Status Reserves		75.641	-	75.641	75.641	-	75.641
16.5.3	Extraordinary Reserves		3.184.170	-	3.184.170	2.149.632	-	2.149.632
16.5.4	Other Profit Reserves		2.920	-	2.920	2.920	-	2.920
16.6	Profit Or Loss		**2.606.146**	-	**2.606.146**	**1.058.956**	-	**1.058.956**
16.6.1	Prior Years' Profit/Loss		(34.498)	-	(34.498)	(22.153)	-	(22.153)
16.6.2	Current Year Profit/Loss		2.640.644	-	2.640.644	1.081.109	-	1.081.109
16.7	Non-Controlling Interests		**95.800**	-	**95.800**	**89.111**	-	**89.111**
	TOTAL LIABILITIES AND EQUITY		**14.042.861**	**95.940.501**	**109.983.362**	**10.891.185**	**75.201.350**	**86.092.535**

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

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

			Reviewed Current Period 30 September 2022			Audited Prior Period 31 December 2021		
	OFF-BALANCE SHEET	**Section 5 Note III**	**TL**	**FC**	**Total**	**TL**	**FC**	**Total**
A.	**OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)**		**18.067.967**	**111.755.973**	**129.823.940**	**10.087.461**	**98.584.719**	**108.672.180**
I.	**GUARANTEES AND COLLATERALS**	**(1)**	**949.118**	**8.460.333**	**9.409.451**	**337.754**	**7.945.061**	**8.282.815**
1.1	Letters of Guarantee		949.118	2.526.965	3.476.083	251.849	2.660.952	2.912.801
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		949.118	2.526.965	3.476.083	251.849	2.660.952	2.912.801
1.2	Bank Acceptances		-	208.222	208.222	-	170.742	170.742
1.2.1	Import Letter of Acceptance		-	208.222	208.222	-	170.742	170.742
1.2.2	Other Bank Acceptance		-	-	-	-	-	-
1.3	Letters of Credit		-	5.725.146	5.725.146	85.905	5.113.367	5.199.272
1.3.1	Documantery Letters of Credit		-	5.725.146	5.725.146	85.905	5.113.367	5.199.272
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)**	**5.009.748**	**11.076.252**	**16.086.000**	**2.124.218**	**9.400.185**	**11.524.403**
2.1	Irrevocable Commitments		3.961.655	1.887.596	5.849.251	1.567.024	795.425	2.362.449
2.1.1	Forward Asset Purchase and Sale Commitments		120.469	799.135	919.604	84.156	294.071	378.227
2.1.2	Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3	Share Capital Commitments to Associates and Subsidiaries		-	146.661	146.661	-	157.380	157.380
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		3.841.186	941.800	4.782.986	1.482.868	343.974	1.826.842
2.2	Revocable Commitments		1.048.093	9.188.656	10.236.749	557.194	8.604.760	9.161.954
2.2.1	Revocable Loan Granting Commitments		1.048.093	9.188.656	10.236.749	557.194	8.604.760	9.161.954
2.2.2	Other Revocable Commitments		-	-	-	-	-	-
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(2)**	**12.109.101**	**92.219.388**	**104.328.489**	**7.625.489**	**81.239.473**	**88.864.962**
3.1	Derivative Financial Instruments for Hedging Purposes		-	25.846.224	25.846.224	-	27.012.103	27.012.103
3.1.1	Fair Value Hedge		-	25.846.224	25.846.224	-	27.012.103	27.012.103
3.1.2	Cash Flow Hedge		-	-	-	-	-	-
3.1.3	Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2	Held for Trading Transactions		12.109.101	66.373.164	78.482.265	7.625.489	54.227.370	61.852.859
3.2.1	Forward Foreign Currency Buy/Sell Transactions		1.444.504	1.866.343	3.310.847	652.330	1.633.747	2.286.077
3.2.1.1	Forward Foreign Currency Transactions-Buy		1.444.504	291.903	1.736.407	573.527	490.868	1.064.395
3.2.1.2	Forward Foreign Currency Transactions-Sell		-	1.574.440	1.574.440	78.803	1.142.879	1.221.682
3.2.2	Swap Transactions Related to Foreign Currency and Interest Rate		10.647.947	64.468.913	75.116.860	6.913.070	52.562.061	59.475.131
3.2.2.1	Foreign Currency Swap-Buy		605.496	16.711.318	17.316.814	714.846	13.556.545	14.271.391
3.2.2.2	Foreign Currency Swap-Sell		9.862.229	6.709.189	16.571.418	5.936.002	7.167.646	13.103.648
3.2.2.3	Interest Rate Swap-Buy		90.111	20.524.203	20.614.314	131.111	15.918.935	16.050.046
3.2.2.4	Interest Rate Swap-Sell		90.111	20.524.203	20.614.314	131.111	15.918.935	16.050.046
3.2.3	Foreign Currency, Interest Rate, and Securities Options		16.650	37.908	54.558	8.540	16.170	24.710
3.2.3.1	Foreign Currency Options-Buy		8.325	18.954	27.279	4.270	8.085	12.355
3.2.3.2	Foreign Currency Options-Sell		8.325	18.954	27.279	4.270	8.085	12.355
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		-	-	-	16.214	15.392	31.606
3.2.4.1	Foreign Currency Futures-Buy		-	-	-	8.247	7.696	15.943
3.2.4.2	Foreign Currency Futures-Sell		-	-	-	7.967	7.696	15.663
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		-	-	-	35.335	-	35.335
B.	**CUSTODY AND PLEDGES SECURITIES (IV+V+VI)**		**162.676.498**	**1.179.699.427**	**1.342.375.925**	**78.243.073**	**766.859.683**	**845.102.756**
IV.	**ITEMS HELD IN CUSTODY**		**2.274.795**	**2.945.191**	**5.219.986**	**2.057.418**	**1.235.367**	**3.292.785**
4.1	Customers' Securities Held		-	-	-	-	-	-
4.2	Investment Securities Held in Custody		2.227.690	2.945.191	5.172.881	1.928.041	1.235.367	3.163.408
4.3	Checks Received for Collection		-	-	-	248	-	248
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		47.105	-	47.105	129.129	-	129.129
V.	**PLEDGES ITEMS**		**152.411.715**	**939.887.931**	**1.092.299.646**	**68.482.225**	**599.876.328**	**668.358.553**
5.1	Marketable Securities		456.247	-	456.247	456.247	-	456.247
5.2	Guarantee Notes		53.120	2.557.096	2.610.216	111.006	2.181.577	2.292.583
5.3	Commodity		-	-	-	-	-	-
5.4	Warranty		-	-	-	-	-	-
5.5	Real Estate		58.763.493	243.587.639	302.351.132	8.875.479	152.961.497	161.836.976
5.6	Other Pledged Items		93.138.855	693.743.196	786.882.051	59.039.493	444.733.254	503.772.747
5.7	Pledged Items-Depository		-	-	-	-	-	-
VI.	**ACCEPTED BILL OF EXCHANGE AND COLLATERALS**		**7.989.988**	**236.866.305**	**244.856.293**	**7.703.430**	**165.747.988**	**173.451.418**
	TOTAL OFF BALANCE SHEET ITEMS (A+B)		**180.744.465**	**1.291.455.400**	**1.472.199.865**	**88.330.534**	**865.444.402**	**953.774.936**

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

TÜRKİYE SINAİ KALKINMA BANKASI A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT PROFIT OR LOSS
FOR THE NINE-MONTH PERIOD THEN ENDED 30 SEPTEMBER 2022

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

	STATEMENT OF PROFIT OR LOSS	Note	Reviewed Current Period 1 January 2022-30 September 2022	Reviewed Prior Period 1 January 2021-30 September 2021	Reviewed Current Period 1 July 2022-30 September 2022	Reviewed Prior Period 1 July 2021-30 September 2021
I.	**INTEREST INCOME**	**(1)**	**7.087.362**	**3.111.966**	**2.898.891**	**1.117.601**
1.1	Interest on Loans		3.758.596	2.107.342	1.487.776	726.472
1.2	Interest Received from Reserve Deposits		309	696	1	325
1.3	Interest Received from Banks		23.095	14.953	12.133	4.110
1.4	Interest Received from Money Market Placements		472.344	221.258	116.016	49.572
1.5	Interest Received from Marketable Securities Portfolio		2.797.403	754.013	1.265.782	332.702
1.5.1	Fair Value through Profit or Loss		2.708	2.940	838	1.041
1.5.2	Fair Value Through other Comprehensive Income		762.543	358.172	273.225	138.935
1.5.3	Measured at Amortized Cost		2.032.152	392.901	991.719	192.726
1.6	Finance Lease Interest Income		14.554	5.933	5.419	1.913
1.7	Other Interest Income		21.061	7.771	11.764	2.507
II.	**INTEREST EXPENSES (-)**	**(2)**	**2.334.952**	**1.163.209**	**938.507**	**371.859**
2.1	Interest on Deposits		-	-	-	-
2.2	Interest on Funds Borrowed		1.208.980	420.858	553.995	142.640
2.3	Interest on Money Market Borrowings		100.392	73.851	25.990	21.523
2.4	Interest on Securities Issued		1.018.169	663.632	353.617	207.249
2.5	Leasing Interest Expense		480	413	247	91
2.6	Other Interest Expenses		6.931	4.455	4.658	356
III.	**NET INTEREST INCOME (I - II)**		**4.752.410**	**1.948.757**	**1.960.384**	**745.742**
IV.	**NET FEES AND COMMISSIONS INCOME / EXPENSES**		**224.954**	**105.899**	**75.894**	**29.241**
4.1	Fees and Commissions Received		250.130	119.041	85.109	33.025
4.1.1	Non-cash Loans		39.211	21.538	15.478	7.830
4.1.2	Other		210.919	97.503	69.631	25.195
4.2	Fees and Commissions Paid (-)		25.176	13.142	9.215	3.784
4.2.1	Non-cash Loans		6.006	2.390	2.020	771
4.2.2	Other		19.170	10.752	7.195	3.013
V.	**DIVIDEND INCOME**	**(3)**	**19.754**	**8.243**	**3.409**	-
VI.	**NET TRADING INCOME**	**(4)**	**821.182**	**(53.065)**	**332.616**	**(49.637)**
6.1	Securities Trading Gains / (Losses)		33.598	447	9.123	13
6.2	Derivative Financial Instruments Gains / Losses		3.004.501	500.872	1.067.581	(16.847)
6.3	Foreign Exchange Gains / Losses (Net)		(2.216.917)	(554.384)	(744.088)	(32.803)
VII.	**OTHER OPERATING INCOME**	**(5)**	**201.328**	**245.065**	**76.685**	**43.302**
VIII.	**GROSS OPERATING INCOME (III+IV+V+VI+VII)**		**6.019.628**	**2.254.899**	**2.448.988**	**768.648**
IX.	**EXPECTED CREDIT LOSS (-)**	**(6)**	**1.850.489**	**716.526**	**831.756**	**162.081**
X.	**OTHER PROVISION EXPENSES (-)**	**(6)**	**384.403**	**180.000**	-	**115.000**
XI.	**PERSONNEL EXPENSES (-)**		**300.822**	**160.932**	**129.428**	**53.669**
XII.	**OTHER OPERATING EXPENSES**	**(7)**	**305.011**	**258.850**	**109.632**	**53.013**
XIII.	**NET OPERATING INCOME/(LOSS) (VIII-IX-X-XI-XII)**		**3.178.903**	**938.591**	**1.378.172**	**384.885**
XIV.	**AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER**		-	-	-	-
XV.	**PROFIT / (LOSS) ON EQUITY METHOD**		**259.922**	**97.840**	**86.630**	**35.874**
XVI.	**GAIN / (LOSS) ON NET MONETARY POSITION**		-	-	-	-
XVII.	**PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)**	**(8)**	**3.438.825**	**1.036.431**	**1.464.802**	**420.759**
XVIII.	**TAX PROVISION FOR CONTINUED OPERATIONS (±)**	**(9)**	**793.592**	**261.654**	**341.878**	**125.316**
18.1	Provision for Current Income Taxes		1.014.187	320.143	441.482	150.284
18.2	Deferred Tax Income Effect (+)		513.575	246.144	104.472	65.749
18.3	Deferred Tax Expense Effect (-)		734.170	304.633	204.076	90.717
XIX.	**NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)**	**(10)**	**2.645.233**	**774.777**	**1.122.924**	**295.443**
XX.	**INCOME ON DISCONTINUED OPERATIONS**		-	-	-	-
20.1	Income on Assets Held for Sale		-	-	-	-
20.2	Income on Sale of Associates, Subsidiaries and Jointly Controlled 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 DISCONTINUED OPERATIONS (XXII±XXIII)**		-	-	-	-
XXV.	**NET PROFIT/LOSS (XVIII+XXIII)**	**(11)**	**2.645.233**	**774.777**	**1.122.924**	**295.443**
25.1	Group Profit / Loss		2.640.644	774.602	1.121.422	295.311
25.2	Profit / Loss of Minority Shares (-)		4.589	175	1.502	132
	Earning / (loss) per share		0,943	0,277	0,401	0,105

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

	PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**Reviewed Current Period 1 January 2022 – 30 September 2022**	**Reviewed Prior Period 1 January 2021– 30 September 2021**
I.	**CURRENT PERIOD INCOME / LOSS**	**2.645.233**	**774.777**
II.	**OTHER COMPREHENSIVE INCOME**	**48.103**	**(99.723)**
2.1	**Not Reclassified Through Profit or Loss**	**58.236**	**16.510**
2.1.1	Property and Equipment Revaluation Increase / Decrease	-	10.661
2.1.2	Intangible Assets Revaluation Increase / Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain / Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	59.818	6.871
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(1.582)	(1.022)
2.2	**Reclassified Through Profit or Loss**	**(10.133)**	**(116.233)**
2.2.1	Foreign Currency Translation Differences	42.934	12.108
2.2.2	Valuation and / or Reclassification Income / Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(125.120)	(121.155)
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	21.535	(31.762)
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	50.518	24.576
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**2.693.336**	**675.054**

(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 – 30 September 2021																	
I.	**Prior Period End Balance**		**2.800.000**	**776**	**-**	**374**	**342.425**	**1.392**	**45.975**	**39.852**	**75.014**	**110.895**	**1.947.077**	**712.819**	**-**	**6.076.599**	**54.170**	**6.130.769**
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**	**776**	**-**	**374**	**342.425**	**1.392**	**45.975**	**39.852**	**75.014**	**110.895**	**1.947.077**	**712.819**	**-**	**6.076.599**	**54.170**	**6.130.769**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**9.639**	**-**	**6.871**	**12.108**	**(96.579)**	**(31.762)**	**-**	**-**	**774.602**	**674.879**	**175**	**675.054**
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**		**-**	**236**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(29)**	**288**	**-**	**495**	**18.688**	**19.183**
XI.	**Profit Distribution**		**-**	**-**	**-**	**-**	**(955)**	**-**	**-**	**-**	**-**	**-**	**662.573**	**(735.260)**	**-**	**(73.642)**	**-**	**(73.642)**
11.1	Dividends Distributed		-	-	-	-	-	-	-	-	-	-	-	(73.551)	-	(73.551)	-	(73.551)
11.2	Transfers to Reserves		-	-	-	-	(955)	-	-	-	-	-	622.573	(621.709)	-	(91)	-	(91)
11.3	Other		-	-	-	-	-	-	-	-	-	-	40.000	(40.000)	-	-	-	-
	Period-End Balance		**2.800.000**	**1.012**	**-**	**374**	**351.109**	**1.392**	**52.846**	**51.960**	**(21.565)**	**79.133**	**2.609.621**	**(22.153)**	**774.602**	**6.678.331**	**73.033**	**6.751.364**

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 SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD THEN ENDED 30 SEPTEMBER 2022

(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 – 30 September 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**		**-**	**-**	**-**	**-**	**(1.636)**	**280**	**59.592**	**42.934**	**(74.602)**	**21.535**	**-**	**-**	**2.640.644**	**2.688.747**	**4.589**	**2.693.336**
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**		**-**	**(2)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(17)**	**341**	**-**	**322**	**2.100**	**2.422**
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		**2.800.000**	**1.010**	**-**	**374**	**431.894**	**(4.355)**	**130.441**	**147.359**	**(357.895)**	**163.352**	**3.702.939**	**(34.498)**	**2.640.644**	**9.621.265**	**95.800**	**9.717.065**

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 30 September 2022	Reviewed Prior Period 30 September 2021
A.	**CASH FLOWS FROM BANKING OPERATIONS**			
1.1	**Operating Profit Before Changes in Operating Assets and Liabilities**		**5.138.419**	**1.716.192**
1.1.1	Interest Received		5.318.139	2.639.451
1.1.2	Interest Paid		(2.364.421)	(1.233.817)
1.1.3	Dividends Received		19.754	8.243
1.1.4	Fees and Commissions Received		250.130	119.041
1.1.5	Other Income		627.857	84.577
1.1.6	Collections from Previously Written off Loans		100.826	112.111
1.1.7	Payments to Personnel and Service Suppliers		(355.303)	(193.515)
1.1.8	Taxes Paid		(695.432)	(177.941)
1.1.9	Others		2.236.869	358.042
1.2	**Changes in Operating Assets and Liabilities**		**3.255.310**	**27.677**
1.2.1	Net (Increase) (Decrease) in Financial Assets at Fair Value through Profit or Loss		30.006	2.027
1.2.2	Net (Increase) (Decrease) in Due from Banks		-	-
1.2.3	Net (Increase) (Decrease) in Loans		6.535.853	535.269
1.2.4	Net (Increase) (Decrease) in Other Assets		(417.443)	(15.713)
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		(5.011.711)	243.814
1.2.9	Net (Increase) (Decrease) in Matured Payable		-	-
1.2.10	Net (Increase) (Decrease) in Other Liabilities		2.118.605	(737.720)
I.	**Net Cash Provided by / (used in) Banking Operations**		**8.393.729**	**1.743.869**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net Cash Provided by / (used in) Investing Activities**		**(3.894.746)**	**(874.143)**
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	15.816
2.3	Purchases of Property and Equipment		(9.297)	(9.323)
2.4	Disposals of Property and Equipment		276	818
2.5	Purchase of Financial Assets at Fair Value through Other Comprehensive Income		(3.043.967)	(1.850.575)
2.6	Sale of Financial Assets at Fair Value through Other Comprehensive Income		3.092.045	809.223
2.7	Purchase of Financial Assets Measured at Amortized Cost		(4.308.159)	-
2.8	Sale of Financial Assets Measured at Amortized Cost		374.053	162.446
2.9	Others		(418)	(2.548)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net Cash Provided by / (used in) Financing Activities**		**(1.167.128)**	**230.462**
3.1	Cash Obtained From Funds Borrowed and Securities Issued		3.939.713	3.380.815
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued		(5.085.991)	(3.090.213)
3.3	Capital Increase		-	15.862
3.4	Dividends Paid		(268)	(73.551)
3.5	Payments for Financial Leases		(20.582)	(2.451)
3.6	Other		-	-
IV.	**Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents**		**400.417**	**150.245**
V.	**Net Increase in Cash and Cash Equivalents**		**3.732.272**	**1.250.433**
VI.	**Cash and Cash Equivalents at Beginning of the Period**		**3.661.118**	**1.864.624**
VII.	**Cash and Cash Equivalents at End of the Period**		**7.393.390**	**3.115.057**

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 2022 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 an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POA) on January 20, 2022, it is stated that TAS 29 does not apply to the financial statements as of 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 September 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POA will delay the application of TAS 29, financial statements as of September 30, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

Additional paragraph for convenience translation to English

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

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.

Coronavirus epidemic spread to various countries around the world, causing potentially fatal respiratory infections, affects both regional and global economic conditions negatively, as well as causing malfunctions in operations, especially in countries exposed to the epidemic. As a result of the spread of COVID-19 throughout the world, various measures have been taken in our country as well as in the world and still continue to be taken in order to prevent the transmission of the virus.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

I. Basis of presentation (Continued)

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

In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide. The Bank began to apply principal and interest translation to its customers who demanded for support and convenience in the sectors whose cash flows deteriorated since was affected by the COVID-19 epidemic and the protection measures taken in this context. As it is intended to update the financial information contained in the lastest annual financial statements in the interim financial statements prepared as of 30 September 2022 and considering the magnitude of the economic changes occurred due to COVID-19, 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 eview the realizations of past estimates.

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

TAS / TFRS changes, which entered into force as of 1 January 2022 do not have a significant effect on the accounting policies, financial status and performance of the Bank. TAS and TFRS changes, which were published but not put into effect as of the final date of the financial statements, will not have a significant effect on the accounting policies, financial status and performance of the Bank.

In addition, the Indicator Interest Rate Reform - 2nd Phase, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, was published in December 2020, effective from 1 January 2022, and early implementation of the changes is allowed. With the amendments made, certain exceptions are provided for the basis used in determining contractual cash flows and hedge accounting provisions. The effects of the changes on the The Bank's financials have been evaluated and it has been concluded that there is no need for early application.

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.

Interest rate risk is kept at a minimum, as most of the loans extended have the flexibility to reflect market interest changes to customers. On the other hand, the portfolio of high-yielding Eurobonds and Foreign Currency Government Domestic Debt Securities is capable of eliminating the risk that may arise due to interest rate changes.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

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.

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 Group 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 Parent Bank.

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

The Parent 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:

A great majority of foreign currency fair value through other comprehensive income securities are financed with foreign currency resources. Accordingly, the anticipated possible depreciation of local currency against other currencies is eliminated. A foreign currency basket is formulated in terms of the indicated foreign currency to eliminate the risk exposure of changes in cross currency parity. Interest rate risk is mitigated by constituting a balanced asset composition in compliance with the structure of fixed and floating rate of funding resources. The hedging strategies for other foreign exchange risk exposures: A stable foreign exchange position strategy is implemented and to be secured from cross currency risk, the current foreign exchange position is monitored by considering a currency basket in specific foreign currencies.

The foreign exchange gains and losses on foreign currency transactions are accounted for in the period of the transaction.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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

Foreign exchange assets and liabilities are translated to Turkish Lira using foreign exchange bid rate as of the reporting date, and the resulting gains and losses are recorded in foreign exchange gains or losses.

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 (continued)

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)

Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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 at fair value through profit/loss are financial assets other than the ones that are managed with business model that aimed to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and in case of the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from shortterm fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. The Parent Bank classifies certain loans and securities issued at their origination dates, as financial assets/liabilities at fair value through profit/ loss, irrevocably in order to eliminate any accounting mismatch in compliance with TFRS 9. Financial assets at the fair value through profit or loss are initially recognized at fair value and measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. In accordance with the Uniform Chart of Accounts (THP) explanations, the positive difference between the acquisition cost 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 calculated in the “Capital Market Transactions Profits” account, if the fair value is below the discounted value, the negative difference between the discounted value and the fair value is recorded in the “Capital Market Transactions Losses” account. In case the financial asset is disposed of before maturity, the resulting gains or losses are accounted for on the same basis.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

VIII. Explanations on financial assets (continued)

Measurement categories of financial assets and liabilities (continued)

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

Syndicated loans extended to Ojer Telekomünikasyon A.Ş. (OTAŞ) in the previous periods were restructed. Within this scope, in order to form the colleteral of these loans, taking over process of 192.500.000.000 A Group shares which constitute 55% of Turk Telekom's issued capital, pledged in favor of the creditors, were completed on 21 December 2018, by LYY Telekomünikasyon A.Ş. (formerly known as Levent Yapılandırma Yonetimi A.Ş.) which was established as a privately-owned company and all creditors are direct or indirect shareholders. The Parent Bank has a share of 1,617% in LYY Telekomünikasyon A.Ş., which is the share of OTAŞ receivables.

Later, at the Ordinary General Assembly Meeting of LYY Telekomünikasyon A.Ş. dated September 23, 2019, it was decided to convert some of the loan to capital and add it to the capital of LYY Telekomünikasyon A.Ş. The nominal value of shares increased from TL 0,8 to TL 64.403.

Total assets amounting to TL 327.500 are measured at fair value under TFRS 9 Financial Instruments Standard and TFRS 5 Assets Held for Sale and Discontinued Operations. The determination of this value is based on the results of an independent appraisal firm. In the valuation study, fair value is determined by considering the average of different methods (discounted cash flows, similar market multipliers, similar transaction multipliers in the same sector, market value and analyst reports).

55% of LYY Telekomünikasyon A.Ş. Türk Telekomünikasyon A.Ş. was authorized as an international investment bank sales consultant on September 19, 2019 for the purpose of selling its shares, and within this scope, necessary studies regarding the sale and meetings with potential investors were carried out.

As of 31 March 2022, Türk Telekomünikasyon A.Ş., owned by LYY Telekomünikasyon A.Ş. 192.500.000.000 Group A shares representing 55% of its capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sales amount, a collection was made from the related loan in proportion to the Bank's share. However, a provision for impairment has been made for the entire acquired asset.

As of 30 June 2022, the risk related to LYY Telekomünikasyon A.Ş., which has been fully provisioned, has been transferred to the follow-up accounts, and the amount transferred to the follow-up accounts and its specific provisions have been written off from the asset in accounting terms (555.395 Thousand TL).

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 1 January 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. As of September 30, 2022, within the scope of the ECL effects of COVID-19, the weight of the base scenario from 3 scenarios has been reduced and the weight of the worst and worst scenario has been increased. 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 other 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).

As of 31 March 2022, LYY Telekomünikasyon A.Ş. owned by Türk Telekomünikasyon A.Ş. 192.500.000.000 Group A registered shares representing 55% of its capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sales amount, a collection was made from the related loan in proportion to the Bank's share. However, a provision for impairment has been made for the entire acquired asset.

As of 30 June 2022, the risk related to LYY Telekomünikasyon A.Ş., which has been fully provisioned, has been transferred to the follow-up accounts, and the amount transferred to the follow-up accounts and its specific provisions have been written off from the asset in accounting terms (555.395 Thousand TL).

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XIII. Explanations on goodwill and other intangible assets (continued)

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 31 December 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 31 December 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. Normal maintenance and repair expenses incurred on property, plant and equipment are recognized as expense.

As of the third quarter of 2015, the Group changed its accounting policy and adopted revaluation method on annual basis under scope of Standard on Tangible Fixed Assets (TAS 16) with respect to valuation of immovable included in its building and lands. The amortization periods of real estates are specified in the appraisal’s report. In case of the cost of tangible assets over the net realizable value estimated under the "Turkish accounting standards for impairment of assets" (TAS 36), the value of the asset is reduced to its “net realizable value” and are reserved impairment provision associated with expense accounts. The positive difference between appraisement value and net book value of the property is accounted under shareholder’ equity. Related valuation models such as cost model, market value and discounted cash flow projections approaches are used in valuation of real estates. There is no pledge, mortgage or any other lien on tangible assets. Tangible assets are depreciated with straight-line method and their useful lives are determined in accordance with the Turkish Accounting Standards.

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 lease 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 (including in-substance fixed payments) less any lease incentives receivable,

b) Variable lease payments that depend on an index or a rate,

c) Amounts expected to be paid under residual value guarantees.

d) If the lease term reflects the Company / the Group exercising the option to terminate.

e) The exercise price of a purchase option reasonably certain to be exercised by the Company / the Group and payments of penalties for terminating a 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 (continued)

TFRS 16 Leases (continued)

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.

On June 5, 2020, POA made changes to TFRS 16 “Leases” by publishing Concessions Granted in Rent Payments Related to COVID-19 - “Amendments to TFRS 16 Leases”. Continuing Concessions in Rent Payments Related to COVID-19 After 30 June 2021-“Amendments to TFRS 16” was published in the Official Gazette dated 7 April 2021 and numbered 31447. With this change, tenants are exempted from evaluating whether the concessions granted due to COVID-19 in rent payments have been changed or not. The said change did not have a significant impact on the financial position or performance of the Bank. However, due to the high level of the epidemic, on 7 April 2021, POA decided to extend the exemption to include the privileges that caused a decrease in lease payments due on or before 30 June 2022. The change in question did not have a significant impact on the Bank's financial position or performance.

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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on liabilities regarding employee benefits (continued)

Employees of the Parent Bank are members of “Türkiye Sınai Kalkınma Bankası Anonim Şirketi Memur ve Müstahdemleri Yardım ve Emekli Vakfı” and “Türkiye Sınai Kalkınma Bankası A.Ş. Mensupları Munzam Sosyal Güvenlik ve Yardımlaşma Vakfı” (“the Pension Fund”). Technical financial statements of those funds are subject to audit in accordance with the Insurance Law and provisions of “Regulations on Actuaries” issued based on the related law by an actuary registered in the Actuarial Registry.

Paragraph 1 of the provisional Article 23 of the Banking Act (“Banking Act”) No: 5411 published in the Official Gazette No: 25983 on 1 November 2005 requires the transfer of banking funds to the Social Security Institution within 3 years as of the enactment date of the Banking Act. Under the Banking Act, in order to account for obligations, actuarial calculations will be made considering the income and expenses of those funds by a commission consisting of representatives from various institutions. Such calculated obligation shall be settled in equal instalments in maximum 15 years. Nonetheless, the related Article of the Banking Law was annulled by the Constitutional Court’s decision No: E. 2005/39 and K. 2007/33 dated 22 March 2007 that were published in the Official Gazette No: 26479 on 31 March 2007 as of the release of the related decision, and the execution of this article was cancelled as of its publication of the decision and the underlying reasoning for the cancellation of the related article was published in the Official Gazette No: 26731 on 15 December 2007.

After the publication of the reasoning of the cancellation decision of the Constitutional Court, articles related with the transfer of banks pension fund participants to Social Security Institution based on Social Security Law numbered 5754 were accepted by the Grand National Assembly of Turkey on 17 April 2008 and published in the Official Gazette No: 26870 on 8 May 2008.

Present value for the liabilities of the transferees as of the transfer date would be calculated by a commission that involves representatives of Social Security Institution, Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, SDIF, banks and banks’ pension fund institutions and technical interest rate, used in actuarial account, would be 9,80%. If salaries and benefits paid by the pension fund of banks and income and expenses of the pension funds in respect of the insurance branches, stated in the Law, exceeds the salaries and benefits paid under the regulations of Social Security Institution, such differences would be considered while calculating the present value for the liabilities of the transferees and the transfers are completed within 3 years beginning from 1 January 2008.

According to the provisional Article 20 of 73th article of Law No. 5754 dated 17 April 2008, has become effective on 8 May 2008 and was published in the Official Gazette No: 26870, transfer of Pension Funds to Social Security Institution in three years has been anticipated. Related resolution of the Council of Ministers related to four-year extension was published in the Official Gazette No: 28227 and Law no 5510 dated 8 March 2012. It has been resolved that the transfer process has been extended two year with Council of Ministers’ Decree, has become effective on 9 April 2011 and was published in the Official Gazette No: 27900. The transfer had to be completed until 8 May 2013. Accordingly, it has been resolved that, one more year extension with Council of Minister Decree No: 2013/467, has become effective on 3 May 2013 and was published in the Official Gazette No: 28636 and transfer need to be completed until 8 May 2014. However, it has been decided to extend the time related to transfer by the decision of Council of Minister published in the Official Gazette No. 28987 dated 30 April 2014 for one more year due to not to realize the transfer process. In accordance with the Health and Safety Law which became effective on 4 April 2015 and published in the Official Gazette No: 29335 and law no 6645 and dated 23 April 2015 and together with some amendments and statutory decree, Council of Ministers authorized for the determination of transfer date to the Social Security institution and the transfer of Pension Fund was postponed to an unknown date. There is no decision taken by the Cabinet with regards to issue at the date of financial statements. Unmet social benefits and payments of the pension fund participants and other employees that receive monthly income although they are within the scope of the related settlement deeds would be met by pension funds and the institutions employ these participants after the transfer of pension funds to the Social Security Institution.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVII. Explanations on liabilities regarding employee benefits (continued)

The present value of the liabilities, subject to the transfer to the Social Security Institution, of the Pension Fund as of 31 December 2021 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 17 January 2022. There is no need for technical or actual deficit to book provision as of 31 December 2021. In addition, the Parent Bank's management anticipates that any liability that may come out during the transfer period and after, in the context expressed above, would be financed by the assets of the Pension Fund and would not cause any extra 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 September 30, 2022, the Corporate Tax rate valid in Turkey is 25%. However, with the Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette dated April 15, 2022 and numbered 31810, and the Law on Amendments to Some Laws and Decree-Laws, Article 26 With the paragraph added to the provisional article 13 of the Corporate Tax Law No. 5520, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2022 taxation period. This amendment will be valid in the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 1 July 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 September 30, 2022 (December 31, 2021: 25%).

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated December 31, 2023.

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

Deferred tax is recognized for Stage 1 and Stage 2 expected loss provisions.

Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

Carrying amount of deferred tax asset is reviewed as of each balance sheet date. Carrying value of deferred tax asset is reduced to the extent that it is not probable that a taxable profit will be obtained to allow some or all of the deferred tax asset to be benefited. Deferred tax is calculated over the tax rates valid in the period when assets are created or liabilities are fulfilled and recorded as expense or income in the income statement. However, if the deferred tax is related to assets directly associated with equity in the same or a different period, it is directly associated with the equity account group.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

XVIII. Explanations on taxation (continued)

In accordance with the Provisional Article 13 added to the Corporate Tax Law Numbered 5520 with the Law Numbered 7316, the 20% rate foreseen in the calculation of the corporate tax for the corporate earnings of the 2021 taxation period is determined as 25% (starting from the declarations to be submitted as of July 1, 2021 and to be valid for the corporate earnings for the taxation period starting from January 1, 2021), and as 23% for the corporate earnings for the 2022 taxation period. On the other hand, in accordance with the amendment made in Article 32 of the Corporate Tax Law with the Law No. 7394 published in the Official Gazette dated 15.04.2022 and numbered 31810, the corporate tax rate should start from the declarations that must be submitted as of 01.07.2022 and taxation starting from 01.01.2022. It has been determined as 25% to be valid for the corporate earnings of the period. The Bank has calculated deferred tax by using 25% rate (December 31, 2021: 20%, 23%, and 25% rates are used).

Deferred tax receivables and liabilities are netted off.

Pursuant to Article 53 of the Banking Law dated October 19, 2005 and numbered 5411, all of the special provisions set aside for loans and other receivables are taken into account as an expense in the determination of the corporate tax base in the year they are allocated pursuant to the second paragraph 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.

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)

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.

XX. Explanations on share certificates issued

In the meeting of the General Assembly held on 29 March 2022 it has been resolved that the Parent Bank has no 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.

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

SECTION THREE (Continued)

ACCOUNTING POLICIES (Continued)
XXIII. Explanations on segment reporting

In accordance with its mission, the Parent Bank mainly operates in corporate and investment banking segments.The corporate banking is serving financial solutions and banking services for its medium and large-scale corporate customers. Services given to corporate customers are; investment credits, project financing, TL and foreign exchange operating loans, letters of credit, letters of guarantees and foreign trade transaction services covering letters of guarantee with external guarantees.

Income from the activities of investment banking includes income from the operations of Treasury and Corporate Finance. Under the investment banking activities, portfolio management for corporate, marketable securities intermediary activities, cash flow management and all types of corporate finance services is provided.

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	1.967.800	2.697.504	87.106	4.752.410
Net Fees and Commission Income	36.623	81.069	107.262	224.954
Other Income	-	795.846	506.340	1.302.186
Other Expense	(1.925.188)	(103.264)	-812.273	(2.840.725)
Profit Before Tax	79.235	3.471.155	(111.565)	3.438.825
Tax Provision				(793.592)
Net Profit				**2.645.233**
Group's profit / loss				2.640.645
Minority share profit / loss				4.589
Current Period	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Segment Assets	70.739.667	33.276.473	4.874.288	108.890.428
Investment in Associates and Subsidiaries	-	-	1.092.934	1.092.934
Total Assets	**70.739.667**	**33.276.473**	**5.967.222**	**109.983.362**
Segment Liabilities	89.241.423	3.745.648	7.279.226	100.266.297
Shareholders' Equity	-	-	9.717.065	9.717.065
Total Liabilities	**89.241.423**	**3.745.648**	**16.996.291**	**109.983.362**

Prior Period(*)	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Net Interest Income	948.568	977.243	22.946	1.948.757
Net Fees and Commission Income	20.656	29.699	55.544	105.899
Other Income	-	-	351.148	351.148
Other Expense	(918.178)	(75.504)	(375.691)	(1.369.373)
Profit Before Tax	51.046	931.438	53.947	1.036.431
Tax Provision				(261.654)
Net Profit				**774.777**
Group's profit / loss				774.602
Minority share profit / loss				175
Prior Period (**)	**Corporate Banking**	**Investment Banking**	**Other**	**Total**
Segment Assets	61.059.338	20.057.449	4.160.245	85.277.032
Investment in Associates and Subsidiaries	-	-	815.503	815.503
Total Assets	**61.059.338**	**20.057.449**	**4.975.748**	**86.092.535**
Segment Liabilities	72.199.242	1.776.620	5.094.907	79.070.769
Shareholders' Equity	-	-	7.021.766	7.021.766
Total Liabilities	**72.199.242**	**1.776.620**	**12.116.673**	**86.092.535**

(*) Includes information on 30 September 2021.
(**) Includes information on 31 December 2021.

(Amounts 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

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks" and in addition to regulations of BRSA numbered 3397 dated 23 March 2020. As of 30 September 2022, the capital adequacy ratio of Bank has been calculated as 19,87% (31 December 2021: 20,80%).

As stated in the Board Decision dated 21 December 2021 and numbered 9996, from 1 January 2022, in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks, with the amount in the calculation of credit risk-monetary assets and non-monetary items that are measured in terms of historical cost, except for assets in foreign currencies in the rest of the valuated special provision in accordance with international accounting standards and related amounts when calculating the amount of the business day as of the date of recent 31 December 2021 252 can be used for simple arithmetic mean of the exchange rate, the central bank oriented application; otherwise the decision of the assembly is received until history of the exchange rate to be maintained by the Central Bank of 31 Decmber 2021 use is provided.

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 October 2013 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	1.010	1.012
Reserves	3.702.939	2.609.620
Other comprehensive income according to TAS	1.373.926	878.164
Profit	2.606.146	1.058.956
Current Period Profit	2.640.644	1.081.109
Prior Period Profit	(34.498)	(22.153)
Bonus shares from associates, subsidiaries and joint-ventures not accounted in current period's profit	-	-
Minority shareholder	95.800	89.111
Core Equity Tier 1 Capital Before Deductions	**10.580.195**	**7.437.237**
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	241.456	88.769
Leasehold improvements on operational leases	3.712	2.728
Goodwill (net of related tax liability)	1.005	1.005
Other intangible assets other than mortgage-servicing rights (net of related tax liability)	2.437	3.509
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	-	-

(Amounts 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)

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	72.371	91.446
Mortgage servicing rights not deducted	-	-
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	-	-
Excess amount arising from deferred tax assets from temporary differences	-	-
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	**320.981**	**187.457**
Core Equity Tier I Capital	**10.259.214**	**7.249.780**
ADDITIONAL TIER I CAPITAL	3.688.000	-
Preferred stock not included in core equity and related share premiums	-	-
Debt instruments and the related issuance premiums defined by the BRSA	3.688.000	-
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	-	-
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	-	-
Total Tier I Capital (Tier I Capital=Core Equity Tier I Capital+Additional Tier I Capital)	**13.947.214**	**7.249.780**
TIER II CAPITAL		
Debt instruments and the related issuance premiums defined by the BRSA (*)	-	3.932.850
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)	848.127	654.352
Shares of Third Parties in Tier II Capital	-	-
Shares of Third Parties in Tier II Capital (Temporary Article 3)	-	-
Tier II Capital Before Deductions	**848.127**	**4.587.202**
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.	-	-

(*) Bank; It has decided to use the early redemption option of the supplementary capital bond issue with a nominal amount of USD 300 million, the redemption date of 29 March 2027 and an early redemption option on 29 March 2022. Then, the bond was redeemed on 29 March 2022.

(Amounts 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	**848.127**	**4.587.202**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**14.795.341**	**11.836.982**
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)	**14.795.341**	**11.836.982**
Total Risk Weighted Assets	74.469.600	56.920.346
CAPITAL ADEQUACY RATIOS		
Consolidated Core Capital Adequacy Ratio (%)	13.78	12,74
Consolidated Tier I Capital Adequacy Ratio (%)	18.73	12,74
Consolidated Capital Adequacy Ratio (%)	19.87	20,80
BUFFERS		
Total buffer requirement (a+b+c)	2.513	2.510
(a) Capital conservation buffer requirement (%)	2.500	2.500
(b) Bank specific counter-cyclical buffer requirement (%)	0.013	0,010
(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	9.28	6,74
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	1.023.578	725.211
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)	2.952.590	2.056.896
Up to 1,25% of total risk-weighted amount of general reserves for receivables where the standard approach used	848.127	654.352
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 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 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"		
30 September 2022	18,4400	18,1062
Prior Five Workdays:		
29 September 2022	18,4470	17,8217
28 September 2022	18,4400	17,5775
27 September 2022	18,3875	17,7274
26 September 2022	18,3500	17,6674
23 September 2022	18,2805	17,9624

Simple arithmetic thirty-day averages of the US Dollar and Euro buying rates of the Parent Bank before the reporting date are full TL 18,2091 and 18,0598 respectively.

(Amounts 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	848.541	1.608.339	-	2.456.880
Banks	354.836	2.556.811	7.083	2.918.730
Financial Assets at Fair Value Through Profit or Loss (1)	227.501	602.775	3.366	833.642
Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	1.433.920	7.141.536	-	8.575.456
Loans (2)	24.701.343	44.400.910	-	69.102.253
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	-	4.520.376	-	4.520.376
Derivative Financial Assets for Hedging Purposes (5)	-	78.119	-	78.119
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets (3)	79.763	114.318	94	194.175
Total Assets	**27.645.904**	**61.023.184**	**10.543**	**88.679.631**
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Money Market Borrowings	586.147	805.762	-	1.391.909
Funds Provided From Other Financial Institutions	22.055.913	48.893.407	-	70.949.320
Marketable Securities Issued	-	20.506.024	-	20.506.024
Miscellaneous Payables	689.375	1.555.369	1.900	2.246.644
Derivative Financial Liabilities for Hedging Purposes (4)	-	129.180	-	129.180
Other Liabilities (5)	311.830	849.675	3.047	1.164.552
Total Liabilities	**23.643.265**	**72.739.417**	**4.947**	**96.387.629**
Net Balance Sheet Position	**4.002.639**	**(11.716.233)**	**5.596**	**(7.707.998)**
Net Off-Balance Sheet Position	**(3.172.094)**	**12.564.406**	**(4.490)**	**9.387.822**
Financial Derivative Assets	3.814.860	18.660.666	153.093	22.628.619
Financial Derivative Liabilities	(6.986.954)	(6.096.260)	(157.583)	(13.240.797)
Non-Cash Loans (6)	3.366.406	5.093.927	-	8.460.333
Prior Period				
Total Assets	**28.645.822**	**42.478.232**	**7.596**	**71.131.650**
Total Liabilities	**20.736.285**	**54.578.105**	**2.383**	**75.316.773**
Net Balance Sheet Position	**7.909.537**	**(12.099.873)**	**5.213**	**(4.185.123)**
Net Off –Balance Sheet Position	**(7.223.999)**	**12.891.458**	**(3.795)**	**5.663.664**
Financial Derivative Assets	1.650.353	16.216.394	198.105	18.064.852
Financial Derivative Liabilities	(8.874.352)	(3.324.936)	(201.900)	(12.401.188)
Non-Cash Loans (6)	2.643.435	5.301.626	-	7.945.061

(1) Exchange rate differences arising from derivative transactions amounting to TL 288.716 is deducted from "Financial Assets at Fair Value Through Profit or Loss".

(2) Loans include TL 1.463.392 foreign currency indexed loans, TL 351.607 financial lease receivables, TL 28.175 non-performing loans, and TL (28.175) credit-impaired losses (Stage III / Special Provision).

(3) Prepaid expenses amounting to TL 9.580, foreign currency purchase commitment rediscounts with value date amounting to TL 86 and 12-month expected loss provisions for Other Assets amounting to TL (3) are not included in other assets.

(4) Derivative financial assets for hedging purposes has classified in line of derivative financial assets; derivative financial liabilities for hedging purposes has classified in line of derivative financial liabilities in financial statement. Foreign exchange difference accrual amounting to TL 661.235 is deducted from "Derivative Financial Assets for Hedging Purposes".

(5) Exchange rate differences arising from derivative transactions amounting to TL 265.088, forward foreign exchange buying transaction rediscounts amounting to TL 19 and other provisions amounting to TL 51.752 have not been included in "Other Liabilities".

(6) 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

Interest rate sensitivity of the assets, liabilities and off-balance sheet items are measured by the Parent Bank. General and specific interest rate risk tables in the standard method, by including assets and liabilities, are taken into account in determination of the Capital Adequacy Standard Ratio and to calculate the overall interest rate risk of the Parent Bank.

Forecast results which have been formed using estimation-simulation reports are prepared and then the effects of fluctuations in interest rates are evaluated with sensitivity and scenario analysis. Cash requirement for every maturity period are determined based on maturity distribution analysis (Gap). In addition, a positive spread between the yield on assets and the cost of liabilities is kept while determining interest rates.

The amount of local borrowings is very low considering the total liabilities of the Parent Bank. As the Parent Bank is a development and investment bank, it obtains most of the funding from abroad.

The fluctuations in interest rates are controlled with interest rate risk tables, gap analysis, scenario analysis and stress tests, its effect in assets and liabilities and the probable changes in cash flows are being screened. The Parent Bank screens many risk control ratio including the markets risk ratio to the sum of risk weighted assets and the ratio of the value at risk calculated as per the internal model to the equity.

Under the scope of risk policies, continuous controls are made to prevent assets or shareholders' equity from adverse effects because of fluctuations in interest rates or liquidity difficulties and top management, the Board of Directors and the Audit Committee are informed of these risks.

(Amounts 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	-	-	-	-	-	2.463.609	2.463.609
Banks	2.309.062	-	-	-	-	886.079	3.195.141
Financial Assets at Fair Value Through Profit and Loss (3)	2.270.510	477.604	336.140	57.681	-	17.078	3.159.013
Money Market Placements	1.578.782	2.119.858	522.520	-	-	-	4.221.160
Financial Assets at Fair Value through Other Comprehensive Income	671.819	41.764	3.489.248	4.618.121	2.448.803	508.936	11.778.691
Loans	14.580.381	25.197.752	16.523.546	13.846.752	4.282.311	-	74.430.742
Financial Assets Measured at Amortized Cost	5.557.238	-	-	3.662.581	857.795	-	10.077.614
Other Assets (2)	-	-	-	-	-	657.392	657.392
Total Assets	**26.967.792**	**27.836.978**	**20.871.454**	**22.185.135**	**7.588.909**	**4.533.094**	**109.983.362**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.939.764	40.053	-	-	-	-	1.979.817
Miscellaneous Payables	-	-	-	-	-	2.333.679	2.333.679
Marketable Securities Issued (4)	163.982	322.783	6.716.805	13.789.219	-	443.457	21.436.246
Funds Provided from Other Financial Institutions	33.472.854	10.075.940	15.122.523	10.232.010	2.045.993	-	70.949.320
Other Liabilities	779.628	236.198	474.399	2.854	-	11.791.221	13.284.300
Total Liabilities	**36.356.228**	**10.674.974**	**22.313.727**	**24.024.083**	**2.045.993**	**14.568.357**	**109.983.362**
Balance Sheet Long Position	**-**	**17.162.004**	**-**	**-**	**5.542.916**	**-**	**22.704.920**
Balance Sheet Short Position	**(9.381.748)**	**-**	**(1.442.273)**	**(1.838.948)**	**-**	**(10.041.951)**	**(22.704.920)**
Off-Balance Sheet Long Position	7.687.612	1.649.179	-	105.462	-	-	9.442.253
Off-Balance Sheet Short Position	-	-	(7.873.614)	-	-	-	(7.873.614)
Total Position	**(1.700.824)**	**18.811.183**	**(9.315.887)**	**(1.733.486)**	**5.542.916**	**(10.035.263)**	**1.568.639**

(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 netted off on the related maturity.
(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 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	**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	14.377	-	-	-	-	2.023.759	2.038.136
Banks	1.636.396	158.348	-	-	-	413.017	2.207.761
Financial Assets at Fair Value Through Profit and Loss (3)	912.282	595.440	496.031	436.025	278.573	36.793	2.755.144
Money Market Placements	1.133.533	295.634	-	-	-	-	1.429.167
Financial Assets at Fair Value through Other Comprehensive Income	609.575	851.602	1.056.641	3.085.250	2.992.616	339.593	8.935.277
Loans	14.462.424	11.362.726	21.573.974	11.342.250	4.600.649	-	63.342.023
Financial Assets Measured at Amortized Cost	136.439	1.338.351	1.846.843	-	634.070	-	3.955.703
Other Assets (2)	-	-	-	64.403	-	1.364.921	1.429.324
Total Assets	**18.905.026**	**14.602.101**	**24.973.489**	**14.927.928**	**8.505.908**	**4.178.083**	**86.092.535**
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Money Market Borrowings	1.411.219	-	-	-	-	-	1.411.219
Miscellaneous Payables	-	-	-	-	-	806.040	806.040
Marketable Securities Issued (4)	548.751	4.137.972	-	14.379.189	-	770.725	19.836.637
Funds Provided from Other Financial Institutions	5.353.533	14.079.034	25.577.865	7.252.607	2.011.001	-	54.274.040
Other Liabilities	167.844	340.721	237.904	201.373	197.432	8.619.325	9.764.599
Total Liabilities	**7.481.347**	**18.557.727**	**25.815.769**	**21.833.169**	**2.208.433**	**10.196.090**	**86.092.535**
Balance Sheet Long Position	**11.423.679**	**-**	**-**	**-**	**6.297.475**	**-**	**17.721.154**
Balance Sheet Short Position	**-**	**(3.955.626)**	**(842.280)**	**(6.905.241)**	**-**	**(6.018.007)**	**(17.721.154)**
Off-Balance Sheet Long Position	-	-	1.232.134	3.545.932	427.778	-	5.205.844
Off-Balance Sheet Short Position	(3.421.124)	(855.431)	-	-	-	-	(4.276.555)
Total Position	**8.002.555**	**(4.811.057)**	**389.854**	**(3.359.309)**	**6.725.253**	**(6.018.007)**	**929.289**

(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 netted off on the related maturity.
(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 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	-	3,13	-	20,52
Financial Assets at Fair Value through Profit and Loss	-	-	-	25,36
Money Market Placements	-	-	-	18,58
Financial Assets at Fair Value through Other Comprehensive Income	4,55	5,43	-	19,75
Loans	5,55	7,43	-	20,95
Financial Asset Measured at Amortized Cost	-	8,01	-	37,01
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,50	1,80	-	14,67
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (1)	-	5,80	-	22,97
Borrower Funds	0,50	1,50	-	9,00
Funds Provided From Other Financial Institutions	1,58	3,64	-	-

(1) Includes additional subordinated loans classified under subordinated loans in the balance sheet.

(Amounts 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	-	-	-	8,50
Banks	0,51	0,12	-	23,92
Financial Assets at Fair Value Through Profit and Loss (2)	-	4,55	-	18,30
Money Market Placements	-	-	-	17,03
Financial Assets at Fair Value through Other Comprehensive Income	4,55	4,78	-	17,24
Loans	4,80	5,83	-	18,57
Financial Asset Measured at Amortized Cost	-	5,60	-	23,66
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Money Market Borrowings	0,11	0,23	-	15,36
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued (1)	-	6,19	-	16,50
Borrower Funds	0,10	0,20	-	11,00
Funds Provided From Other Financial Institutions	1,09	1,40	-	17,42

(1) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.
(2) Includes loans measured at fair value through profit or loss.

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). The Group classifies its share certificate investments both as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and net profit/loss of the Group is not affected unless the Group sells share certificates in financial assets at fair value through profit or loss portfolio.

Equity shares risk due from banking book

The table below is the comparison table of the Group's share certificate instruments' book value and market value.

Current Period	Comparison		
Share Certificate Investments	**Book Value**	**Fair Value**	**Market Value**
Investment in Shares-Grade A	**882.746**	**-**	**1.711.805**
Quoted	882.746	-	1.711.805

Prior Period	Comparison		
Share Certificate Investments	**Book Value**	**Fair Value**	**Market Value**
Investment in Shares-Grade A	**670.283**	**-**	**776.588**
Quoted	670.283	-	776.588

(Amounts 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	-	148.011	148.011	-	-	-
Other Share Certificates	-	279.340	279.340	-	-	-
Total	**-**	**427.351**	**427.351**	**-**	**-**	**-**

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	-	124.113	124.113	-	-	-
Other Share Certificates	-	181.475	181.475	-	-	-
Total	**-**	**305.588**	**305.588**	**-**	**-**	**-**

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 of the Parent Bank, 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.

The Parent Bank's liquidity risk capacity is determined by the Bank's internal limits and the regulations on liquidity coverage ratio and liquidity adequacy. Regarding it's risk appetite, in addition to legal limits, the Bank also applies internal limits for monitoring and controlling the liquidity risk.

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 Parent 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. Additionnally, 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 Department also makes 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 Parent 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 Parent 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 Parent 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 Parent 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, cash flow projections and funding requirement estimations are exercised based on various scenarios. To assess the stress scenarios**,** cash flow 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 contingent periods outflows due to the irrevocable commitments, contingencies and derivative transactions can be deferred temporarily in a way that won't hurt 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 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 21 March 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 ratios are shown below:

	Current Period		Prior Period	
	TL+FC	FC	TL+FC	FC
31/07/2022	244	373	403	331
31/08/2022	271	444	261	328
30/09/2022	265	399	286	295

		Rate of "Percentage to be taken into account" not Implemented Total value		Rate of "Percentage to be taken into account" Implemented Total value	
Current Period		**TL+FC**	**FC**	**TL+FC**	**FC**
HIGH QUALITY LIQUID ASSETS (HQLA)					
1	High quality liquid assets			14.501.818	9.605.756
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	5.890.529	4.512.847	5.005.743	3.655.678
6	Operational deposits	528.357	502.911	132.089	125.728
7	Non-Operational Deposits	-	-	-	-
8	Other Unsecured Funding	5.362.172	4.009.936	4.873.654	3.529.950
9	Secured funding			-	-
10	Other Cash Outflows	505.822	1.020.068	505.822	1.020.068
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	250.639	764.885	250.639	764.885
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	255.183	255.183	255.183	255.183
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	62.158.232	57.955.151	3.107.912	2.897.758
15	Other irrevocable or conditionally revocable commitments	24.004.714	19.129.056	3.244.406	1.850.652
16	**TOTAL CASH OUTFLOWS**			**11.863.883**	**9.424.156**
CASH INFLOWS					
17	Secured Lending Transactions	1.031	-	-	-
18	Unsecured Lending Transactions	7.746.051	4.543.126	5.736.737	3.202.224
19	Other contractual cash inflows	382.012	4.667.896	382.012	4.667.896
20	**TOTAL CASH INFLOWS**	**8.129.094**	**9.211.022**	**6.118.749**	**7.870.120**
				Upper Limit Applied Amounts	
21	**TOTAL HQLA STOCK**			**14.501.818**	**9.605.756**
22	**TOTAL NET CASH OUTFLOWS**			**5.745.134**	**2.356.039**
23	**LIQUIDITY COVERAGE RATIO (%)**			**252**	**408**

(Amounts 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			7.482.972	4.794.941
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	3.310.090	2.420.874	2.360.276	1.490.151
6	Operational deposits	668.333	653.400	167.083	163.350
7	Non-Operational Deposits	-	-	-	-
8	Other Unsecured Funding	2.641.757	1.767.474	2.193.193	1.326.801
9	Secured funding			-	-
10	Other Cash Outflows	489.695	658.885	489.695	658.885
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	278.995	448.185	278.995	448.185
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	210.700	210.700	210.700	210.700
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	43.252.155	38.584.010	2.162.608	1.929.200
15	Other irrevocable or conditionally revocable commitments	18.049.801	15.554.693	2.301.725	1.576.106
16	**TOTAL CASH OUTFLOWS**			**7.314.304**	**5.654.342**
CASH INFLOWS					
17	Secured Lending Transactions	3.929	-	-	-
18	Unsecured Lending Transactions	6.035.126	4.319.564	4.793.621	3.434.668
19	Other contractual cash inflows	203.843	2.290.271	203.843	2.290.271
20	**TOTAL CASH INFLOWS**	**6.242.898**	**6.609.835**	**4.997.464**	**5.724.939**
				Upper Limit Applied Amounts	
21	**TOTAL HQLA STOCK**			**7.482.972**	**4.794.941**
22	**TOTAL NET CASH OUTFLOWS**			**2.316.840**	**1.413.586**
23	**LIQUIDITY COVERAGE RATIO (%)**			**323**	**339**

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. Total and foreign currency limits 100% and 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.

Main funding source of the Parent Bank is long term loans attained from international financial institutions. The ratio of those loans in total funding is around 65.8%. The total ratio of the securities issued in purpose of funding diversification and loans attained through syndication loans in overall borrowing is 30.1%. 4.1% of the Parent Bank's total funding is provided from repurchase agreements.

30-day cash flows arising from derivative transactions are included in the calculation in accordance with the Regulation. The Parent 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 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	Undistribute (1)	Total
Current Period								
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Checks Purchased) and Balances with the Central Bank of Turkey	16	2.463.593	-	-	-	-	-	2.463.609
Banks	886.079	2.289.277	19.785	-	-	-	-	3.195.141
Financial Assets at Fair Value Through Profit and Loss (3)	17.078	1.423.869	528.825	1.131.560	57.681	-	-	3.159.013
Money Market Placements	-	1.578.782	2.119.858	522.520	-	-	-	4.221.160
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	41.764	3.570.399	4.962.969	2.694.623	508.936	11.778.691
Loans	-	3.405.335	6.757.832	11.456.623	37.726.341	15.084.611	-	74.430.742
Financial Assets Measured at Amortized Cost	-	582.949	-	884.747	5.454.577	3.155.341	-	10.077.614
Other Assets (2)	151.364	77.767	300.892	72.901	-	-	54.468	657.392
Total Assets	**1.054.537**	**11.821.572**	**9.768.956**	**17.638.750**	**48.201.568**	**20.934.575**	**563.404**	**109.983.362**
Liabilities								
Bank Deposits								
Other Deposits	-	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	767.405	2.682.258	9.538.897	31.781.518	26.179.242	-	70.949.320
Money Market Borrowings	-	1.979.817	-	-	-	-	-	1.979.817
Marketable Securities Issued (4)	-	241.749	615.572	6.789.706	13.789.219	-	-	21.436.246
Miscellaneous Payables	-	-	-	-	-	-	2.333.679	2.333.679
Other Liabilities	-	679.580	289.212	522.518	1.769	-	11.791.221	13.284.300
Total Liabilities	**-**	**3.668.551**	**3.587.042**	**16.851.121**	**45.572.506**	**26.179.242**	**14.124.900**	**109.983.362**
Liquidity Excess / Gap	**1.054.537**	**8.153.021**	**6.181.914**	**787.629**	**2.629.062**	**(5.244.667)**	**(13.561.496)**	**-**
Net Off-balance Sheet Position		**(31.645)**	**(4.470)**	**645.801**	**977.260**	**(18.307)**	**-**	**1.568.639**
Financial Derivative Assets	-	9.384.048	5.365.446	12.174.170	20.825.232	5.199.668	-	52.948.564
Financial Derivative Liabilities	-	9.415.693	5.369.916	11.528.369	19.847.972	5.217.975	-	51.379.925
Non-cash Loans	-	577.818	3.001.646	3.116.875	575.236	1.750.527	387.349	9.409.451
Prior Period								
Total Assets	1.000.235	11.311.504	7.591.754	14.815.212	34.246.564	16.774.938	352.328	86.092.535
Total Liabilities	-	2.576.831	6.048.024	9.261.673	37.550.012	21.230.629	9.425.366	86.092.535
Liquidity Excess / Gap	**1.000.235**	**8.734.673**	**1.543.730**	**5.553.539**	**(3.303.448)**	**(4.455.691)**	**(9.073.038)**	**-**
Net Off-balance Sheet Position	**-**	**414.512**	**(256.457)**	**420.651**	**297.971**	**47.608**	**-**	**924.285**
Financial Derivative Assets	-	7.434.085	7.735.734	4.137.312	21.125.950	4.461.542	-	44.894.623
Financial Derivative Liabilities	-	7.019.573	7.992.191	3.716.661	20.827.979	4.413.934	-	43.970.338
Non-cash Loans	-	1.020.370	396.628	3.375.599	1.582.599	1.659.750	247.869	8.282.815

(1) Other assets and shareholders' equity, provisions and tax liability, which are necessary and cannot be converted into cash in the near future for the Bank's ongoing activities, such as tangible and intangible assets, deferred tax asset, other miscellaneous receivables, investments in subsidiaries and associates, entities under common control, office supply inventory, prepaid expenses and non-performing loans are classified under "Undistributed" column.
(2) Expected credit losses for stage 1 and stage 2 are netted off on the related maturity.
(3) Derivative financial assets and loans at fair value through profit or loss.
(4) Includes Tier 2 subordinated bonds which are classified on the balance sheet as subordinated loans.

(Amounts 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 related to calculation of leverage ratio in accordance with the principles of the "Regulation on Measurement and Evaluation of Banks' Leverage Level" which is published on the Official Gazette no.28812 dated 5 November 2013 is given below.

Leverage ratio of the Bank calculated from the arithmetic average of the three months is 10,30% (31 December 2021: 7,63%). Total balance sheet assets increased by 40,42% compare to prior 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	61.168.352
2	The difference between Total 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)	(9.101.921)	(24.924.183)
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)	1.622.176	107.529
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)	3.040.713	1.326.573
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)	(9.226.758)	(8.513.256)
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)**	**129.676.814**	**90.748.948**

(1) The arithmetic average of the last 3 months in the related periods.

(2) The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the communique on preparation of consolidated financial statements of the Banks.

Consolidated financial statements prepared in accordance with TAS for the current period 30 June 2022 and for the previous period, consolidated financial statements prepared in accordance with TMS dated 30 June 2021 are 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)	109.313.441	77.843.905
2	(Assets deducted from Core Capital)	(350.019)	(243.561)
3	**Total risk amount of balance sheet assets (sum of lines 1 and 2)**	**108.963.422**	**77.600.344**
	Derivative financial assets and credit derivatives		
4	Cost of replenishment for derivative financial assets and credit derivatives	1.168.837	1.866.658
5	Potential credit risk amount of derivative financial assets and credit derivatives	342.034	475.101
6	**Total risk amount of derivative financial assets and credit derivatives (sum of lines 4 and 5)**	**1.510.871**	**2.341.759**
	Financing transactions secured by marketable security or commodity		
7	Risk amount of financing transactions secured by marketable security or commodity	1.487.701	794.981
8	Risk amount arising from intermediary transactions	53.411	149.233
9	**Total risk amount of financing transactions secured by marketable security or commodity (sum of lines 7 and 8)**	**1.541.112**	**944.214**
	Off-balance sheet transactions		
10	Gross notional amount of off-balance sheet transactions	26.888.167	18.375.887
11	(Correction amount due to multiplication with credit conversion rates)	(9.226.758)	(8.513.256)
12	**Total risk of off-balance sheet transactions (sum of lines 10 and 11)**	**17.661.409**	**9.862.631**
	Capital and total risk		
13	Core Capital	13.362.905	6.928.370
14	Total risk amount (sum of lines 3, 6, 9 and 12)	129.676.814	90.748.948
	Leverage ratio		
15	**Leverage ratio**	**10,30%**	**%7,63**

(1) The tnote 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 risk management

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 31 March 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.

Disclosures on the Risk management approach and risk-weighted amount

Risk management approach of the Bank allows for ensuring the establishment of a common risk culture covering the entire institution within the scope of the policies and codes of practice designated by the Board of Directors, for identifying risks in harmony with international arrangements and for performing the activities of measurement, analysis, monitoring and reporting accordingly.

The risk management process, which is shaped within the scope of relevant policies and application principles and serves to create a common risk culture throughout the organization; It has 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 has been established within the Parent Bank in order to ensure compliance with the relevant policy, application principles and processes and to manage the risks faced by the Parent Bank in line with these policies. The Risk Management Department, whose duties and responsibilities are determined by regulations approved by the Board of Directors, carries out its activities through the Assistant General Manager responsible for Internal Systems, who is independent of executive activities and executive units and reports to the Audit Committee.

Risk Management Department develops the systems required within the process of risk management and carries out the relevant activities, monitors the compliance of risks with policies, standards, limits of the Parent Bank and its risk appetite indicators and performs activities aimed at harmonization with the relevant legislation and the Basel criteria. Risk measurements are performed through the standard approaches for legal reporting and the advanced approaches are utilized internally, moreover, they are supported by applied stress tests.

Risk Management Department submits its detailed risk management reports prepared on monthly and quarterly basis to the Board of Directors via the Audit Committee. These reports cover measurements regarding main risks, stress tests and scenario analyses and the status of compliance with the identified limit levels and risk appetite indicators.

Prospective risk assessments are carried out by conducting periodical stress tests on loan, market and interest risks and the impact of results on the overall financial power of the Bank is evaluated. The relevant results are notified to the Audit Committee and contribute to the assessment of the financial structure of the Bank at the moment of stress. Stress test scenarios are determined by evaluating the impacts posed by previous economic crises on macroeconomic indicators and expectations from the upcoming period. By estimating the risks and capital position of the Bank within the upcoming period, various analyses are performed in terms of legal and internal capital adequacy ratios, and the ICAAP (Internal Capital Adequacy Assessment Process) report is submitted to the BRSA.

As of June 2022, in determining the risk weights in the period the bank's capital adequacy calculations, the rating given by international rating agencies Fitch Ratings, in addition to the use of “Receivables From Banks and Intermediary Institutions” resident domestic receivables with banks and brokerage firms corporate risk within the class is contained in the risk of receivables from companies and financial institutions resident in the country in JCR Avrasya A.Ş. rating determining the weights in TL the national rating grades assigned by have started to be used.

(Amounts 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)	63.254.292	47.968.274	5.060.343
2	Standardised approach	63.254.292	47.968.274	5.060.343
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	2.036.929	2.566.850	162.954
5	Standardised approach for counterparty credit risk	2.036.929	2.566.850	162.954
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	1.971.600	1.289.800	157.728
17	Standardised approach	1.971.600	1.289.800	157.728
18	Internal model approaches	-	-	-
19	Operational risk	4.647.834	3.282.394	371.827
20	Basic indicator approach	4.647.834	3.282.394	371.827
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	2.558.945	1.813.028	204.716
24	Floor adjustment	-	-	-
25	**Total (1+4+7+8+9+10+11+12+16+19+23+24)**	**74.469.600**	**56.920.346**	**5.957.568**

(Amounts 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	16	-	25	-
Balances with the Central Bank of Turkey	6.713	2.456.880	14.691	2.023.420
Other	-	-	-	-
Total	**6.729**	**2.456.880**	**14.716**	**2.023.420**

1.b Information related to the account of the Central Bank of Turkey:

	Current Period(1)		Prior Period	
	TL	**FC**	**TL**	**FC**
Unrestricted demand deposits	6.713	20.417	14.691	16.706
Unrestricted time deposits	-	-	-	-
Restricted time deposits	-	-	-	-
Other (2)	-	2.436.463	-	2.006.714
Total	**6.713**	**2.456.880**	**14.691**	**2.023.420**

(1) Expected credit loss amounting to TL 548 (31 December 2021: TL 1.086) is allocated in "Balances with the Central Bank of Turkey".
(2) Includes the amount of required reserves blocked at the CBRT for Turkish lira assets and foreign currency liabilities.

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 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)

1.b 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 30 September 2022 are presented in table below:

Reserve Rates for Turkish Lira Liabilities (%)	
Original Maturity	**Reserve Ratio**
Borrower Funds	8
Until 1 year maturity (1 year include)	8
1-3 year maturity (3 year include)	5,5
More than 3 year maturity	3

Reserve Rates for Foreign Currency Liabilities (%)	
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

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 Group has no financial assets designated at fair value through profit and loss given as collateral or blockage (31 December 2021: 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 (31 December 2021: None).

(Amounts 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)

2.c Positive differences related to derivative financial assets:

	Current Period		Prior Period	
Derivative Financial Assets (1)	**TL**	**FC**	**TL**	**FC**
Forward Transactions	97.494	9.134	37.763	1.971
Swap Transactions	1.173.812	1.113.107	1.732.072	420.944
Futures Transactions	-	-	-	-
Options	-	117	-	33
Other	-	-	-	-
Total	**1.271.306**	**1.122.358**	**1.769.835**	**422.948**

(1) Derivative financial assets for hedging purposes amounting to TL 739.354 were presented at "Derivative Financial Assets" line (31 December 2021: TL 256.505).

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. The market rediscount value of these swaps with a nominal value of USD 70 million as of 30 September 2022 is TL 704.882 and the average rates are between 2023 and 2027.

2.d Loans measured at Fair Value through Profit/Loss:

Net Book Value	Current Period	Prior Period
Loans Measured at Fair Value through Profit/Loss	-	263.097

Include the loan granted to the special purpose entity as detailed in Section Five Note I.16. This loan is accounted under loans measured at fair value through profit/loss as per TFRS 9.

As of March 31, 2022, LYY Telekomünikasyon A.Ş. owned by Türk Telekomünikasyon A.Ş. 192.500.000.000 Group A registered shares representing 55% of the capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sale amount, the portion of the related loan corresponding to the Bank's share was closed. Provision has been made for the entire loan amount remaining after collection. It has been classified as non-performing loans as of 30 June 2022 and has been deducted from the records together with the specific provision amount set under TFRS 9 since there is no reasonable expectation regarding its recovery.

(Amounts 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	276.411	673.008	282.457	471.829
Foreign	-	2.245.722	-	1.453.475
Branches and head office abroad	-	-	-	-
Total	**276.411**	**2.918.730**	**282.457**	**1.925.304**

Expected credit loss amounting to TL 2.268 (31 December 2021: TL 1.740) is allocated in "Banks".

3.b Information on banks and foreign bank accounts:

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be announced to Public by Banks".

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

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

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Government bonds	293	2.234.607	120.368	1.058.960
Treasury bills	-	-	-	-
Other government debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	**293**	**2.234.607**	**120.368**	**1.058.960**

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

As of 30 September 2022, all financial assets at fair value through other comprehensive income given as collateral comprise of financial assets are issued by the T.R. Undersecreteriat of Treasury. The carrying value of those assets is TL 5.858.847.

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	1.994.886	3.863.961	1.200.532	2.275.660
Other	-	-	-	-
Total	**1.994.886**	**3.863.961**	**1.200.532**	**2.275.660**

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 23,4%, Eurobonds 70,22% and shares and other securities 6,38% (31 December 2021: 25,23% government bonds, 68,23% Eurobonds, 6,54% shares and other securities).

(Amounts 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. Information on financial assets at fair value through other comprehensive income (continued)

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

	Current Period	Prior Period
Debt securities	11.979.000	8.869.824
Quoted on a stock exchange	3.038.092	2.608.355
Unquoted	8.940.908	6.261.469
Share certificates	433.606	287.607
Quoted on a stock exchange	43.394	34.697
Unquoted	390.212	252.910
Impairment provision(-)	714.139	281.265
Other	80.224	59.111
Total	**11.778.691**	**8.935.277**

The net book value of unquoted financial assets at fair value through other comprehensive income share certificates of the Group is TL 385.318 (31 December 2021: TL 245.786).

5. Information on loans

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

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	719.612	-	912.073	-
Corporate shareholders	719.612	-	912.073	-
Real person shareholders	-	-	-	-
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	4.872	-	1.304	-
Total	**724.484**	**-**	**913.377**	**-**

(Amounts 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 the first and second group loans and other receivables including restructured or rescheduled loans:

Current Period (1)	Standard Loans	Loans and Other Receivables Under Close Monitoring		
			Amendments on Conditions of Contract	
Cash Loans		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Non-specialized loans	63.421.462	2.938.547	6.398.961	-
Working Capital loans	8.779.383	282.540	2.138.728	-
Export loans	2.924.172	29.138	-	-
Import loans	-	-	-	-
Loans given to financial sector	6.158.083	-	-	-
Consumer loans	4.872	-	-	-
Credit cards	-	-	-	-
Other	45.554.952	2.626.869	4.260.233	-
Specialized loans	-	-	-	-
Other receivables	838.875	-	-	-
Total	**64.260.337**	**2.938.547**	**6.398.961**	**-**

(1) According to Parent Bank account plan purchasing Loans, Fleet Leasing Credits, Refinancing Loans and Portfolio Transfer Credits amounting to TL 474.468 shown under "Working Capital Loans", due to the nature of "Investment" shown under the category "other" in the above footnote.

(Amounts 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 the first and second group loans and other receivables including restructured or rescheduled loans (continued):

Prior Period (1)	Standard Loans	Loans and Other Receivables Under Close Monitoring		
			Amendments on Conditions of Contract	
Cash Loans		Loans Not Subject to Restructuring	Loans with Revised Contract Terms	Refinance
Non-specialized loans	53.944.662	2.815.924	4.651.931	68.803
Working Capital loans	9.547.442	393.277	1.914.595	68.803
Export loans	1.550.388	-	-	-
Import loans	-	-	-	-
Loans given to financial sector	8.044.021	-	-	-
Consumer loans	1.304	-	-	-
Credit cards	-	-	-	-
Other	34.801.507	2.422.647	2.737.336	-
Specialized loans	-	-	-	-
Other receivables	557.674	-	-	-
Total	**54.502.336**	**2.815.924**	**4.651.931**	**68.803**

(1) According to Parent Bank account plan purchasing Loans, Fleet Leasing Credits, Refinancing Loans and Portfolio Transfer Credits amounting to TL 2.232.238 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	742.989	-	556.905	-
Significant Increase in Credit Risk	-	2.119.501	-	1.436.779

5.c Loans according to their maturity structure:

Not prepared in compliance with the Article 25 of the communique "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 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:

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 Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
With Installments	-	-	-
Without Installments	-	-	-
Personnel Loans- TL	322	4.550	4.872
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	322	4.550	4.872
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	**322**	**4.550**	**4.872**

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.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	-	-	-
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	202	1.102	1.304
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	202	1.102	1.304
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	**202**	**1.102**	**1.304**

(Amounts 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 (31 December 2021: 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	73.291.013	61.814.867
Foreign Loans	306.832	224.127
Total	**73.597.845**	**62.038.994**

5.h Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	1.442.610	997.287
Indirect loans granted to subsidiaries and associates	-	-
Total	**1.442.610**	**997.287**

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

	Current Period	Prior Period
Loans and other receivables with limited collectability	229.271	216.068
Loans and other receivables with doubtful collectability	1.319.120	572.507
Uncollectible loans and other receivables	358.665	336.483
Total	**1.907.056**	**1.125.058**

(Amounts 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 and Receivables With Limited Collectability	Loans and Receivables With Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Gross amounts before provisions	295.197	1.646.924	212.455
Rescheduled loans	295.197	1.646.924	212.455
Prior Period			
Gross amounts before provisions	334.966	1.264.856	312.133
Rescheduled loans	334.966	1.264.856	312.133

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	335.382	1.264.859	481.278
Additions (+)	21.338	2.046	562.169
Transfers from Other Categories of Non-performing Loans (+)	0	15.038	22
Transfers to Other Categories of Non-performing Loans (-)	15.038	22	73.730
Collections (-)	44.373	313	56.140
Write-offs (-)(1)	-	-	557.916
Sold (-)	-	-	
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange Differences Related to Non-Performing Loans	168	380.354	35.439
Current Period End Balance	**297.477**	**1.661.962**	**391.122**
Provisions (-)	229.271	1.319.120	358.665
Net Balance on Balance Sheet	**68.206**	**342.842**	**32.457**

(1) As of 31 March 2022, Türk Telekomünikasyon A.Ş., owned by LYY Telekomünikasyon A.Ş. 192,500,000,000 Group A shares representing 55% of its capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sale amount, a collection was made from the related loan at the rate of the Bank's share. However, a provision for impairment has been made for the entire acquired asset. As of 30 June 2022, the risk related to LYY Telekomünikasyon A.Ş., which has been fully provisioned, has been transferred to the follow-up accounts, and the amount transferred to the follow-up accounts and its specific provisions have been written off from the asset in accounting terms (555.395 Thousand TL). As of 30 September 2022, the effect of the Bank's NPL ratio is calculated as 71 basis points when the calculation is made by taking into account the loans written off.

(Amounts 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	**761.282**	**844.026**	**84.480**
Additions (+)	12.681	1	470
Transfers from Other Categories of Non-performing Loans (+)	-	43.839	421.687
Transfers to Other Categories of Non-performing Loans (-)	356.372	109.154	-
Collections (-)	87.582	73.381	38.950
Write-offs (-)	-	-	-
Sold	-	-	-
Corporate and Commercial Loans	-	-	-
Retail Loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Exchange Differences Related to Non-Performing Loans	5.373	559.528	13.591
Current Period End Balance	**335.382**	**1.264.859**	**481.278**
Specific Provisions (-)	216.068	572.507	336.483
Net Balance on Balance Sheet	**119.314**	**692.352**	**144.795**

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	581	-	27.594
Specific Provision (-)	581	-	27.594
Net Balance on Balance Sheet	**-**	**-**	**-**
Prior Period			
Period End Balance	413	1.264.835	72.597
Specific Provision (-)	413	572.498	71.812
Net Balance on Balance Sheet	-	**692.337**	**785**

(Amounts 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 and Receivables With Limited	Loans and Receivables With	Uncollectible Loans and Receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	297.477	1.661.962	384.135
Specific Provision Amount (-)	229.271	1.319.120	351.678
Loans to Real Persons and Legal Entities (Net)	68.206	342.842	32.457
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	6.987
Specific Provision Amount (-)	-	-	6.987
Other Loans (Net)	-	-	-

	III. Group	IV. Group	V. Group
	Loans and Receivables With Limited	Loans and Receivables With	Uncollectible Loans and Receivables
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	335.382	1.264.859	476.433
Specific Provision Amount (-)	216.068	572.507	331.638
Loans to Real Persons and Legal Entities (Net)	119.314	692.352	144.795
Banks (Gross)	-	-	-
Specific Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans (Gross)	-	-	4.845
Specific Provision Amount (-)	-	-	4.845
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)	**-**	**77.230**	**21**
Interest Accruals and Rediscount with Valuation Differences	168	380.354	35.439
Provision Amount (-)	168	303.124	35.418
Prior Period (Net)	**4.686**	**288.631**	**13.135**
Interest Accruals and Rediscount with Valuation Differences	5.373	559.528	13.591
Provision Amount (-)	687	270.897	456

(Amounts 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 compliance with the Article 25 of the Communiqué on 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 compliance with the Article 25 of the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

6. Information on financial assets measured at amortized cost:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Collateralised/Blocked Investments	1.904.296	802.324	2.156.751	58.424
Subject to Repurchase Agreements	93.928	-	-	-
Total	**1.998.224**	**802.324**	**2.156.751**	**58.424**

6.b Information on government debt measured at amortized cost:

	Current Period	Prior Period
Government Bonds	10.077.614	3.955.703
Treasury Bills	-	-
Other Government Debt Securities	-	-
Total	**10.077.614**	**3.955.703**

(Amounts 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 financial assets measured at amortized cost :

	Current Period	Prior Period
Debt Securities		
Quoted on a Stock Exchange	5.557.238	3.321.632
Not Quoted	4.520.376	634.071
Value Increase /(Decrease)	-	-
Total	**10.077.614**	**3.955.703**

6.d Movement of financial assets at amortized costs within the year :

	Current Period	Prior Period
Balance at Beginning of the Period	**3.955.703**	**3.083.059**
Foreign Currency Differences on Monetary Assets	941.931	306.095
Purchases During The Period	4.308.159	419.990
Disposals Through Sales And Redemptions	374.053	162.558
Valuation Effect	-	-
Interest Income Accruals	1.245.874	309.117
Balance at End of Period	**10.077.614**	**3.955.703**

Expected credit loss amounting to TL 8.132 is allocated in "Financial asset measured at amortized cost" (31 December 2021: TL 4.757).

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 are not included in the scope of consolidation since they are not financial affiliates are 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	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	Terme (1)	7.753	4.876	1.539	-	-	(219)	(15)	-
2	Ege Tarım	47.063	20.500	34.379	-	-	1.367	1.109	-

(1) *Represents for the period ended 31 December 2021 financial statements. Prior year profit/loss is obtained from 31 December 2020 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 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:

	Unvanı	Adres (Şehir/ Ülke)	Bankanın Pay Oranı-Farklıysa Oy Oranı (%)	Banka Risk Grubu Pay Oranı (%)
1	İş Faktoring A.Ş. (İş Faktoring)	İstanbul/Türkiye	21,75	100,00
2	İş Finansal Kiralama A.Ş. (İş Finansal)	İstanbul/Türkiye	29,46	58,23
3	İş Girişim Sermayesi Yatırım Ortaklığı A.Ş (İş Girişim)	İstanbul/Türkiye	16,67	56,79

		Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	İş Faktoring	8.391.027	951.748	6.125	1.067.810	-	278.257	95.681	-
2	İş Finansal (1)	26.856.000	2.900.354	49.321	1.123.658	-	642.329	250.910	1.553.585
3	İş Girişim (1)	278.295	275.906	2.559	7.513.656	52	531	168	114.828

(1) Gerçeğe uygun değeri, yılsonu borsa değeri üzerinden hesaplanmıştır.

	Current Period	Prior Period
Balance at the Beginning of the Period	**775.763**	**623.769**
Movements During the Period	270.596	151.994
Purchases	-	-
Bonus Shares Received	-	-
Current Year Share of Profit (	-	-
Sales	-	-
Revaluation Increase (1)	270.596	151.994
Provision for Impairment /cancellations	-	-
Balance at the End of the Period	**1.046.359**	**775.763**
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(1) It includes accounting diferences with equity method.
(1) Non-financial investments in associates amounting to TL 1.923 are not included in the table (31 December 2021 : TL 1.788).

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	207.005	140.176
Leasing Companies	793.370	589.665
Financial Service Companies	-	-
Other Financial Associates	45.984	45.922

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

	Current Period	Prior Period
Associates Quoted on Domestic Stock Markets	839.354	635.587
Associates Quoted on Foreign Stock Markets	-	-

(Amounts 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	11.359	8.848	48
Other Comprehensive Income according to TAS	22.313	-	-
Current and Prior Years' Profit / Loss	213.677	91.171	21
Leasehold Improvements (-)	1.055	-	-
Intangible Assets (-)	404	22	-
Total Core Capital	**309.390**	**751.133**	**219**
Supplementary Capital	**-**	**-**	**-**
Capital	**-**	**-**	**-**
Net Available Capital	**309.390**	**751.133**	**219**

(1) The information is obtained from financial statements subject to consolidation as of 30 September 2022.

	YF	TSKB GYO	Yatırım VKŞ
Prior Period (1)	**Prior Period**	**Prior Period**	**Prior Period**
CORE CAPITAL			
Paid-in Capital	63.500	650.000	150
Share Premium	-	1.136	-
Legal Reserves	6.887	8.848	-
Other Comprehensive Income according to TAS	22.198	-	-
Current and Prior Years' Profit / Loss	142.304	79.929	89
Leasehold Improvements (-)	754	-	-
Intangible Assets (-)	578	27	3
Total Core Capital	**233.557**	**739.886**	**236**
Supplementary Capital	**-**	**-**	**-**
Capital	**-**	**-**	**-**
Net Available Capital	**233.557**	**739.886**	**236**

(1) The information is obtained from financial statements subject to consolidation as of 31 December 2021.

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 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	100

		Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
1	TSKB GMD	41.356	31.403	1.801	2.616	-	7.532	6.102	-
2	TSKB SD	10.005	9.417	362	2.016	-	2.296	79	-

8.d 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	89,15	89,15
3	Yatırım Varlık Kiralama A.Ş.	Istanbul/Turkey	100	100

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities	Current Period Profit/Loss	Prior Period Profit/Loss	Fair Value
YF (1)	2.706.746	310.849	10.061	179.785	2.705	79.478	55.119	-
TSKB GYO (1)(2)	757.914	751.155	519	2.138	-	11.242	(20.333)	2.067.020
Yatırım VKŞ (1)	451.788	219	-	-	-	(18)	49	-

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

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

(Amounts 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	Prior Period
Balance at the Beginning of the Period	**881.621**	**581.897**
Movements During the Period	82.689	299.724
Purchases (2)	-	133.469
Bonus Shares Obtained	-	-
Current Year Shares of Profit	-	-
Sales	-	-
Revaluation increase / decrease (1)	82.689	166.255
Provision for Impairment /cancellations	-	-
Balance At the End of the Period	**964.310**	**881.621**
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 40.819 are not included in the table (31 December 2021: TL 36.115).
(3) After the capital increase of 150.000.000-TL (full amount) made by TSKB REIT, the Bank acquired TSKB REIT shares amounting to TL 133.469.

The capital of the consolidated subsidiaries and the investments made in these subsidiaries are mutually offset within the scope of consolidation accounting transactions.

Subsidiaries disposed in the current period

In the current period, the Group does not have any subsidiaries disposed of.

Subsidiaries purchased in the current period

In the current period, the Group does not have any subsidiaries purchased.

(Amounts 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.f Sectoral information on consolidated subsidiaries 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	964.310	881.621

8.g Subsidiaries quoted on stock exchange:

	Current Period	Prior Period
Quoted in Domestic Stock Exchange	666.575	656.641
Quoted in Foreign Stock Exchange	-	-

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 December 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 Hotelier Corporation	17.972	(7.665)	4.011	200	-	3.994	1.257	-

10. Information on finance lease receivables (net)

10.a Information on investments in leasing according to their remaining maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less Than 1 Year	93.821	85.879	71.473	65.843
1-4 Years	132.847	111.671	139.980	127.005
More Than 4 Years	261.834	191.843	180.885	153.719
Total	**488.502**	**389.393**	**392.338**	**346.567**

An expected loss provision amounting to TL 88.692 (December 31, 2021: TL 74.350) has been allocated to the "Financial Lease Receivables" account.

(Amounts 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.b The information on net investments in finance leases:

	Current Period	Prior Period
Gross investments in finance leases	**488.502**	**392.338**
Unearned revenue from finance leases (-)	99.109	45.771
Cancelled finance leases (-)	-	-
Net investments in finance leases	**389.393**	**346.567**

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. Positive differences on derivative financial assets held for hedging purposes:

There is a positive differences amounting to TL 739.354 related to derivative financial assets for hedging purposes (31 December 2021: positive differences amounting to TL 256.505).

As of 30 September 2022, the net fair value of derivative financial instruments designated as hedging instruments carried in the contract amount and the balance sheet are summarized in the following table:

	Current Period			Prior Period		
	Face Value	**Asset**	**Liability**	**Face Value**	**Asset**	**Liability**
Interest Rate Swap	15.443.500	-	129.180	19.085.248	208.148	-
FC	15.443.500	-	129.180	19.085.248	208.148	-
TL	-	-	-	-	-	-
Money Swap	10.402.724	739.354	-	7.926.855	48.357	-
FC	10.402.724	739.354	-	7.926.855	48.357	-
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 Eurobond and Green bond Issued	Interest Rate Risk	26.002	-	(19.059)	6.943
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	93.915	-	(96.649)	(2.734)
Cross Money Swap Transactions	Fixed Rate Eurobond Issued	Interest Rate Risk	(45.572)	49.912	-	4.340

(1) The fair value of hedged item is presented as net market value less credit risk and accumulated interest.

(Amounts 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.b 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	(111.338)	117.468	-	6.130
Interest Rate Swap Transactions	Fixed Rate Loans Used	Interest Rate Risk	(24.900)	24.016	-	(884)
Cross Money Swap Transactions	Fixed Rate Eurobond Issued	Interest Rate Risk	(72.869)	73.489	-	620

(1) The fair value of hedged item is presented as net market value less credit risk and accumulated interest.

12. Information on tangible assets (net)

Not prepared in compliance with the Article 25 of the communique “Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks”.

13. Information on intangible assets

Not prepared in compliance with the Article 25 of the communique “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 has three investment properties with a net book value of TL 336.178 (31 December 2021: TL 336.178) belonging to the Parent Bank’s subsidiary operating in the real-estate investment trust sector. Investment properties movement table as of 30 September 2022 and 31 December 2021 is as follows:

Current Period	Current Balance Per Period	Additions	Outflows	Change in Fair Value	Current Period End Balance
Tahir Han	50.400	-	-	-	50.400
Pendorya AVM	185.502	-	-	-	185.502
Divan Adana Oteli	100.276	-	-	-	100.276
Total	**336.178**	-	-	-	**336.178**

Prior Period	Prior Period Per Balance	Additions	Outflows	Change in Fair Value	Prior Period End Balance
Tahir Han	37.195	-	-	13.205	50.400
Pendorya AVM	158.430	844	-	26.228	185.502
Divan Adana Oteli	83.898	-	(1.892)	18.270	100.276
Total	**279.523**	**844**	**(1.892)**	**57.703**	**336.178**

(Amounts 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.

Deferred tax asset:	**Current Period**	**Prior Period**
Loan commissions accrual adjustment	46.481	24.877
Other provisions	734.870	536.267
Employee benefit provision	15.098	6.794
Marketable securities	321.288	133.288
Other (1)	25.006	13.556
Total Deferred Tax Asset	**1.142.743**	**714.782**
Deferred tax liabilities:		
Borrowings commissions accrual adjustment	(29.895)	(17.086)
Valuation of derivative instruments	(413.460)	(292.102)
Useful life difference of fixed assets	(1.618)	(2.101)
Other	(31.656)	(6.910)
Total Deferred Tax Liability	**(476.629)**	**(318.199)**
Net Deferred Tax Asset	**666.114**	**396.583**

(1) In the other item, there is also a deferred tax liability related to hedge accounting amounting to TL 23.479. (31 December 2021: TL 4.982 tax asset).

	Current Period	**Prior Period**
Deferred Tax as of 1 January Asset / (Liability) - Net	396.583	173.911
Deferred Tax (Loss) / Gain	220.595	128.226
Deferred Tax that is Realized Under Shareholder's Equity	48.936	94.446
Deferred Tax Asset / (Liability) Net	**666.114**	**396.583**

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. (31 December 2021: None).

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

There is no allowance for deferred tax and deferred tax assets from reversal of allowance (31 December 2021: None).

(Amounts 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. Explanations on assets held for sale:

	Current period	Prior period
Net book Value at beginnig of the period	64.403	64.403
Cash Paid for Purchase (*)	-	-
Expected Loss (-)	64.403	-
Net book Value at end of the period	-	**64.403**

The Parent Bank have reached an agreement on restructuring the debts of Ojer Telekomünikasyon A.Ş. (OTAŞ), the major shareholder of Türk Telekomünikasyon A.Ş. (Türk Telekom) provided under the loan agreements. It was completed that 192.500.000.000 Class A shares owned by OTAŞ in Türk Telekom, representing 55% of Türk Telekom's issued share capital, which have been pledged as security for the existing loan facilities of OTAŞ, would be taken over by a special purpose vehicle incorporated or to be incorporated in the Republic of Turkey, owned directly or indirectly by the creditors. The Parent Bank has participated in LYY Telekomünikasyon A.Ş. which was established within this context with 1.6172% stake and amounting to TL 64.403. The Parent Bank considered the related investment within the scope of TFRS 5 “Assets Held for Sale and Discontinued Operations”.

As of 30 March 2022, LYY Telekomünikasyon A.Ş. owned by Türk Telekomünikasyon A.Ş. 192.500.000.000 A group registered shares representing 55% of its capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sales amount, a collection was made from the related loan in proportion to the Bank's share. However, as of the current period, a provision for impairment has been made for the entire acquired asset.

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 (31 December 2021: None).

II. Explanations and disclosures related to the consolidated liabilities:

1. Information on 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 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 (1)	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	17.234	9.029	209.013	1.719
Swap Transactions	439.844	886.572	592.257	318.257
Futures Transactions	-	-	-	-
Options	-	117	-	33
Other	-	-	-	-
Total	**457.078**	**895.718**	**801.270**	**320.009**

(1) Derivative financial liabilities for hedging purposes amounting to TL 129.180 (31 December 2021: None) were presented at "Derivative Financial Liabilities" line.

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	-	272.735	30.018	269.301
From Foreign Banks, Institutions and Funds	-	66.988.585	89.213	53.885.508
Total	**-**	**67.261.320**	**119.231**	**54.154.809**

3.b Maturity analysis of funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	-	-	30.018	-
Medium and long-term	-	67.261.320	89.213	54.154.809
Total	**-**	**67.261.320**	**119.231**	**54.154.809**

3.c Information about the marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Nominal	913.850	20.284.000	857.450	14.420.450
Cost	885.865	20.180.423	853.809	14.346.814
Book Value	930.222	20.506.024	879.492	14.927.941

As of 16 January 2018, the Bank issued the debt instrument which have nominal value of full USD 350 Million, redemption date of 16 January 2023 with fixed interest rate of 5,608%, 5 years maturity and semiannual coupon payment.

As of 23 January 2020, the Bank issued Eurobond with the nominal amount of full USD 400 Million. Interest rate of these debt instruments determined as 6% which have the redemption date of 23 January 2025 with fixed interest rate, 5 years maturity and semiannual coupon payment.

As of 14 January 2021, the Bank issued Eurobond with the nominal amount of full USD 350 Million. Interest rate of these debt instruments determined as 5,875% which have the redemption date of 14 January 2026 with fixed interest rate, 5 years maturity and semiannual coupon payment.

Yatırım Finansman Menkul Değerler A.Ş. on July 27, 2022, August 24, 2022 and September 8, 2022 it issued debt instruments with a nominal amount of TL 501.200.000, redemption dates on October 19, 2022, November 30, 2022 and December 21, 2022 at simple interest rates of 27,50, 21,00 and 20,40 with maturities of 84 days, 98 days and 104 days.

(Amounts 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 (continued)

3.c Information about the marketable securities issued (continued)

ISIN Kodu	Fon Kullanıcı	İhraç Tutarı (TL)	İhraç Tarihi	İtfa Tarihi
TRDYVKSE2214	MNG Kargo Yurtiçi ve Yurtdışı Taşımacılık A.Ş.	75.000.000	14/10/2020	12/10/2022
TRDYVKS12326	MLP Sağlık Hizmetleri A.Ş.	70.000.000	15/01/2021	12/01/2023
TRDYVKSK2216	MLP Sağlık Hizmetleri A.Ş.	275.300.000	25/05/2022	21/11/2022

(*) The amount of TL 7.650 thousand taken into the Group portfolio is eliminated in financials.

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

Not prepared in compliance with the Article 25 of the communique “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 (31 December 2021: None).

5. Explanations on financial lease obligations (net)

5.a Explanations on finance lease payables:

The Group has no finance lease payables (31 December 2021: None).

5.b Explanations regarding operational leases:

As of the reporting date, 2 head office building, 9 branches, 24 cars, and 368 computers of the Group companies are within the context of operational leasing. (31 December 2021: 2 head office building, 9 branches, 21 cars, and 355 computers are subject to operational leasing). In the current period, the Bank has lease liability within the scope of TFRS 16 amounting to TL 4.958 related to operational lease transactions (31 December 2021: TL 4.678).

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 (31 December 2021: None).

(Amounts 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)

6. Negative differences tablo related to derivative financial liabilities held-for-trading:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
Fair Value Hedge (1)	-	129.180	-	-
Cash Flow Hedge	-	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	**-**	**129.180**	**-**	**-**

(1) Derivative financial liabilities for hedging purpose is classified in "Derivative Financial Liabilities" line in the balance sheet.

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 amount (31 December 2021: 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 1.754 (31 December 2021: TL 1.458).

The Parent Bank has an expected loss provision amounting to TL 60.934 for non-cash loans (31 December 2021: TL 60.635)

7.c Information related to other provisions:

7.c.1 Provisions for possible losses:

Free provision amounting to TL 720.000 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. (31 December 2021: TL 440.000)

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

The Bank 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 30 September 2022, employee termination benefits is amounting to TL 50.722 (31 December 2021: TL 27.863) and unused vacation amounting to TL 10.366 (31 December 2021: TL 5.504) 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 30 September 2022, the Bank has no obligations on pension rights (31 December 2021: None).

Liabilities for pension funds established in accordance with Social Security Institution

None (31 December 2021:None).

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

The Parent Bank's present value of the liabilities of TSKB A.Ş. Memur ve Müstahdemleri Yardım ve Emekli Vakfı fund, subject to the transfer to the Social Security Institution of the Pension Fund as of 31 December 2021 has been calculated by an independent actuary in accordance with the actuarial assumptions in the Law and as per actuarial report dated 17 January 2022, there is no need for technical or actual deficit to book provision as of 31 December 2021.

(Amounts 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)

Accordingly, as of 30 September 2022 the Parent 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 Information on litigation provisions:

As of September 30, 2022, the Group has reflected provision for lawsuits amounting to TL 50.896 (December 31, 2021: None).

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

None.

8. Information on tax liability

8.a Information on current tax liability

8.a.1 Information on tax liability:

	Current Period		**Prior Period**	
Corporate Taxes and Deferred Taxes	**TL**	**FC**	**TL**	**FC**
Corporate Tax Liability	323.266	-	198.690	-
Deferred Tax Liability	-	-	-	-
Total	**323.266**	**-**	**198.690**	**-**

8.a.2 Information on taxes payable:

	Current Period	**Prior Period**
Corporate Taxes Payable	323.266	198.690
Taxation of Securities	4.727	7.413
Capital gains tax on property	-	-
Banking and Insurance Transaction Tax (BITT)	16.588	11.603
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	1.304	2.696
Other	9.822	3.762
Total	**355.707**	**224.164**

(Amounts 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 tax liability (continued)

8.a.3 Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	638	302
Social Security Premiums-Employer	722	349
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	178	86
Unemployment Insurance-Employer	348	171
Other	-	-
Total	**1.886**	**908**

8.b Explanations on deferred taxes liabilities:

As of the balance sheet date, the Group has no deferred tax liability. (31 December 2021: None).

9. Information on liabilities regarding assets held for sale

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

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

Not prepared in compliance with the Article 25 of the communique "Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks".

11. Information 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 meeting held on March 29, 2022, the Bank has not increased its capital in the current period.

In line with the decision taken at the Ordinary General Assembly meeting held on March 25, 2021, the Bank has not increased its capital during the current period.

(Amounts 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. Information on shareholders' equity (continued)

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

None (31 December 2021: None).

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

The Parent Bank has no capital commitments in the last fiscal year and at the end of the following interim period (31 December 2021: None).

11.f Indicators of the Parent 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, the profitability and liquidity of the Parent Bank and their trends in the successive periods are followed by Budget Planning and Investor 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 several different scenario analyses. The Parent Bank operations are profitable and the Parent Bank keeps 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 (31 December 2021: None).

11.h Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	**FC**	**TL**	**FC**
From Associates, Subsidiaries, and Entities Under Common Control (1)	**163.073**	**-**	**141.565**	**-**
Financial Assets at Fair Value Through Profit or Loss	**684.199**	**(764.015)**	**109.015**	**(216.782)**
Valuation Differences	536.840	(764.015)	4.590	(216.782)
Foreign Exchange Difference	147.359	-	104.425	-
Total	**847.272**	**(764.015)**	**250.580**	**(216.782)**

(1) The amounts of the investments valued according to the equity method are included in other comprehensive income.

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 Informations 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. Informations 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 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 Guarantee	1.089.486	715.188
Commitments for Forward Assets Brokerage Purchase and Sales	919.604	378.227
Commitments for Stock Brokerage Purchase and Sales	751.987	(446.791)
Commitments for Affiliate and Subsidiary Capital (1)	146.661	157.380
Commitments for Money Market Brokerage Purchase and Sales	44.384	116.150
Other	2.897.129	1.442.295
Total	**5.849.251**	**2.362.449**

(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 5.933.368 (31 December 2021: TL 5.370.014).

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

As of the reporting date, total letters of guarantee is TL 3.476.083 (31 December 2021: TL 2.912.801).

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

	Current Period	Prior Period
Non-cash Loans Given Against Achieving Cash Loans	1.285.669	1.285.669
With Maturity of One Year or Less than One Year	88.233	88.233
With Maturity of More than One Year	1.197.436	1.197.436
Other Non-Cash Loans	8.123.782	6.997.146
Total	**9.409.451**	**8.282.815**

SECTION FIVE (Continued)

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on off-balance sheet liabilities (continued)

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 Group which are amounting to TL 946 as of the reporting date (31 December 2021: TL 921 - 58 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. Explanations on contingent liabilities and assets (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 31 July 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 has 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 30 May 2013 and the Court decided to add Pendik Municipality as a defendant in the case. At the latest hearing on 24 December 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. Explanations on contingent liabilities and assets (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 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	334.941	161.754	251.944	125.696
Medium and Long Term Loans	307.567	2.942.158	252.724	1.439.436
Interest on Non-performing Loans	2.262	9.914	12.054	25.488
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	**644.770**	**3.113.826**	**516.722**	**1.590.620**

(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)	309	-	696	-
Domestic Banks	15.586	5.778	9.266	4.906
Foreign Banks	-	1.731	-	781
Branches and Head Office Abroad	-	-	-	-
Total	**15.895**	**7.509**	**9.962**	**5.687**

(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	2.708	-	2.940	-
Financial Assets at Fair Value Through Other Comprehensive Income	379.570	382.973	233.254	124.918
Financial Assets Measured at Amortized Cost	1.899.987	132.165	384.244	8.657
Total	**2.282.265**	**515.138**	**620.438**	**133.575**

As stated in the accounting policies, the Parent Bank makes the valuation of the Consumer Price Indexed government bonds in the securities portfolio based on the reference index on the issue date and the index calculated by taking into account the estimated inflation rate. The estimated inflation rate used in the valuation is updated during the year when deemed necessary. As of 30 September 2022, the valuation of the said assets was based on an annual 80.84% inflation forecast. (30 September 2021: 18.5%)

(Amounts 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 and Commission Income	33.450	25.772

2. Information on interest expense

2.a Information on interest on funds borrowed:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	7.470	528.317	30.503	120.808
The Central Bank of Turkey	-	-	-	-
Domestic Banks	3.369	222.406	15.209	4.108
Foreign Banks	4.101	305.911	15.294	116.700
Branches and Head Office Abroad	-	-	-	-
Other Financial Institutions	-	673.193	-	269.547
Total (1)	**7.470**	**1.201.510**	**30.503**	**390.355**

(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 (30 September 2021: None).

2.c Information on interest expense to securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on securities issued (1)	41.800	976.369	35.360	628.272

(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	**6.749.620**	**2.569.976**
Gains on capital market operations	46.478	2.528
Gains on derivative financial instruments (1)	5.861.509	1.849.204
Foreign exchange gains	841.633	718.244
Losses (-)	**(5.928.438)**	**(2.623.041)**
Losses on capital market operations	(12.880)	(2.081)
Losses on derivative financial instruments (1)	(2.857.008)	(1.348.332)
Foreign exchange losses	(3.058.550)	(1.272.628)

(1) Foreign exchange gain from derivative transactions amounting to TL 3.630.487 is presented in "Gains on derivative financial instruments" (30 September 2021: TL 1.019.072), foreign exchange loss from derivative transactions amounting to TL (952.996) is presented in "Losses on derivative financial instruments" (30 September 2021: TL (679.724)).

(Amounts 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)

5. Information related to other operating income

	Current Period	Prior Period
Provisions Released	78.918	42.806
Gains on Sale of Assets	212	666
From Associate and Subsidiary Sales	-	-
From Immovable Fixed Asset Sales	-	-
From Property Sales	212	497
From Other Asset Sales	-	169
Other (1)	122.198	201.593
Total	**201.328**	**245.065**

(1) Also includes the income amount of TL 104.810 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. Provision expenses related to loans and other receivables of the Group

	Current Period	Prior Period
Expected Credit Loss	1.836.902	615.221
12 Months Expected Credit Loss (Stage 1)	211.613	135.671
Significant Increase in Credit Risk (Stage 2)	680.275	239.097
Non-performing Loans (Stage 3) (2)	945.014	240.453
Marketable Securities Impairment Expenses	2.702	101.305
Financial Assets at Fair Value through Profit or Loss	-	96.202
Financial Assets at Fair Value through Other Comprehensive	2.702	5.103
Associates, Subsidiaries, and Entities under Common Control (Joint Venture)	-	-
Associates	-	-
Subsidiaries	-	-
Entities under Common Control (Joint Venture)	-	-
Other (1)	395.288	180.000
Total	**2.234.892**	**896.526**

(1) As of the reporting date the free provision expense for possible losses amounting to TL 280.000 has ben incurred (30 September 2021: 180.000).

(2) Also includes the free provision amount for the loan belonging to LYY Telekomünikasyon A.Ş., which was written off during the period.

(Amounts 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	23.081	1.060
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	8.637	5.945
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Amortization Expenses of Intangible Assets	1.472	1.947
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	114.207	49.213
Rent Expenses	2.762	1.407
Maintenance Expenses	3.935	2.282
Advertisement Expenses	1.269	672
Other Expenses	106.241	44.852
Loss on Sales of Assets	-	-
Other (1)	157.614	200.685
Total	**305.011**	**258.850**

(1) Includes 104.810 TL expense amount related to the issuances of Yatırım Varlık Kiralama A.Ş. The same amount is included in other operating income as income, and it is shown in gross without offsetting for reporting purposes. Tax and fee expenses, excluding corporate tax, amounting to TL 21.744; Includes leave provision expenses amounting to TL 5.261 (30 September 2021: includes tax and fee expenses excluding corporate tax amounting to TL 5.486; leave provision expenses amounting to TL 1.642).

8. Information on tax provision for continued and discontinued operations

As of 30 September 2022 profit before tax of the Group has decreased by 231.79% as compared to the prior period (30 September 2021: 53.07% increase). In comparison with the prior period, the Group's net interest income has increased by 143.87% (30 September 2021: 30.90% increase).

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 1.014.187 (30 September 2021: TL 320.143 expense). Deferred tax income is TL 220.596 (30 September 2021: TL 58.489 deferred tax income).

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

Deferred tax benefit calculated on temporary differences is TL 220.596 (30 September 2021: TL 58.489 deferred tax income).

(Amounts 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. (30 September 2021: None)

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

The Group is decreased the net profit by 241.42% for the period ended 30 September 2022 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 7.087.362 of interest income, TL 2.334.952 of interest expenses, TL 224.954 of net fee and commission income from banking operations (30 September 2021: TL 3.111.966 interest income, TL 1.163.209 interest expenses, TL 105.899 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 (30 September 2021: None).

11.c Minority share of profit and loss:

The current year loss attributable to minority shares is TL 4.589 (30 September 2021: TL 175 profit). The total shareholders' equity, including current year profit attributable to minority shares is TL 95.800 (30 September 2021: TL 73.033).

12. Gelir tablosunda yer alan diğer kalemlerin, gelir tablosu toplamının %10'unu aşması halinde bu kalemlerin en az %20'sini oluşturan alt hesaplar

	Cari Dönem	**Önceki Dönem**
Diğer Alınan Ücret ve Komisyon Gelirleri		
Aracılık Komisyon Gelirleri	105.292	52.477
Halka Arz Komsiyonları	49.285	15.284
Yatırım Fonu Yönetim Ücretleri	5.223	3.720
Diğer	51.119	26.022
Toplam	**210.919**	**97.503**

(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	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Factors in 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	1.442.610	2	637.912	-	-	-
Interest and commission income received	33.448	2	19.709	-	186	-

(1) Mutual transactions between the Parent Bank and fully consolidated subsidiaries have been eliminated.

1.b Prior period:

Risk Group of the Parent Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Parent Bank		Other Factors in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at the beginning of the period	729.154	515	294.689	-	24.747	-
Balance at the end of the period	997.287	9.754	489.070	-	13.581	-
Interest and commission income received(2)	16.148	4	8.689	-	714	-

(1) Mutual transactions between the Parent Bank and fully consolidated subsidiaries have been eliminated.

(2) Represents for the period of 30 September 2021.

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 Bank	Subsidiaries and Associates		Direct and Indirect Shareholders of the Bank		Other Factors in 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	-	-	-	-	-	-
Total Profit / Loss (1)	-	-	-	-	-	-
Hedging Risk Transactions	-	-	-	-	-	-
Beginning of the Period		-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

(1) Includes information for 30 September 2021.

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 33.243 (30 September 2021: TL 19.345).

VI. Explanations related to the events after the reporting date

As a result of the Corporate Governance Rating study conducted by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. (SAHA), our Bank's Corporate Governance Rating of 95.86% (9.59 out of 10) was confirmed as of October 19, 2022.

SECTION SIX

AUDITORS' LIMITED REVIEW REPORT

I. Explanations on the auditors' limited review report

The consolidated financial statements for the period ended 30 September 2022 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 1 November 2022 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	2021-2024	Yes	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
Hüseyin Yalçın	Board Member	2021-2024	No	-
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

There has been no change in the Bank's Board of Directors in the period between June 30, 2022 - September 30, 2022.

Information on the Bank's Board Meetings

The Board of Directors issued 30 decisions in the period between January 1, 2022 - September 30, 2022. Board Members attended the meetings at a satisfactory level.

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)

Senior Management and Directors

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

Changes in Senior Management and Directors
There has been no change in the Bank's Senior Management and Directors in the period between June 30, 2022 - September 30, 2022.

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)

ASSESSMENT OF THE PERIOD BY THE CHAIRPERSON OF THE BOARD

The ongoing global uncertainties and the high energy costs coupled with the decreased momentum of global activities have caused an increase in recession expectations in the third quarter. The messages given by the central banks including FED and ECB in particular indicated that they would continue increasing interest rates for a longer period than expected due to the inflation numbers that have been higher than what was expected. The growth-related concerns are key issues on the agenda of the global markets. In its report published in October, IMF maintained its global growth forecast at 3,2% while slightly increasing its inflation expectation to 8,8%, and highlighting risks related to financial stability.

In our country, the messages given within the scope of the announced Medium-Term Program indicate that the export-oriented growth strategy and employment-supporting economic policies will be continued. The Main Objectives of the Program section provides that importance will be attached to green transformation in all sectors of the economy in line with the development priorities.

Noting the decreased momentum in the third quarter following the strong growth in the first two quarters of the year, the Turkish Central Bank decreased policy interest rates. The existing levels of the country risk premium, as well as the course of foreign exchange rates and the increased inflation result in the continuation of uncertainties. Strong tourism income and capital inflows are supported by the current balance, while the slowdown in external demand conditions and the high energy and imported input costs coupled with the deterioration in the global supply chain are expected to cause the improvement in the foreign trade deficit to remain limited. Despite the challenging macroeconomic conditions, the banking sector managed to maintain its strong performance and prudent stance throughout the year also in this quarter. While the credit growth of the sector was slightly interrupted by the impact of prudent actions taken at the macro level, it stood at 27,7% on FX-adjusted basis in the first three quarters. The expansion in the loan-deposit gap caused by the interest decreases of the Turkish Central Bank and the high inflation rates, as well as the income derived from CPI-indexed securities continue to make a positive impact on the sector's profitability. The asset quality of the sector maintains its strength, while the rates of non-performing loans continue to decrease thanks to the loan growth and the collections performed. The banks are observed to increase loan provisions as a result of their prudent approach.

Standing out with its innovative, sustainable and inclusive banking practices employed in Turkey, as well as its experience of 30 years in this field, TSKB continues to add value for its stakeholders in line with its mission and objectives. Maintaining both its sustainable strong profitability performance and its strong asset quality, our Bank will continue to meet its customers' requirements in corporate banking, investment banking and consultancy fields with its sustainability-oriented approach throughout the rest of the year.

Yours Sincerely,

Chair 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)

ASSESSMENT OF THE PERIOD BY THE CEO

In an era where global macroeconomic developments increased uncertainties and economic concerns globally, ensuring financial stability without making concessions from green and inclusive transformation is becoming more important every day.

We continued our strong performance in the first three quarters of 2022 in line with our expectations. While the total asset size of our Bank has reached TL 110 billion, our total loan portfolio, which represents our direct contribution to the real economy, has reached TL 76,3 billion, representing 69% of our total assets. Maintaining its strong asset quality, our Bank has continued contributing to the financing of investments in various sectors including the manufacturing industry in particular, with its investments in renewable energy projects also in the third quarter, as well as investments focusing on the theme of inclusion. With the increased contribution of our investment banking activities, our fees and commission income and income from participations surged by more than 100%, continuing to support our profitability. In the first nine months of 2022, our net profit has been recorded as TL 2.645 million. We have reached a total shareholders’ equity of 9,7 billion TL as a result of all our activities, and have delivered a return on equity of 42,1%.

Having introduced so many firsts and made various achievements in the sustainable banking area, TSKB continues its efforts towards that end. In October, our Bank has become a Signatory to the Net-Zero Banking Alliance (NZBA) established by the United Nations Environmental Program - Finance Initiative (UNEP FI). With this step, TSKB has undertaken to make its loan and investment portfolio compliant with net zero emission goals by 2050 and has maintained its leading position. The concept of double materiality, which highlights impact-oriented thinking and action in addition to financial priorities, guides institutions toward thinking and acting in this direction. Finance sector plays a very critical role in terms of starting and spreading this transformation because of its sphere of influence.

We continue our environmental, social and governance works in a multi-faceted and integrated manner with our 11 working groups working under our sustainability management organization. We have won another award in the sustainability area this year thanks to this strong and efficient organization. Our bank has won the "Turkey's Best Sustainability Practices in Banking” award at “The Global Economics Awards 2022”, one of the most prestigious events in the UK, organized by The Global Economics Magazine.

We also take pride in winning an award with our Integrated Annual Report, which is one of the most important tools of our communication with our stakeholders, in which we provide information about our both financial and non-financial goals, our performance and the impact we make and value we add with our activities. Our 2021 Integrated Annual Report won Honorary Award in "Non-Traditional Integrated Annual Reports" at ARC Awards, which is one of the most prestigious global contests of annual reports. We will continue to produce innovative works in this field thanks to the importance we attach to transparency and communication with stakeholders.

Another important achievement in this period was the awards we won in the field of efficient management of our human capital, one of the most important components of our value addition model. In this connection, we have won Gold Award for "Best Advance in Competencies and Skills Development" and Silver Award in the "Best Use of a Blended Learning Program" category in the Excellence Awards, the 22nd of which was held by Brandon Hall Group this year.

We will continue to add common values together with our stakeholders with our Corporate Banking, Investment Banking and Consultancy services, support our country's sustainable and inclusive growth and closely monitor international developments in order to continue to provide innovative and alternative solutions to meet our customers' requirements.

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)

ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD

Economic Developments in the Third Quarter of 2022

The third quarter of 2022 has been a period in which geopolitical uncertainties prevailed and the downward risks stayed at high levels in the global growth outlook. While developed economies' central banks continued increasing interest rates, the financial conditions were tightened, and financial stability-related concerns became evident. The loss of momentum in global activities became visible, causing an increase in recession concerns. Although growth-related concerns caused a decrease in commodity prices including mainly crude oil prices, inflation remains at high levels globally. Although problems related to input costs and supply chain were alleviated, it is estimated that it may take time for the inflation rate to decrease due to expectations. While the global risk appetite fluctuates due to these dynamics, there is a continued vulnerability in the capital flows to developing economies.

Resistance is observed in economic activities in Turkey in the second quarter of 2022, and the preliminary data related to the third quarter point out a phased slowdown. The gross domestic product ("GDP") has increased by 2,1% in the second quarter of 2022 quarter-on-quarter according to the calendar- and seasonally-adjusted data and the annualized GDP growth has been recorded at 7,3%. The manufacturing industry purchasing managers index ("PMI") remained in the shrinkage zone in the third quarter, while the sector confidence indexes had varying performance levels.

The slowdown in exports became evident, and a slight deterioration has been experienced in the external balance due to the high increases in imports. According to the preliminary data of the Ministry of Trade, exports increased by 17,1% in the January-September period year-on-year, while the increase in imports stayed above 40%. Thus, the foreign trade deficit, which stood at USD 32,4 billion in the first three quarters of 2021, increased to USD 83,8 billion year-on-year. The current deficit, which was recorded at USD 12,8 billion in January-August 2021, increased to USD 39,7 billion year-on-year despite the recovery in the tourism sector and other services. The official reserves and net errors and omissions were the main factors in terms of financing the current deficit.

An increase continued to be observed in inflation due to the global dynamics and the accumulated impact of the other cost components. The annual general consumer prices index (CPI) inflation rate, which stood at 78,6% at the end of the second quarter of 2022, increased to 83,5% in September. The annual domestic producer price inflation (DPPI) rate increased to 138,3% from 115,0% in the same period. Details confirmed the maintenance of the price pressure despite the slow-down in certain sub-items. On the other hand, the Turkish Central Bank decreased monetary policy interest rate from 14% to 12% by 100 base points in both August and September meetings in order to alleviate the slowdown in global growth and help maintain the increased momentum in domestic economy and the increased stability, and continued taking prudent actions at the macro level with a view to strengthening the efficiency of monetary policy transmission mechanism.

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)

ECONOMIC DEVELOPMENTS IN THE INTERIM PERIOD (continued)

Economic Developments in the Third Quarter of 2022 (continued)

Markets

Risk assets followed a fluctuating course due to the slowdown in global growth, tightening financial conditions and increasing concerns related to financial stability. A slight weakening was observed in the capital flows to developing economies. Having made a successful start to the third quarter of 2022, Borsa Istanbul returned a part of its profits within the period. Yet, Borsa Istanbul 100 and 30 indices increased by 32% and 33% at the end of September compared to the end of June. The increase in the banking sector's stocks index stood at 53% during the same period. While TL depreciated against USD by 11,0%, the depreciation against EUR stood at 2,2%. The interest rate decreased by the Turkish Central Bank, and the prudent actions taken at macro level resulted in fast slowdown of bond interest rates. The compound interest rate of the 2-year bond, which stood at 24,48% at the end of the second quarter, was closed at 15,0% at the end of September.

Banking Sector

In the first three quarters of 2022, the nominal loan growth rate in TL stood at 39,2%, whereas the total loans increased by 27,7% on a fx-adjusted basis in FX-adjusted terms. According to the Weekly Bulletin data of the BRSA, the loan growth rate in TL in the sector stood at 54,4% in this period, while the loan growth rate in foreign currency stood at 7,8% in FX-adjusted terms. The corporate loans in TL and the retail loans increased by 65,9% and 33%, respectively. According to the loan increase rates of the last one-year, the rate of increase observed in corporate loans in TL accelerated to 84,7% from 66,8% that was recorded in the second quarter results, while the increase in retail loans was recorded at 36,8% in the second quarter results increased to 42,1%. 77% of the increase in loans in TL recorded in the third quarter was caused by corporate loans, whereas the share of corporate loans in both total loans and the loans in TL increased by 1 and 5 points compared to the end of 2021, reaching 79% and 70%, respectively. On the other hand, the increase in the corporate loans in TL according to the 13-weeks' averages is observed to decrease to 56,2% levels.

The non-performing loans ratio in the sector, which stood at 3,2% at year-end, decreased to 2,3% as of the end of July, and this improvement was observed thanks to the contribution of the increase in total loans, together with the limited growth of non-performing loans. The non-performing loans ratio in corporate loans decreased to 2,3% from 3,4% in the third quarter, whereas such rate in Non-SME corporate loans fell to 1,9% from 2,6%. As for retail loans, the non-performing loans ratio slightly decreased to 3,5% from 3,6% level recorded at the end of 2021 also in this quarter together with the slow-down in new loan extensions, as well as the increase in non-performing loans particularly in consumer loans.

In the third quarter, a transition took place in the sector from deposits in FX to deposits in TL, and the deposits in TL increased by 95%, while the deposits in FX remained unchanged compared to the year-end of 2021 on FX-adjusted terms, resulting in a net deposit increase of 33,7%. The share of FX deposits in total deposits decreased to 54% from 65% recorded as of the end of 2021. The TL loan/deposit ratio of the sector excluding participation banks that reached 150% by the end of 2021 is observed to have stood at 115% as of the third quarter.

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)

GENERAL ASSEMBLY DECISIONS

The Bank's Ordinary General Assembly Meeting was held at the Headquarters on 29 March 2022.

The General Assembly Decisions were disclosed to the shareholders in the Annual Report for the Interim Period of 1 January and 31 March 2022 and on the Bank's website and the Public Disclosure Platform

SIGNIFICANT DEVELOPMENTS IN THE BANK'S ACTIVITIES IN THE INTERIM PERIOD

The Bank won four separate awards from global organizations in the third quarter of the year. In this connection, it has won Gold Award for "Best Advance in Competencies and Skills Development" and Silver Award in the "Best Use of a Blended Learning Program" category in the Excellence Awards held by Brandon Hall Group. TSKB has won "Turkey's Best Sustainability Practices in Banking" award at "The Global Economics Awards 2022", and the Honorary Award in "Non-Traditional Integrated Annual Reports" at international ARC Awards with its 2021 Integrated Annual Report.

TSKB has become a Signatory to the Net-Zero Banking Alliance (NZBA) established by the United Nations Environmental Program - Finance Initiative (UNEP FI). Having undertaken to make its loan and investment portfolio compliant with net zero emission goals by 2050 with this step, TSKB will support its business partners and clients in decreasing their carbon emissions.

During the same period, the 8th edition of the Climate Review was published within the scope of the Green Swan Platform, which was issued for the first time in 2020. The report addresses the impact of heat waves on production, energy and natural capital. Indicating that IMF expects the disasters caused by heat waves to increase by 2100, this report highlights that this increase will be felt mostly in developing countries.

Developments Regarding the Bank's Corporate Governance Operations

The Bank's "Corporate Governance Compliance Report" and "Corporate Governance Information Forms" were published on the Public Disclosure Form on 2 March 2022. These reports are available at https://www.kap.org.tr/tr/Bildirim/1006364 and https://www.kap.org.tr/tr/Bildirim/1006365.

As a result of the assessment conducted by SAHA Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş.(SAHA), the Bank's Corporate Governance Rating is affirmed as 95,86% (9,59 over 10) on October 19, 2022.

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)

FINANCIAL DEVELOPMENTS IN THE INTERIM PERIOD

On 25 July 2022, TSKB obtained a syndicated loan indexed to sustainability criteria worth USD 17,5 million and EUR 90 million with the participation of total of 8 banks.

The summary of the Bank's consolidated key financial indicators as of 30 September 2022 is as follows:

Total asset size has increased by 78% year-on-year and 28% compared to the end of 2021, reaching TL 110 billion.

The total loan portfolio reached 76,3 billion TL as of the end of September with an increase of 66% year-on-year and 18% compared to the year-end. The share of loans in total assets stood at 69,4%. The non-performing loans ratio was 3,1% as of the end of September.

Shareholders’ equity has surged by 44% year-on-year and 38% compared to the end of 2021, respectively, reaching TL 9,7 billion. The capital adequacy ratio recorded as 20,8% at the end of 2021 stood at %19,9 by the end of September.

Net interest income increased by 144% in the first three quarters of 2022 year-on-year, reaching TL 4.752 million, whereas fee and commission income increased by 112%, reaching TL 225 million. The cost to income ratio, which was recorded as 9,0% in 2021, fell to 8,5% in the first nine months of 2022.

Net profit increased by 241% in the first three quarters year-on-year, reaching 2.645 million TL.

The return on assets, which stood at 1,6% at the end of 2021, increased to 3,6% in the first three quarters of 2022.

The return on equity, which stood at 16,4% in 2021, increased to 42,1% in the first three quarters of 2022.

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.

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)

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 2021 Annual Integrated Report available at the following address for further details:

https://en.tskb.com.tr/i/content/4704_1_TSKB%202021%20Integrated%20Annual%20Report.pdf