

# ANNUAL REPORT

2022



denizbank.com | 0 850 222 0 800

ENBD

Beyond is Deniz ›

DenizBank 



# CONTENTS

## SECTION I - INTRODUCTION

|    |   |
|----|---|
| 13 | DENİZBANK FINANCIAL SERVICES GROUP (DFSG)                               |
| 14 | ABOUT DENİZBANK   |
| 16 | ENBD IN BRIEF   |
| 18 | DENİZBANK'S MISSION AND VISION  |
| 20 | KEY FINANCIAL HIGHLIGHTS  |
| 22 | HIGHLIGHTS FROM 2022  |
| 24 | AWARDS  |
| 26 | MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS                     |
| 28 | MESSAGE FROM THE CEO  |
| 32 | DENİZBANK AND SUSTAINABILITY  |
| 33 | DENİZBANK'S SUSTAINABILITY APPROACH                                     |
| 34 | FOCAL POINTS  |
| 35 | SUSTAINABILITY MANAGEMENT AT DENİZBANK                                  |
| 36 | SUSTAINABILITY ORGANIZATION AT DENİZBANK                                |
| 37 | DENİZBANK'S CONTRIBUTION TO SDGs  |
| 38 | BANKING SERVICES  |
| 39 | DENİZBANK CUSTOMER SEGMENTATION   |
| 42 | RETAIL BANKING GROUP  |
| 43 | CONSUMER AND PRIVATE BANKING GROUP                                      |
| 50 | DIGITAL TRANSFORMATION, CHANGE MANAGEMENT AND NON-BRANCH CHANNELS GROUP |
| 52 | PAYMENT SYSTEMS GROUP   |
| 54 | WHOLESALE BANKING GROUP   |
| 55 | CORPORATE AND COMMERCIAL BANKING GROUP                                  |
| 60 | SME BANKING AND PUBLIC FINANCE GROUP                                    |
| 68 | AGRICULTURAL BANKING GROUP  |
| 76 | TREASURY, FINANCIAL INSTITUTIONS AND INVESTMENT GROUP                   |
| 77 | TREASURY GROUP  |
| 80 | FINANCIAL INSTITUTIONS GROUP  |
| 84 | INVESTMENT GROUP  |
| 85 | DENİZINVEST   |
| 85 | DENİZASSET MANAGEMENT   |

|     |   |
|-----|---|
| 86  | PROJECT FINANCE, FINANCIAL STRUCTURING AND CREDITS INTERNATIONAL COORDINATION GROUP |
| 90  | ANALYTICS, DATA AND CUSTOMER VALUE MANAGEMENT POLICIES GROUP                        |
| 91  | BUSINESS ANALYTICS AND CRM  |
| 94  | CREDIT POLICIES, ANALYTICAL AND DECISION SYSTEMS                                    |
| 96  | ORGANIZATION, AUTHORITY MANAGEMENT AND CUSTOMER SATISFACTION                        |
| 98  | BRANCH AND CENTRAL OPERATIONS GROUP   |
| 104 | INFORMATION SECURITY AND INFORMATION TECHNOLOGIES RISK MANAGEMENT GROUP             |
| 110 | FOREIGN BANKING OPERATIONS  |
| 111 | DENİZBANK AG  |
| 113 | DENİZBANK MOSCOW  |
| 113 | EURODENİZ INTERNATIONAL BANKING UNIT (IBU) LTD.                                     |
| 114 | INFORMATION TECHNOLOGY (IT) SERVICES  |
| 115 | INTERTECH   |
| 120 | LEASING AND FACTORING SERVICES  |
| 121 | DENİZLEASING  |
| 123 | DENİZFAKTORING  |
| 124 | REAL ESTATE INVESTMENT TRUST  |
| 125 | DENİZ REAL ESTATE INVESTMENT TRUST (DENİZREIT)                                      |
| 128 | FINANCIAL TECHNOLOGY SERVICES   |
| 129 | NEOHUB  |
| 133 | FASTPAY ELECTRONIC MONEY AND PAYMENT SERVICES INC.                                  |
| 134 | CULTURAL SERVICES   |
| 135 | DENİZKÜLTÜR   |
| 138 | INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT                      |

## SECTION II – MANAGEMENT AND CORPORATE GOVERNANCE

|     |                                       |
|-----|---------------------------------------|
| 140 | BOARD OF DIRECTORS                    |
| 144 | EXECUTIVE BOARD                       |
| 148 | EXECUTIVE MANAGEMENT                  |
| 149 | COMMITTEES                            |
| 150 | CORPORATE GOVERNANCE & SUSTAINABILITY |

|     |  |
|-----|--|
| 151 | HUMAN RESOURCES AND DENİZ ACADEMY GROUP  |
| 151 | HUMAN RESOURCES  |
| 156 | DENİZ ACADEMY  |
| 158 | RELATED PARTY TRANSACTIONS   |
| 159 | SUPPORT SERVICES   |
| 162 | AMENDMENTS TO THE ARTICLES OF ASSOCIATION  |
| 163 | SHAREHOLDING STRUCTURE, PAID-IN CAPITAL AND CHANGES, SHARES HELD BY MANAGEMENT     |
| 164 | CHANGES IN THE MANAGEMENT, SHAREHOLDING STRUCTURE AND ACTIVITIES OF DFSG COMPANIES |
| 166 | IMPORTANT EVENTS OCCURRED AFTER THE END OF THE OPERATING YEAR                      |
| 167 | SUMMARY REPORT OF THE BOARD OF DIRECTORS PRESENTED TO THE GENERAL ASSEMBLY         |
| 169 | DIVIDEND DISTRIBUTION POLICY   |
| 170 | DIVIDEND DISTRIBUTION PROPOSAL   |
| 171 | DONATIONS MADE DURING THE YEAR   |

## SECTION III - FINANCIAL INFORMATION AND RISK MANAGEMENT

|     |  |
|-----|--|
| 172 | INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE AND RISK MANAGEMENT SYSTEMS |
| 178 | ASSESSMENTS OF AUDIT AND RISK COMMITTEES                                 |
| 180 | FIVE-YEAR SUMMARY FINANCIAL HIGHLIGHTS                                   |
| 183 | CAPITAL MARKET INSTRUMENTS ISSUED BY DFSG                                |
| 185 | DENİZBANK RATINGS BY INTERNATIONAL RATING AGENCIES                       |

## SECTION IV - INDEPENDENT AUDITOR'S REPORTS, FINANCIAL STATEMENTS AND NOTES

|     |   |
|-----|---|
| 186 | INDEPENDENT AUDITOR'S REPORTS, UNCONSOLIDATED FINANCIAL STATEMENTS AND NOTES AS OF 31 DECEMBER 2022 |
| 344 | INDEPENDENT AUDITOR'S REPORTS, CONSOLIDATED FINANCIAL STATEMENTS AND NOTES AS OF 31 DECEMBER 2022   |

|     |                     |
|-----|---------------------|
| 512 | CONTACT INFORMATION |
|-----|---------------------|

## DenizBank Financial Services Group

**A “financial supermarket” that provides a wide variety of financial services under a single umbrella**

*As DenizBank, we have been acting under the guidance of our inclusive and responsible banking principle since day one; and we are working hard for the future of our country and the development of our society by focusing on sustainable development goals.*

*We shape our sector with our know-how in technology and innovation, our service infrastructure, our wide range of customer-oriented products that we developed using the power of data science, and our qualified human resources, which we see as our most important capital.*

*Since our establishment, the goal of giving back what we have received from our country has been at the center of our work. While we take responsibility for the financing of many niche sectors that are the building blocks of our economy, especially the agriculture sector and SMEs, we are working with the awareness of delivering years of prosperity to future generations, where production continues with high capacity in all fields.*

*We believe that the economy cannot grow to its full potential in an ecosystem where women are not included in the workforce, so we support women's employment and entrepreneurship with all our resources.*

*In the upcoming period, we will continue to work by taking into account the sustainability of our planet and our natural resources, without deviating from our vision of responsible banking, and to stand by all sectors and workers who shape the future of these lands.*



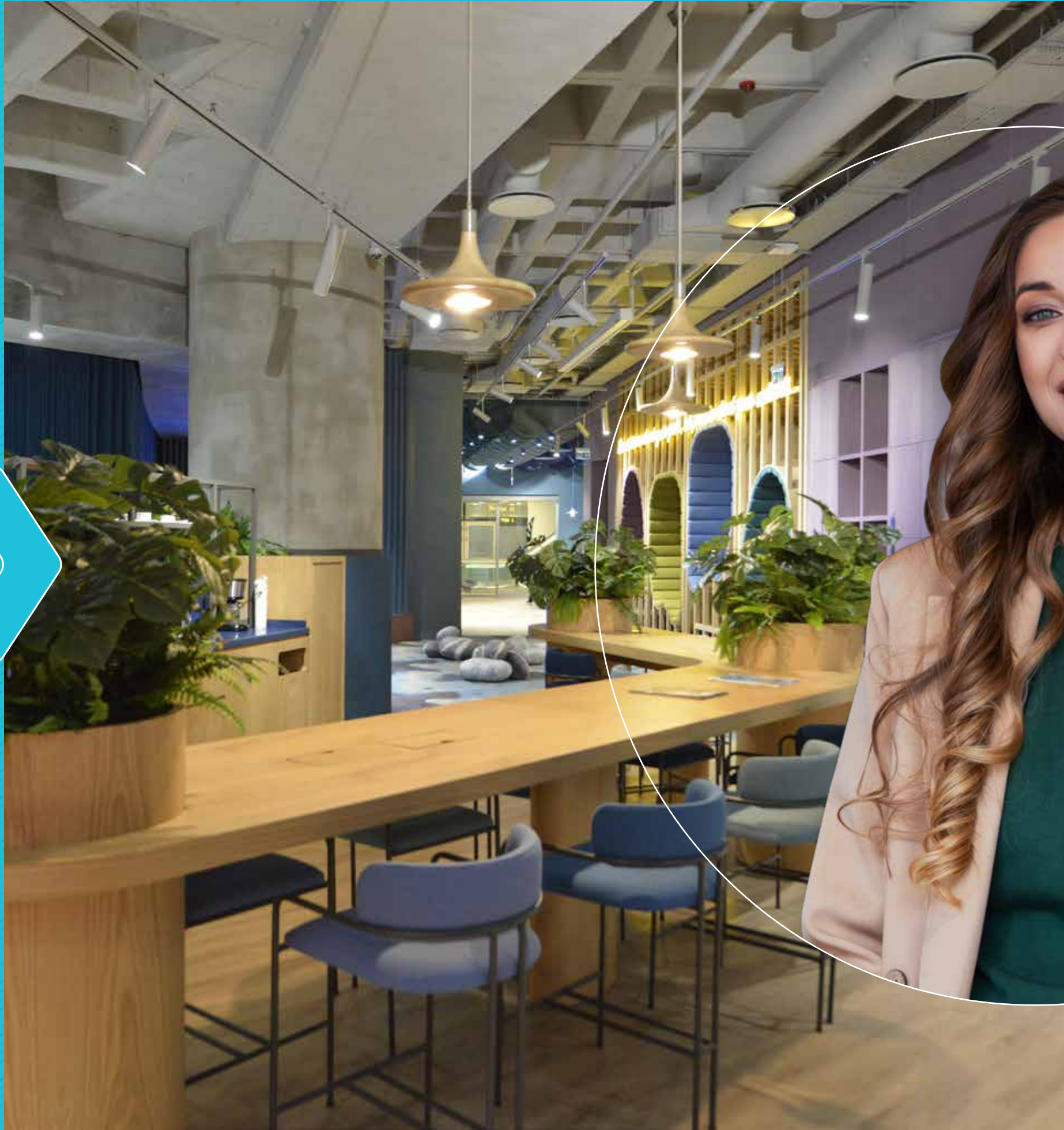
AWARE OF THE  
VITAL VALUE OF  
AGRICULTURE,  
WE SUPPORT  
PRODUCTION IN  
EVERY CORNER  
OF OUR COUNTRY  
AND MEET THE  
FINANCIAL NEEDS  
OF OUR FARMERS.



Mehmet Özdemir, Boyburt-2021



WE ASSUME  
RESPONSIBILITY TO  
INCLUDE WOMEN IN  
THE ECONOMY AND  
ECOSYSTEM WITH  
THE RESOURCES  
WE PROVIDE  
TO WOMEN'S  
EMPLOYMENT AND  
ENTREPRENEURSHIP.





WE ARE AWARE  
THAT EVERY  
STEP TAKEN IN  
THE DIRECTION  
OF EFFICIENCY  
AND RENEWABLE  
RESOURCES IS  
AN INVESTMENT  
TOWARDS THE  
FUTURE OF OUR  
PLANET.







WITH OUR  
RESPONSIBILITY,  
WE CONTINUE  
TO SUPPORT  
OUR COUNTRY'S  
LEADING  
INDUSTRIAL  
INSTITUTIONS  
TO ENSURE THAT  
PRODUCTION  
NEVER CEASES IN  
OUR LANDS.



BY FOCUSING ON  
THE SUSTAINABLE  
DEVELOPMENT  
APPROACH,  
WE ADOPT THE  
PRINCIPLE OF  
ACTING AS AN  
ENVIRONMENTALLY  
AND SOCIALLY  
RESPONSIBLE BANK  
AS OUR CORPORATE  
CULTURE.







# DENİZBANK FINANCIAL SERVICES GROUP (DFSG)



## BANKING SERVICES

- DenizBank
- DenizBank AG (Austria)
- DenizBank Moscow (Russian Federation)
- EuroDeniz International Banking Unit Ltd. (TRNC)



## LEASING, FACTORING

- DenizLeasing
- DenizFactoring



## CULTURAL SERVICES

- DenizKültür



## INFORMATION TECHNOLOGIES SERVICES

- Intertech
- Ekspres IT



## INVESTMENT ACTIVITIES

- DenizInvest Securities
- DenizAsset Management



## REAL ESTATE INVESTMENT TRUST

- Deniz Real Estate Investment Trust



## FINANCIAL TECHNOLOGIES SERVICES

- NEOHUB
- fastPay Electronic Money and Payment Services



## OTHER SERVICES

- Bantaş
- Açık Deniz Radio-TV



# ABOUT DENİZBANK



25<sup>TH</sup>  
YEARS

In 1997, DenizBank was acquired by Zorlu Holding via a banking license from the Privatization Administration. Recording three shareholder changes and performing a public offering during its short history of 25 years, the Bank was acquired in October 2006 by Dexia, a leading European financial group. Subsequently, as the biggest one-time investment made by Russia in Turkey, DenizBank started to operate under Sberbank, one of the world's biggest banks, as of 28 September 2012. Most recently, the Bank's ownership was transferred to Emirates NBD, a leading Banking Group in the MENAT region, as of 31 July 2019.

### "Financial supermarket" era in banking

As part of corporate identity efforts, DenizBank implemented a "Back-to-Life" program that included recruitment and new branch openings with its five-year strategic plan in 1997. To this end, DenizBank acquired some of the bank branches under the control of Saving Deposit Insurance Fund and included Tarihbank to the Group at year-end 2002. During this period, DenizBank acquired banks in Austria and Russia in addition to its factoring, financial leasing, investment and portfolio management companies to complement its existing banking products and services. As a result, DenizBank Financial Services Group (DFSG) created a "financial supermarket" providing a wide variety of financial services under a single umbrella in 2003. DenizBank also took over the Retail Banking Department of Citibank as of 1 July 2013 together with its more than 600 thousand customers and 1,400 employees.

### Innovation, technology and "phygital" strategy

Making substantial investments in technology, R&D, and innovation since its founding, DenizBank established the first Digital Banking Department in Turkey in 2012. Since that time, the Bank has implemented numerous innovations that lead the sector in facilitating and adding value to the lives of people. DenizBank appointed the first Chief Digital Officer (CDO) in the sector. The Bank was named the "Most Innovative Bank in the World" multiple times in the USA and Europe. DenizBank integrates all areas of either physical or digital contact with customers through its hybrid "phygital" strategy. In July 2021, the Bank established its new age subsidiary NEOHUB as a subsidiary of Intertech, in order to support the entrepreneurial ecosystem of Turkey with the "ecosystem banking" understanding.

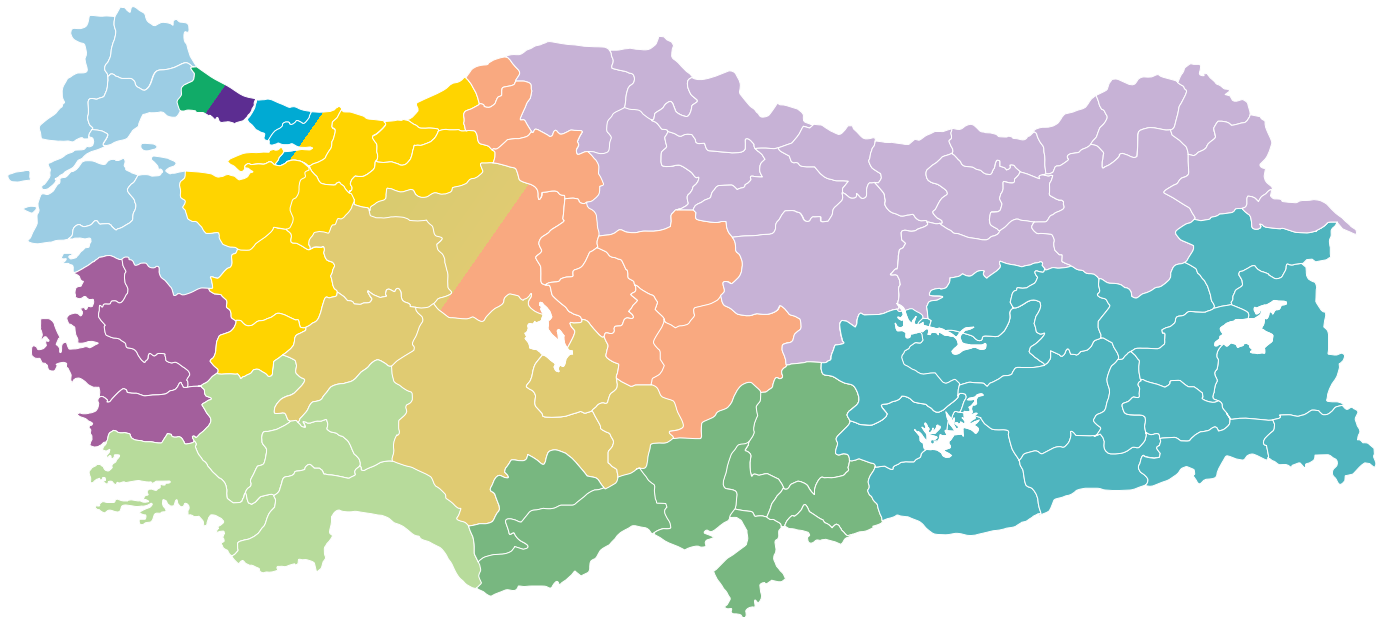
In addition, DenizBank works to ensure a bright future for its home country and society with various social responsibility efforts. The Bank provides support in strategic areas such as health, sports clubs, municipalities, shipping, tourism, energy, education, infrastructure, and agriculture. DenizBank is also committed to meeting the needs of SMEs, who are at the heart of the nation's economy. The Bank continually develops innovative financing models to foster this key segment.

Besides its flagship banking institution, DenizBank Financial Services Group includes six domestic and three international financial subsidiaries, six domestic non-financial subsidiaries and a branch in Bahrain. DenizInvest, Deniz GYO, DenizPortföy Yönetimi, DenizLeasing,

DenizFactoring, fastPay, Intertech, NEOHUB, DenizKültür, Ekspres Bilgi İşlem ve Ticaret, Açık Deniz Radyo-TV and Bantaş are the domestic subsidiaries of the Group, and EuroDeniz, DenizBank AG and DenizBank Moscow are the foreign subsidiaries. With a broad service network reaching all parts of

society in Turkey, DenizBank has 671 branches in Turkey and Bahrain, in addition to 20 branch locations of DenizBank AG, its subsidiary based in Vienna. The Group operates in EU countries via DenizBank AG, while CJSC DenizBank Moscow serves customers abroad that have trade relations with Russia.

### Our Branches



| Region        | # of Branches |
|---------------|---------------|
| Mediterranean | 60            |
| Europe 1      | 44            |
| Europe 2      | 46            |
| Capital 1     | 52            |
| Capital 2     | 62            |

| Region              | # of Branches |
|---------------------|---------------|
| Çukurova            | 56            |
| Aegean              | 74            |
| South East Anatolia | 51            |
| Istanbul Anatolia   | 54            |
| Black Sea           | 65            |

| Region  | # of Branches |
|---------|---------------|
| Marmara | 55            |
| Thrace  | 46            |
| Others* | 6             |
| TOTAL   | 671           |

\* Branches that are not affiliated with the Regions.



A KEY  
PARTICIPANT  
IN THE GLOBAL  
DIGITAL  
BANKING  
SECTOR

Emirates NBD (DFM: Emirates NBD) is a leading banking group in the MENAT (Middle East, North Africa and Turkey) region with a presence in 13 countries, serving over 17 million customers.

As of 31 December 2022, total assets were AED 742 billion, (equivalent to approx. USD 202 billion). The Group has operations in the UAE, Egypt, India, Turkey, the Kingdom of Saudi Arabia, Singapore, the United Kingdom, Austria, Germany, Russia and Bahrain and representative offices in China and Indonesia with a total of 879 branches and 4,130 ATMs/SDMs. Emirates NBD is the leading financial services brand in the UAE with a brand value of USD 3.6 billion.

AED 742 BILLION

As of 31 December 2022, total assets were AED 742 billion, (equivalent to approx. USD 202 billion).

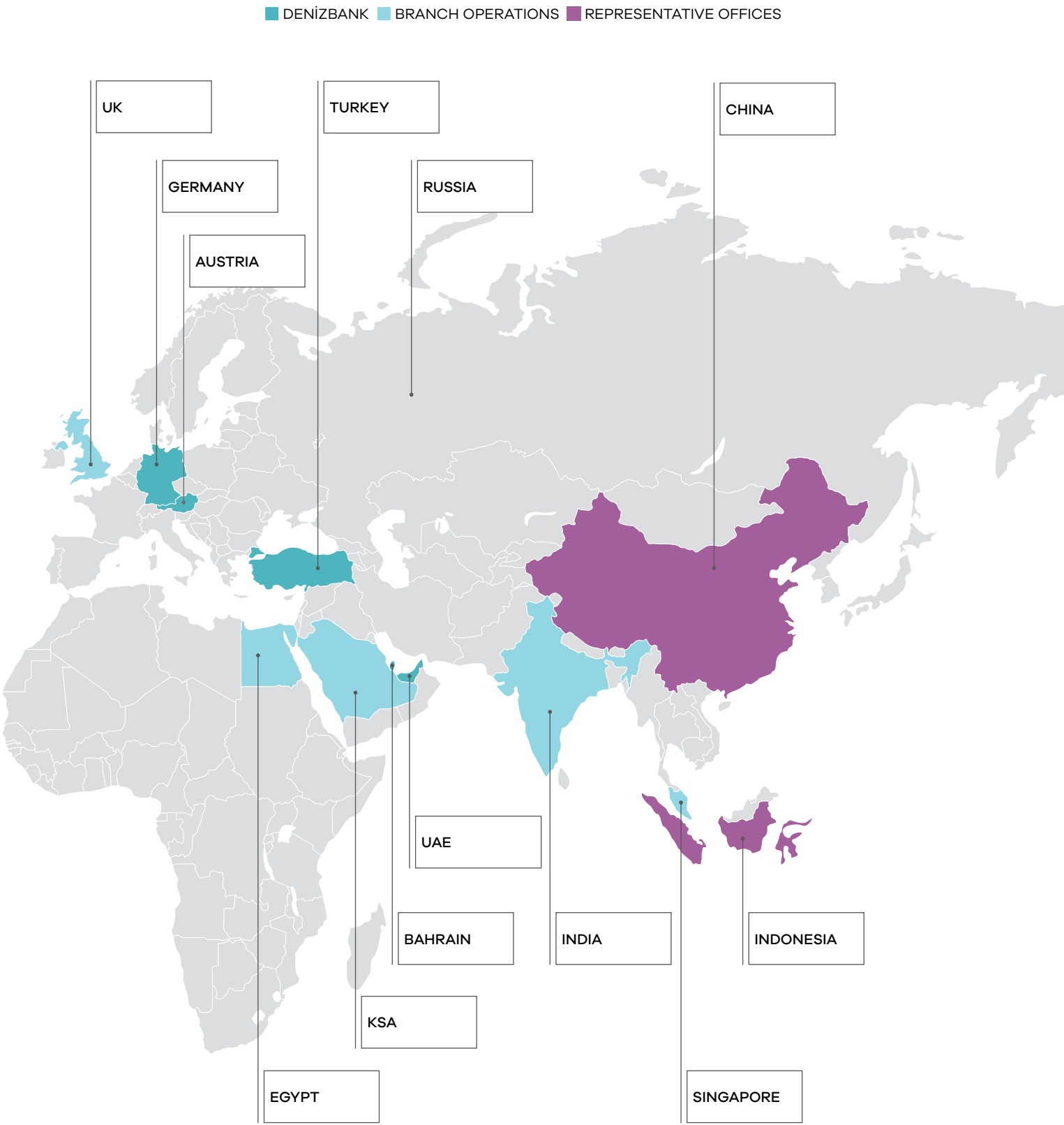
Emirates NBD Group serves its customers (individuals, businesses, governments, and institutions) and helps them realize their financial objectives through a range of banking products and services including retail banking, corporate and institutional banking, Islamic banking, investment banking, private banking, asset management, global markets and treasury, and brokerage operations. The Group is a key participant in the global digital banking sector with 97% of all financial transactions and requests conducted outside of its branches. The Group also operates Liv., the lifestyle digital bank by Emirates NBD, with close to half a million users, it continues to be the fastest-growing bank in the region.

Emirates NBD contributes to the construction of a sustainable future as an active participant and supporter of the UAE’s main development and sustainability initiatives, including financial wellness and the inclusion of people of determination. Emirates NBD is also an early supporter to Dubai Can sustainability initiative, a city-wide initiative aimed to reduce use of single-use plastic bottled water.

OVER 17 MILLION

CUSTOMER

Emirates NBD is a leading banking group with a presence in 13 countries, serving over 17 million customers.





# DENİZBANK'S MISSION AND VISION

## DENİZBANK'S MISSION,

is to become a bank that maximizes employee, customer and shareholder satisfaction with its position, image and corporate characteristics in the market by adopting a “supermarket approach” to financial services.

## DENİZBANK'S VISION,

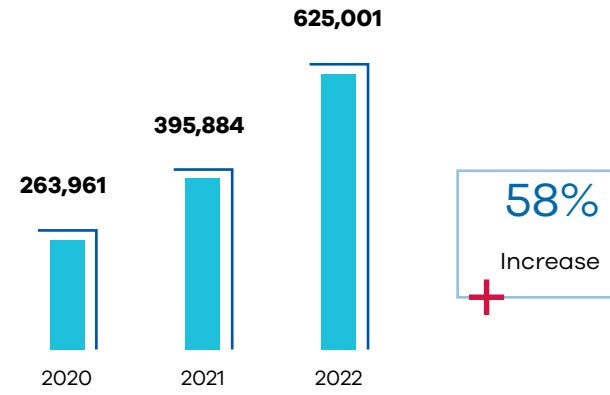
is becoming one of the five largest banks in Turkey and the foremost financial institution in the region defined as the Middle East, Balkans, Caucasus and Commonwealth of Independent States countries through sustained and profitable growth.



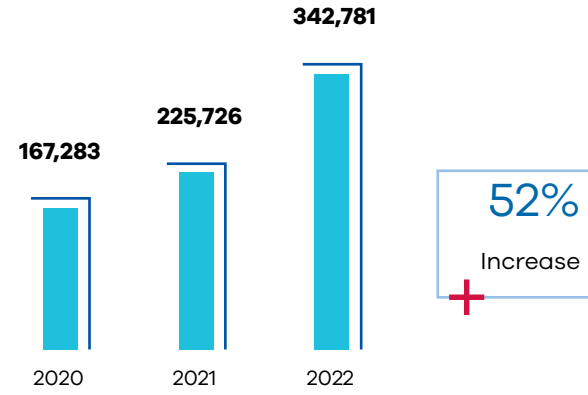
# KEY FINANCIAL HIGHLIGHTS

## CONSOLIDATED

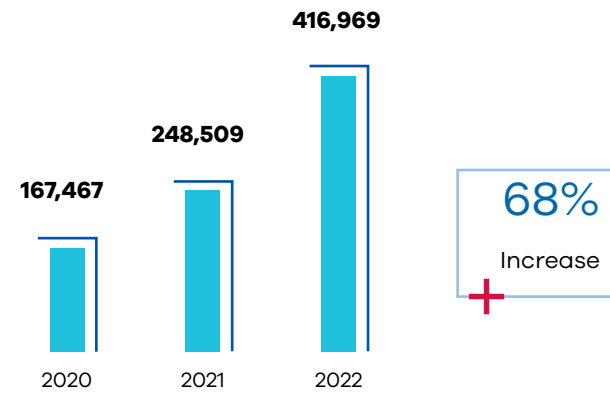
**Total Assets**  
(TL million)



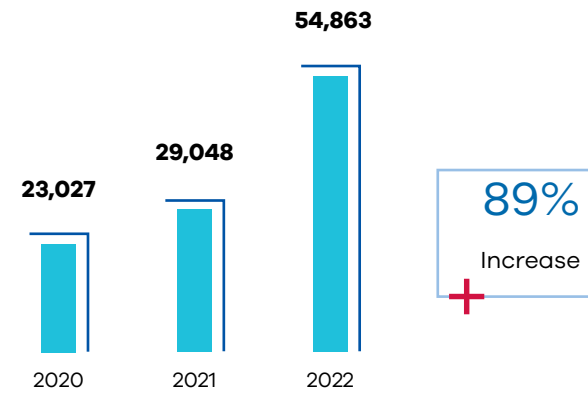
**Loans<sup>(1)</sup>**  
(TL million)



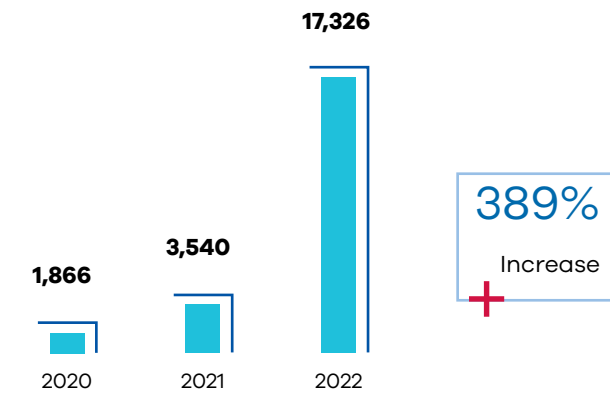
**Deposits<sup>(2)</sup>**  
(TL million)



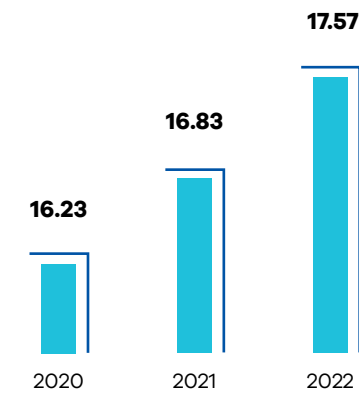
**Shareholders' Equity**  
(TL million)



**Net Profit**  
(TL million)



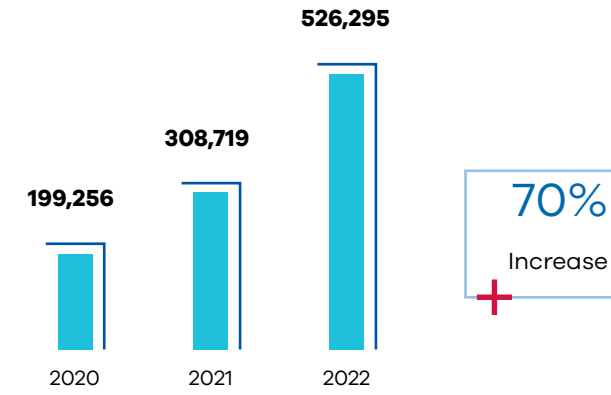
**Capital Adequacy Ratio**  
(%)



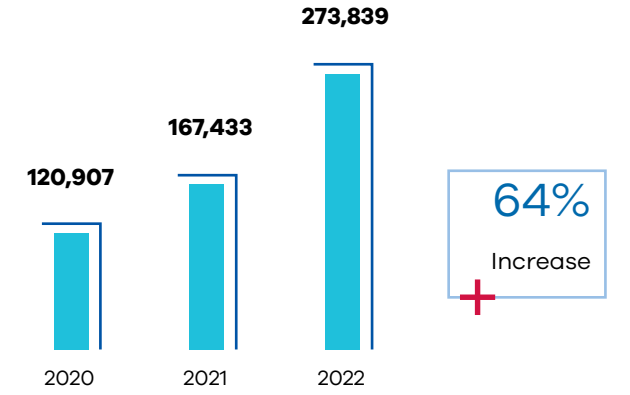
<sup>(1)</sup> Includes factoring and leasing receivables, Net.  
<sup>(2)</sup> Excludes banks deposits.

## UNCONSOLIDATED

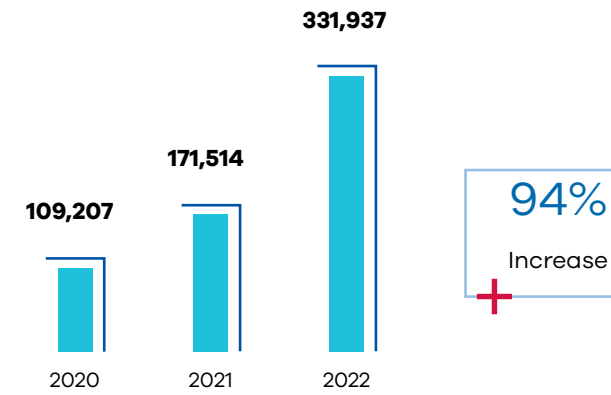
**Total Assets**  
(TL million)



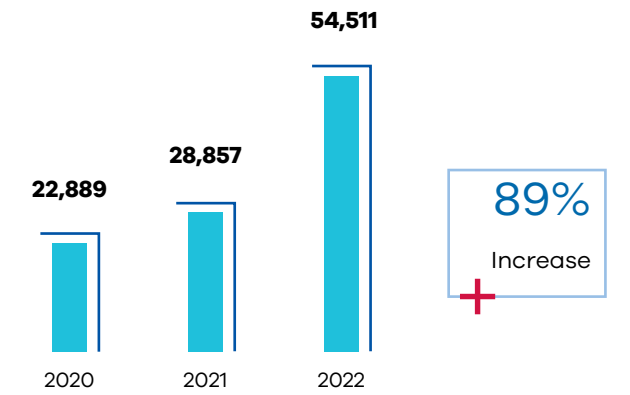
**Loans<sup>(1)</sup>**  
(TL million)



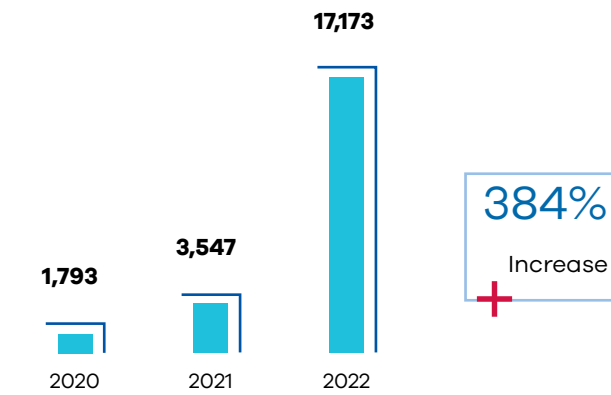
**Deposits<sup>(2)</sup>**  
(TL million)



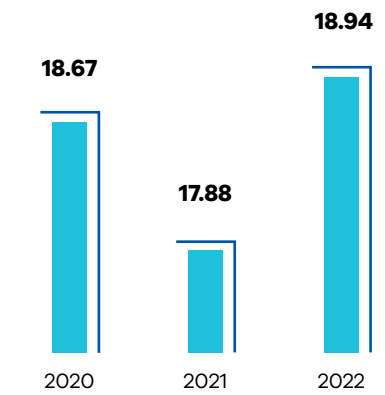
**Shareholders' Equity**  
(TL million)



**Net Profit**  
(TL million)



**Capital Adequacy Ratio**  
(%)



<sup>(1)</sup> Net amount.  
<sup>(2)</sup> Excludes banks deposits.



## COMPREHENSIVE STUDIES CARRIED OUT UNDER THE “BEYOND IS DENİZ” CONCEPT IN THE 25<sup>TH</sup> ANNIVERSARY



### YUVAM Account

DenizBank implemented YUVAM Account product which converts savings in foreign currency into TL with exchange rate guarantee.

#### JANUARY 2022

- DenizFactoring provided its “Send Cheques to Deniz” which put the factoring transactions in the pocket through the solutions of Logo ERP which is the corporate source planning software of eLogo.
- DenizBank has become the recipient of “Bank of the Year” Award in Turkey and Western Europe by The Banker which is a prestigious finance and economy magazine.
- DenizBank’s subsidiary NEOHUB distributed the certificates of the Entrepreneur program which it implemented exclusively to Bank employees in an NFT format which marked a first in this field.

#### FEBRUARY 2022

- DenizBank’s technology subsidiary Intertech provided inter-Cloud which is the one and only financial cloud platform in Turkey, approved by the BRSA for the service of all the finance sector and start-up ecosystem.
- Deniz Portfolio implemented it Sustainability Fund of Funds which is based on sustainability in asset selections. The Fund aims to foster sensitivity regarding Environmental, Social and Corporate Governance (ESG) and encourage investments in this field.
- DenizBank realized its first repurchase transaction meeting the Environmental, Social and Corporate Governance (ESG) related sustainability criteria with Standard Chartered Bank- a London-based finance institution.

#### MARCH 2022

- The first ventures by Deniz Aquarium Venture Acceleration Program which was initiated by the new generation subsidiary of DenizBank, NEOHUB in order to provide mentorship in the start-up ecosystem in Turkey and scaling-based support.
- DenizBank implemented YUVAM Account product which generates additional interest return by converting savings in foreign currency into TL with exchange rate guarantee for its customers who are Turkish citizens but live abroad.
- DenizBank implemented cooperation with turna.com which enables safe and easy plane ticket purchase via DenizKartım application.
- “Papagenolar”, which is a popular production of DenizBank Children’s Opera which marks a first in opera, was put to stage again.

#### MAY 2022

- The awards of 5<sup>th</sup> DenizBank First Script First Film Competition with the cooperation of DenizBank and TÜRSAK (Cinema and Audiovisual Culture Foundation of Turkey) in order to support script writing found its recipients in a ceremony organized in Pera Palas.



#### JUNE 2022

- To meet the financing needs of SMEs which are adversely affected by the pandemic, DenizBank secured USD 60 million financing from the World Bank through Development and Investment Bank of Turkey.
- DenizBank which held cooperation with Bonus, one of the most important loyalty programs in Turkey, 20 years ago exceeded 5 million in terms of number of credit cards having this feature for its retail and commercial customers.
- With the support of DenizBank, the awards of the 12<sup>th</sup> Agriculture, Forest and Human Photograph Competition organized by the Ministry of Agriculture and Forestry, Education and Publishing Office found its recipients in a ceremony in Deniz Tower.

#### JULY 2022

- In order to make sure that sports is developed and reaches larger masses, DenizBank became the main sponsor of Wildcats which is the first professional e-sports club in Turkey by expanding its support across various branches for an extended period of time to the e-sports branch.

- DenizBank secured a loan from French Development Agency subsidiary Proparco for Euro 45 million with 7 years of maturity for its financing needs in the areas of agriculture, renewable energy and energy efficiency.

#### SEPTEMBER 2022

- NEOHUB and Atlas Space joined forces to open the first branch that was implemented with a local partner in Turkey in the metaverse universe. The Metabranh that will go live soon will become and informative point of contact for customers at the first stage and developed with the feedbacks that are received over time.
- DenizBank extended its support for Euroleague Basketball for three years more which DenizBank assumed its global sponsorship by taking a crucial step three years ago which is the most important basketball organization on a clubs scale in Europe.
- DenizBank celebrated its 25<sup>th</sup> year anniversary with a special night in Zorlu Performance Arts Center with the participation of important figures from business, art and sports world.

#### OCTOBER 2022

- The number of applications during the Remote Customer Onboarding which was implemented in May 2021 reached 1 million monthly; the ease of becoming a bank customer safely and quickly without going to a branch was immediately adopted. DenizBank increases its market share for remote customer onboarding in the sector with 150 thousand customer acquisition monthly day by day.

## USD 605 MILLION

DenizBank secured a sustainability-related syndication loan of USD 605 million.

- DenizBank implemented its POSum Cepte service which converts the mobile phones into a POS device without downloading any additional application.
- DenizBank made an agreement with Burcu Biricik, a renowned cinema and TV star for its new advertising campaign which went live with “Beyond is Deniz” concept in its 25<sup>th</sup> foundation year.

#### NOVEMBER 2022

- DenizBank achieved the transaction with the highest sum that took place in the second half of the year with its USD 605 million syndicated loan that is associated with sustainability. The syndication with 367-day tenor in which 36 banks from 17 countries participated became the transaction with the widest participation of the second half of the year.





# AWARDS



DenizBank became the recipient of "Bank of the Year" Award in Turkey and Western Europe by The Banker which is a prestigious finance and economy magazine. The Bank received the award thanks to the investments it has made in new generation technologies, innovative ventures such as NEOHUB, Deniz Aquarium which went live with the ecosystem approach and actions it has taken which are focused on sustainable growth during the pandemic.



DenizBank became the recipient of the "Global Finance Innovators Award" in the Corporate Finance category with its Kutup Yıldızı project.



Intertech -the technology subsidiary of DenizBank- became the recipient of the first place in the "Future of Industry Ecosystems" category in IDC (International Data Cooperation) Awards with the API Ecosystem it has created and first place in the "Digital Infrastructure of the Future" field with the first Financial Cloud platform in Turkey - inter-Cloud and Gold Award in "The Best Infrastructure" category in PSM (Payment System Magazine) Awards.



DenizBank was awarded with different projects which it provided funding for and realized its financial restructuring in the "2021 Achievement Awards" organization having the signature of EMEA Finance. It became the recipient of four different awards in "The Best Restructuring in EMEA Region with GAMA Energy, Central Anatolia Natural Gas Combined Cycle Plant; "The Best Syndicated Loan in EMEA Region" with IGA İstanbul Airport; "The Best Syndicated Loan in Europe" with İstanbul Sea Buses (İDO) and "The Best Restructured Financing Agreement in the Central and Eastern Europe" with Kalyon YEKA Karapınar Solar Power Plant.



DenizBank received the "Most Innovative Institution" Award with its recent voice technology projects in the Global Customer Conference by Verint - the world giant in voice technology field.



DenizBank received the STP Awards Certificate by realizing money transfers in foreign currency in high operational quality and speed/accuracy ratio in 2021.



# MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



## WE SUCCESSFULLY INTEGRATED SUSTAINABILITY GOALS ACROSS ALL BUSINESS LINES

Distinguished stakeholders,  
customers and business partners,

As DenizBank marked its 25<sup>th</sup> anniversary in 2022, we continued our growth trajectory and, with strong support from our shareholder, we proudly supported our customers and the country's economic growth.

### Global economic overview

Higher inflation in many countries, tightening financial conditions, geopolitics and Covid-19 made for a challenging backdrop. Despite this, Turkish GDP recorded a healthy 5.6% growth in 2022 and the OECD expects a 3% further growth in 2023.

DenizBank's support to Turkey and the communities it serves is underlined by its strong support of key sectors including SMEs, agriculture and tourism. In line with its sustainability goals, DenizBank continues to contribute to the economy by promoting responsible investment.

### Strong banking sector growth in lending and profitability

The banking sector delivered strong results in 2022. DenizBank's lending to customers increased by 52% whilst it also delivered a record profit in excess of TL 17.3 billion. During 2022, DenizBank saw an improvement in credit quality whilst also maintaining healthy capital and liquidity ratios.

ENBD continued its uninterrupted support, reaffirming its strong belief in the Turkish economy, DenizBank, its strategy and the management team.

### Demonstrating forward-thinking banking

DenizBank takes seriously its responsibility towards future generations.

In 2022, DenizBank successfully integrated sustainability goals across all business lines. DenizBank provided syndicated loans for financing agriculture projects, supporting women led businesses and provided comprehensive support to developing sectors. During 2022 DenizBank increased its support for renewable energy with significant lending support to key facilities which support green projects and agriculture.

DenizBank continues to be a pioneer in shaping the future of banking throughout the Middle East, North Africa and Turkey with its expertise in technology and innovation.

### Evaluating growth opportunities in the most accurate way

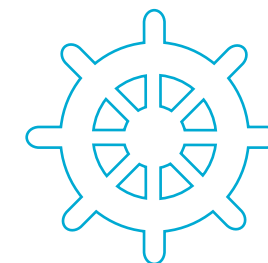
As DenizBank, we are determined to adhere to the best practices of sound, reliable and transparent banking.

We continue to empower customers to take advantage of growth opportunities.

I would like to thank all our stakeholders, colleagues and customers who contributed to our successful performance in 2022.

**Hesham Abdulla Al Qassim**  
Chairman of the Board of Directors

CONTRIBUTING  
TO THE ECONOMY  
BY PROMOTING  
RESPONSIBLE  
INVESTMENT





# MESSAGE FROM THE CEO



## WE LEFT BEHIND OUR SILVER AGE AND STEPPED INTO OUR GOLDEN AGE

Dear esteemed stakeholders,

Reaching its 25<sup>th</sup> anniversary in the sector with its solid capital structure and management, qualified human resources, and extensive customer base, our Bank managed to grow its balance sheet also in 2022 by analyzing the developments in the national and international markets precisely and not compromising on its targets.

In 2022, when we left behind our silver age and stepped into our golden age, we expressed our targets under the motto "Beyond is Deniz", with our business model focused on shaping the future of banking. With the contribution of all lines of business, we maintained our banking approach, where we use the power of innovation and technology

and make the most of data, without compromising on our sustainability principles.

Before going into the evaluation of our activities, I would like to remind you of the important events took place both in Turkey and around the world throughout the year.

### **There is a downward trend in expectations for global growth.**

In 2022, the negative socio-economic effects caused by geopolitical developments between Russia and Ukraine came on top of the difficulties experienced after the Covid-19 pandemic; expectations for global growth were revised downwards several times and inflationary pressures increased.

Currently, developed and developing countries are taking monetary tightening measures as a protection against inflation. Therefore, a slowdown or even a recession is expected for the upcoming period.

### **Turkey continues its growth-oriented policy set started with a focus on export and production.**

Our economy grew by 5.6% throughout 2022 with the support of the increase in export volume and strong domestic and foreign demand. Moreover, the state budget, supported by income increases, served as a good buffer in this difficult process we are going through.

### **2022 has been a successful operating period for the banking sector.**

In 2022, the total assets of the banking sector increased by 55.7% compared to the end of 2021 and reached TL 14.3 trillion, the net profit of the period increased to TL 433.5 billion, approximately 5 times the previous year, and the shareholders' equity increased by 97.1% to TL 1,407 billion.

The capital adequacy ratio of the sector stayed strong against the risks, and the capital adequacy ratio (CAR) was realized as 19.46% at the end of the year.

With the effect of the supportive monetary policy and rising asset prices, the tendency towards Turkish lira loans increased, while the use of foreign currency loans decreased. Considering the ongoing inflation and exchange rate effect, we have observed that no real growth took place.

In loan growth, the increasing working capital need of the SME segment stood out. In terms of deposits, the FX Protected Deposit (KKM) product, which constitutes 17% of the total deposits, continues to have a significant impact on the strong increase in TL deposits and the reduction of volatility by reducing the demand for foreign currency.

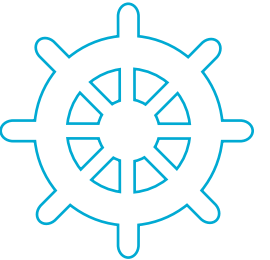
### **Strategies we followed and our performance in 2022 reassured that we are on the right track.**

In 2022, like the Turkish banking sector, our economic administrations, and all other institutions, we also took all possible precautions against the negative socio-economic effects caused by the ongoing global pandemic, supply issues, high inflation, and geopolitical crisis between Russia and Ukraine, and continued our works all over the country.

As an institution aiming at healthy growth and profitability since day one, we achieved successful financial and operational results in 2022 thanks to using our competitive advantages in the most appropriate way.

As a result of the activities we carried out in line with our strategies and targets, our Bank's consolidated assets reached TL 625 billion by the end of 2022, increasing by 58%, while its shareholders' equity increased by 89% reaching TL 54.9 billion.

AN  
INSTITUTION  
TARGETING  
HEALTHY  
GROWTH AND  
PROFITABILITY





# MESSAGE FROM THE PRESIDENT

## WE CONTINUE TO SUPPORT ALL SECTORS WITH ALL OUR RESOURCES.

In the same period, our deposits increased by 68% on a consolidated basis and reached TL 417 billion. In 2022, we continued to contribute to the national economy by transferring the resources we collected, and we increased our consolidated cash loan volume by 52%, reaching TL 342.8 billion. Our consolidated net profit increased by 389%, reaching TL 17.3 billion by the end of 2022.

**We always move forward by designing the beyond in every field we are operating in.**

As an institution seeing banking as its mission and growing more powerful with the responsibility it feels against its country, in the 2022 operating period, we continued to support our farmers, SMEs, tourism people, and all other sectors sustaining our economy, and we will always continue to do so. We take sustainability criteria as a guide in all of our business processes. We are sensitively approaching the subject of reducing our indirect impacts on the environment and social life, especially through the loans we extend.

In 2021, we established the Sustainability Committee to manage our sustainability efforts with an interdisciplinary dynamic. With the hard work of this Committee, we have made great strides in integrating the subject of sustainability, which is extremely important for the future of our world and the living conditions we will leave to our children, into our corporate culture and all stages of our business processes. We have adopted as the primary criterion to consider our impact on the planet in the financing we provide from abroad.

- With this approach, we borrowed a Euro 45 million loan from Proparco, a subsidiary of Agence Française de Développement (AFD), with

a 7-year maturity to meet the financing needs of companies working in the fields of agriculture, renewable energy, and energy efficiency.

- We secured USD 60 million financing from the World Bank through the Development and Investment Bank of Turkey with the aim of extending this funding to private enterprises encouraging women to participate in the economy, young enterprises, and SMEs in the least developed regions.
- We executed our first ESG-linked repo transaction with London-based Standard Chartered Bank. In addition to financing agriculture, we have determined to increase the number of accessible branches and ATMs as a performance criterion.
- Our syndicated loan including a Chinese Yuan tranche was awarded as the “Borrowing of the Year” in Europe. We renewed this transaction with a rate of 120%, included sustainability criteria, and provided foreign resource worth USD 453 million.
- With our sustainability-related syndication loan of USD 605 million, we concluded the highest amount of transaction realized in the second half of the year. With the funding we obtained, we doubled our financing target for sustainable agriculture and women entrepreneurs, and we made our commitment in these areas stronger.
- Through Deniz Portfolio, we started to offer the Sustainable Fund Basket Fund which aims to boost sensitivity towards environmental, social and corporate governance (ESG) issues and encourage investments in these areas.

## We have also come a long way in our technology and innovation works.

Besides sustainability, another focal point of ours was innovation and technology. By using our know-how in these areas, we made some breakthroughs that will pave the way for the sector. NEOHUB, our next generation subsidiary, which we established in 2021 with the aim of strengthening the entrepreneurship ecosystem in Turkey and designing products that can be exported from our country to abroad, has successfully fulfilled its responsibility and realized many projects in its short operating period.

Under the roof of NEOHUB, where we blend our banking knowledge and technology muscle, our goal is to develop new business models for the new economy and to provide networking and mentoring support to startups that will make an impact in the world. Within the scope of the NEOHUB Startup Acceleration Program, which we implemented with this approach, after six months of hard work, we had our first graduates and introduced six new startups to the start-up ecosystem.

With Intertech, our technology subsidiary serving 49 different financial institutions in 11 countries, we have completed the necessary steps to offer all the advantages of cloud technology on a single structure with minimum cost, and we have launched Turkey’s first and only BRSA approved financial cloud platform.

Our investments in new generation technologies and innovation, such as NEOHUB and Deniz Aquarium, where we reflect our ecosystem understanding, and the actions we took with a focus on sustainable growth during the pandemic were appreciated in the international arena as well. DenizBank was awarded by the Banker as “Bank of the Year” both in the Western European region and in Turkey.

## 1 out of 3 customers are on digital.

We have also taken important steps in digital onboarding, which has changed the course of the sector with the opportunity to become a bank customer without having to go to the branch. We have acquired one of every 3 new customers through digital onboarding and we have reached 150 thousand customers per month. Currently, our digital channels, MobilDeniz, online banking and DenizKartım, which are our first point of contact with our customers, constitute our most important sources for new customer acquisition.

In cards; we have left behind a year in which we reached our targeted figures without losing our profitability focus. Within the framework of our cooperation with Bonus, one of the important loyalty programs in Turkey, which we started 20 years ago, thanks to the synergy created by all our business lines and our unity of goals, the number of Bonus credit cards we offer to retail and commercial customers reached 5.5 million.

## We continued to embrace culture, art and sports.

We have not limited the responsibility we assume for the future of our country to the financial support mechanisms we offer to our niche sectors and all of our customers, and we have maintained our holistic approach, where we also embrace culture, arts and sports, in 2022 as well. We continued supporting the DenizBank First Script First Film Competition, which we started to contribute to the development of the cinema industry and DenizBank Children’s Opera, which is aiming to introduce opera to children.

Aware of the contribution of team spirit and perseverance reinforced by sports on the development of future generations, we continued our support to the Turkish National Football Teams in 2022 with the

agreement we made with the Turkish Football Federation. We extended our sponsorship in Euroleague Basketball, Europe’s most important basketball organization at the club level, for three more years. We also took an important step by maintaining our sponsorship in Istanbul Wildcats -the first professional e-sports club of Turkey- with the name DenizBank, which we previously sponsored with our mobile wallet application, fastPay.

## We embrace our responsibility to our country at the highest level.

We have worked with a responsible banking approach from day one. We have seen it as our duty to bring back to society what we have taken from society. As an institution devoted to these lands, we support and will always continue to support the development of our country with the services and solutions we offer, our strong capital structure, qualified human resources and long years of experience.

We will work tirelessly in the upcoming period, as we have done so far, to achieve our goals such as strengthening and digitizing our SMEs, increasing the productivity of farmers and facilitating their access to finance, supporting women’s entrepreneurship and providing our customers with 24/7 mobile banking services, supporting culture and arts for the sake of future of the country, and technology development and innovation.

On behalf of myself and our Board of Directors, I would like to express my deepest gratitude to our shareholder, customers, business partners, and all our employees who contributed to our Bank’s success in this operating year.

Best regards,

**Hakan Ateş**  
President & CEO



# DENİZBANK AND SUSTAINABILITY

## DENİZBANK'S SUSTAINABILITY APPROACH

### Responsible banking that supports sustainability

Since its establishment, DenizBank has always taken a responsible approach to banking. Supporting sustainability is considered a priority in all areas of operations. The Bank has embraced its responsibility at the highest level, making comprehensive contributions to sustainability without compromising the principles of accountability, transparency, responsibility, and justice.

DenizBank has identified financing and additional multidimensional support mechanisms as among the strategic areas of importance for the country's future. Even under the most challenging conditions, the Bank stands by all its stakeholders, especially farmers, SMEs and the tourism sector, putting all its energy into ensuring that stakeholders can make sustainable choices and meet the future with hope.

DenizBank supports investments in sustainability that take into account equal opportunity and prioritize social development. Moreover, in its strategic approach to its own activities, products and services, the Bank looks to minimize any negative environmental or social effects, whether direct or indirect.

Since 2007, DenizBank has been utilizing funds secured from international development agencies to make loans that have a high impact on sustainability. By directing these funds to areas such as renewable energy and energy-efficiency projects, agriculture, and SMEs and municipalities located in priority-development areas, the

Bank has been leading Turkey's green transformation.

DenizBank shapes its business practices in line with its goal of raising customer awareness and increasing resiliency in the face of climate-related risk. Accordingly, the Bank supports startups in the area of sustainability.

DenizBank has fully integrated its sustainability perspective into all its business processes. It is determined to have this perspective, together with its approach to responsible banking, inform the design of all its activities during the upcoming period, and it will continue to inspire its stakeholders to make choices in this direction.

## Green transformation

DenizBank has been leading Turkey's green transformation.

## SUSTAINABLE INVESTMENTS PRIORITIZING SOCIAL DEVELOPMENT



Selçuk HAT - Bursa 2016 - Foggy Autumn

Emrullah AKGÜN - Bitlis 2018 - Cabbage Garden



# DENİZBANK AND SUSTAINABILITY

## FOCAL POINTS

DenizBank systematically carries out activities that will contribute to the future of the stakeholders within its environmental, social and economic spheres of influence. The Bank invests in innovative approaches and technology, identifying focal points where it can create value for both its stakeholders and society at large.

### PEOPLE AND SOCIETY

We conduct all our banking activities with a sense of responsibility towards the present and future of both humanity and the planet.

### ENVIRONMENT

We protect our planet out of our respect for the environment and the rights of future generations.

### DIGITALIZATION AND INNOVATION

We put our accumulated knowledge of innovation and technology to work in shaping the future of banking.

## SUSTAINABILITY MANAGEMENT AT DENİZBANK

In order to manage all its sustainability activities through a single platform, in 2021, DenizBank established the Sustainability Coordination Department.

The Department, which operates under the Financial Institutions Group, is responsible for jointly conducting all sustainability-related activities with internal and external stakeholders and in line with DenizBank's vision, mission, and sustainability-oriented strategy. Within this framework, the Department is involved in integrating the Bank's business processes in a manner that prioritizes the environmental, social and administrative interests of society and the UN Sustainable Development Goals.

The Sustainability Coordination Department works to implement and strengthen the Bank's policies on sustainability by monitoring national and international practices related to sustainability, determining what activities the Bank can undertake in this arena, and developing a roadmap for employees to follow to reach their sustainability goals.

Towards this end, after creating the infrastructure required to measure and manage both direct and indirect environmental and social impact, a Sustainability Management System was established and put into practice. The System, which operates as part of the Project Finance Group, is used to conduct environmental- and social-impact audits of project finance loans of USD 10 million or more. In addition, an expert team from the Agricultural Banking R&D department is responsible for developing the methodology and infrastructure needed to adapt the environmental and social assessment model to other loan segments.

### Sustainability Committee

The Sustainability Committee is a senior-management committee responsible for the implementation of the sustainability strategy in line with DenizBank's policies and procedures.

The Committee provides integrated senior governance for the Bank's sustainability-related activities, including environmental and social risk management and climate change management.

Chaired by the General Manager, the Sustainability Committee meets to ensure that the Sustainability Management System is being properly implemented within the scope of its specified duties and responsibilities and to evaluate sustainability targets.



## INFRASTRUCTURE MEASURING DIRECT AND INDIRECT ENVIRONMENTAL AND SOCIAL IMPACTS



SUSTAINABILITY ORGANIZATION AT DENİZBANK



DENİZBANK'S CONTRIBUTION TO SDGs



In full awareness of its responsibilities in connection with the future of our planet, DenizBank views acting with consideration for the direct and indirect environmental and social impact of its operations to be among its most important duties.

Within this context, the Bank has adopted the UN Sustainable Development Goals (SDGs)\*, which comprise universal criteria of sustainability and set a broad sustainability agenda. Through the value it has produced and shared, the Bank has directly contributed to 12 of the SDGs.

\* Adopted by the 193 member-states of the United Nations on 25 September 2015, "Transforming Our World: 2030 Agenda for Sustainable Development", is comprised of 17 Sustainable Development Goals and 169 targets.

**DIRECT  
CONTRIBUTION  
TO 12 SKAs,  
WITH VALUE  
PRODUCED AND  
SHARED WITHIN  
THE SERVICE  
CYCLE**



## DENİZBANK CUSTOMER SEGMENTATION

Adopting its customer oriented service approach, DenizBank structured its activities according to segments to meet all financial needs of its customers. These segments are managed under two main groups defined as Retail Banking and Wholesale Banking.

### Retail Banking Group

#### Consumer and Private Banking Group

**Consumer Banking:** This segment serves individuals, self-employed professionals, owners and partners of corporate and commercial segment companies and Micro Segment customers with an annual turnover of up to TL 1 million.

**Private Banking:** This Segment serves upper retail segment clients and companies with liquid net worth of at least TL 2 million.

## Wholesale Banking Group

#### Corporate and Commercial Group

**Corporate Banking:** This segment serves all companies with annual sales turnover of at least TL 250 million, as well as the groups to which these companies belong (Financial services companies are included in this segment regardless of their turnover amount).

**Commercial Banking:** This segment serves companies with annual sales turnover between TL 125-250 million that do not fall within the scope of the Corporate Banking segment.

#### SME Banking and Public Finance Group

**SME Banking:** This segment serves firms and sole proprietorships with annual turnover of less than TL 125 million, as well as the owners and partners of businesses (from 125 million to TL 250 million is the common area with Commercial Banking).

**Public Finance Banking:** This segment serves local public administrations, their subsidiaries and economic enterprises, as well as state economic enterprises, their establishments and subsidiaries, and all other enterprises in which the public or public companies hold at least a 50% stake.

#### Agricultural Banking

**Agricultural Banking:** This segment covers producers with farmer certification who earn a living from agricultural activities as well as agricultural organizations with legal entity and agribusinesses.

## BANKING SERVICES STRUCTURED ACCORDING TO SEGMENTS





# BANKING SERVICES

## RETAIL BANKING GROUP

### Consumer and Private Banking Group

Affluent and Private Banking Customer Management

Micro and Mass Customer Management

Pensioner Banking and Salary Payments

Consumer Banking Product Management

Branch and ATM Planning

Bancassurance

Private Banking and Investment Sales

### Digital Transformation, Change Management and Non-Branch Channels Group

Digital Channels and Open Banking

Digital Sales and Marketing

Project Management Office

Change Management

Call Center

Telemarketing-Collection and KOBİ'deniz

Mobile Sales Team

### Payment Systems Group

Card Product Management

Card Portfolio Management

Contracted Merchant Relations

Payment Systems Planning and Analysis

Payment Systems Project Management

## WHOLESALE BANKING GROUP

### Corporate and Commercial Banking Group

### SME Banking and Public Finance Group

SME Banking

Gold Banking

Public Finance

Cash Management and Foreign Trade Finance

### Agricultural Banking Group

## TREASURY, FINANCIAL INSTITUTIONS AND INVESTMENT GROUP

### Treasury Group

### Financial Institutions Group

Correspondent Relations

Financial Institutions Credit Analysis

Structured Finance Department

Sustainability Coordination Department

### Investment Group

DenizInvest

DenizAsset Management

## PROJECT FINANCE, FINANCIAL RESTRUCTURING AND CREDITS INTERNATIONAL COORDINATION GROUP

## ANALYTICS, DATA AND CUSTOMER VALUE MANAGEMENT POLICIES GROUP

### Business Analytics and CRM

### Credit and Collection Policies

Collection Policies and Analytics

Credit Modelling

### Organization, Authorization Management and Customer Satisfaction

## BRANCH AND CENTRAL OPERATIONS GROUP

### Core Banking, Credits, Foreign Trade and Branch Operations

### Card Payment Systems

### Fund Management and Investment Banking Operations

## INFORMATION SECURITY AND INFORMATION TECHNOLOGIES RISK MANAGEMENT GROUP

### Information Security Program and Risk Management

### Data Governance

### Fraud Risk Management

### Business Continuity Management

## FOREIGN BANKING OPERATIONS

### DenizBank AG (Austria)

### DenizBank Moscow (Russian Federation)

### EuroDeniz International Banking Unit Ltd. (TRNC)

## INFORMATION TECHNOLOGY (IT) SERVICES

### Intertech

## LEASING AND FACTORING SERVICES

### DenizLeasing

### DenizFactoring

## REAL ESTATE INVESTMENT TRUST SERVICES

### DenizREIT

## FINANCIAL TECHNOLOGY SERVICES

### NEOHUB

### fastPay

## CULTURAL SERVICES

### DenizKültür



# RETAIL BANKING GROUP

The Retail Banking Group is structured into three areas offering special products and services to customers:

- Consumer and Private Banking
- Digital Transformation, Change Management and Non-Branch Channels
- Payment Systems

## CONSUMER AND PRIVATE BANKING GROUP

DenizBank aims to be the partner of choice when customers are looking for financial solutions. To achieve this aim, the Bank relies heavily on its digital transformation strategy in shaping its activities in retail and private banking.

### Quick compliance with regulations

Banking regulations changed significantly in 2022, and DenizBank adapted quickly to the new practices introduced by regulatory agencies.

Institutions that direct economic activity such as the Banking Regulation and Supervision Agency (BDDK), the Central Bank of the Republic of Turkey (CBRT) and the Treasury published many new regulations in 2022.

The BRSA's decision No. 10222 dated 9 June 2022 governing maturity limits for consumer loans set 36 months as the upper limit for loans up to TL 50,000, 24 months for loans between TL 50,000-100,000, and 12 months for loans of over TL 100,000.

The CBRT, in line with its measures to reduce commercial loan growth and costs, made it obligatory for banks to hold securities in line with the commercial loan interest rates they apply. With this decision, dated 20 August 2022, banks were obliged to establish securities equal to 20% of the loan amount for loans with interest rates above 22.85% and 90% of the loan amount for loans with interest rates above 29.38%.

In terms of deposits, DenizBank was one of those banks quickest to introduce Currency-Protected Deposits (KKM), which are backed by both the Treasury and the CBRT. KKMs are understood to hold a very important place in economic management in terms of currency stabilization. Well aware of how important these products are for Turkey, DenizBank devoted all its strength to supporting KKMs and achieving the targets that were set for banks.

The Bank also took firm steps towards meeting continually updated targets by organizing periodic campaigns in its branches throughout the year. In the upcoming period, DenizBank is committed to continuing its support by rapidly adapting to new requirements established by regulators.

### Priority given to new customer acquisition

Throughout 2022, DenizBank continued its activities in line with its strategy of sustainable and profitable growth. The Bank's customer-centric strategy aims to offer products and services in line with customer needs and behaviors in retail banking.

One of its most important priorities in this area is the acquisition of new customers. Relying on its strong branch network and expanding services offered by non-branch channels, the Bank expanded its customer base and customer acquisition increased by 66% compared to the previous year. As of the end of 2022, DenizBank had 5 million active retail banking customers.

THE GOAL TO  
BE THE MOST  
PREFERRED  
FINANCIAL  
SOLUTION PARTNER





## 6.9% MARKET SHARE IN PRIVATE BANKS IN TL TIME DEPOSIT

### Growth in personal loans and deposits

With the rise in demand due to increased consumption triggered by inflation, general purpose loan usage volume and average loan amounts increased in DenizBank and throughout the sector.

DenizBank continued to grow by focusing on consumer loans, one of the leading products in retail banking. In 2022, the Bank increased its market share of consumer loans from 6.1% to 6.5%.

The consumer loan sector is the sector in which the digital transformation has had the greatest effect. Today, 7 out of 10 consumer loans are accessed through digital channels.

Through its efforts to develop deposits, DenizBank successfully attracted new customers and increased the volume of deposits from existing customers. The Bank's market share of TL time deposits in private banks increased from 5.8% in 2021 to 6.9% in 2022.

As of the end of 2022, DenizBank's unconsolidated customer deposits had reach TL 332 billion, representing a 94% increase compared to the end of 2021. Unconsolidated savings deposits increased by 73% to TL 222 billion over the same period.

In line with its priority of transferring resources to TL, in 2022, DenizBank focused its efforts on transforming FX Deposit Accounts into KKM accounts and increasing the share of TL deposits in total deposits. Focusing on each of these goals individually, the Bank successfully increased its market share in KKM products to 5.2%.

### Special services for retirees

DenizBank has always strived to improve the lives of retirees, who, through years of productive service, have played an important role in building Turkey's future. By providing retirees with privileged services that go beyond their expectations, DenizBank is determined to show itself as the bank that best understands their needs.

DenizBank has closely followed its retired customers since 2010, and it was the first bank to extend them special banking privileges. The Bank continues to offer retirees many special services, including discounted interest rates on consumer, vehicle and home loans; favorable interest rates for savings deposits; priority transactions at branches and contact centers; and free EFT transactions with internet banking. As of the end of 2022, more than 682,000 retirees had become DenizBank customers.

Retired Bonus, the first credit card for retirees in Turkey, allows them to use their accumulated bonus points to make discounted or even free purchases from participating merchants. Retirees are also eligible for discounts on their bills through periodic campaigns organized by Retired Bonus.

DenizBank continues to provide this key customer group with solutions to their financial needs as well as other forms of support through its social media channels. Through DenizBank's Facebook page, retirees can easily access a wide variety of practical information, including healthy-living content vetted by experts, recipes, competitions, and how to get extra discounts on cinema and theatre tickets as well as pharmacy expenses.

In 2023, DenizBank will continue to closely monitor the financial needs of its retired customers in order to offer them solutions designed especially for them, and it will continue to develop projects designed to make a difference in their social lives.

### Support for the development of women entrepreneurs

Women entrepreneurs are included among DenizBank's most valued customer groups. For them, the Bank has created the "Women Entrepreneur Package", which includes benefits ranging from education to loans, no-fee commercial cards, and free money transfers. The aim of the package is to encourage women entrepreneurs, especially those in micro businesses, by facilitating their access to financing and providing them the support they need to develop appropriate strategies and take decisive steps to enter the business world.

In 2022, DenizBank, with the cooperation and technical support of the School of Finance & Management, continued with

its training activities designed to improve the financial literacy of women in business. Within this framework, the Bank began offering training in digital marketing, e-commerce and strategic growth, the most important areas of knowledge for the post-pandemic period.

### An effective approach to bancassurance services

Since first entering the field of bancassurance in 2004, DenizBank has been effectively serving its customers with a wide range of insurance products.

The Bank has developed strong partnerships with MetLife Emeklilik ve Hayat A.Ş and AXA Sigorta, signing an exclusive agency agreement with MetLife in the field of life insurance and private pensions, and a similar agreement with AXA Sigorta in the field of elementary insurance.

During the 2022 operating period, DenizBank focused on developing a variety of products and solutions in line with changing customer needs. In 2022, the Bank began offering

## DEVELOPING A VARIETY OF PRODUCTS AND SOLUTIONS IN LINE WITH CHANGING CUSTOMER NEEDS

## Support for women entrepreneurs

Women entrepreneurs are included among DenizBank's most valued customer groups.





# RETAIL BANKING GROUP

## PHYSICAL SERVICE NETWORK STRENGTHENED BY INTENSIVE OPTIMIZATION WORKS

age- and occupation-differentiated unemployment insurance, critical-illness insurance, and various other types of protection. By offering products designed to meet its customers' needs for insurance protection, the Bank has maintained a high rate of penetration in the bancassurance sector.

DenizBank is focused on digital transformation projects designed to expand non-credit-related discretionary insurance products and deliver them to customers through all available channels. In 2022, the Bank added "My First PPS" Plan for customers under age 18, Digital Assurance Insurance, Safe Mobile Transaction Insurance, ATM Protection Insurance, Mini-Safe Card Protection Insurance, Commercial Card Protection Insurance, and SME Identity Protection Insurance to the insurance products already available through MobilDeniz and DenizBank's internet banking platform.

Through these innovative bancassurance practices, DenizBank generated approximately TL 1 billion in insurance income in 2022.

Insurance and pension products represent a significant area of income for DenizBank. In the upcoming period, the Bank aims to broaden its offerings in this area through digital transformation projects that will diversify its alternative sales channels and integrate these products into all channels. Through these innovative solutions, the Bank aims to improve customer experience and customer satisfaction.

### Branch and ATM optimization

As part of its optimization efforts, in 2022, DenizBank merged 31 existing branches and opened 15 new ones. As of the end of 2022, the Bank had a total of 691 branches, including 670 in Turkey, one in Bahrain, and 20 foreign subsidiary branches.

DenizBank had a 7% branch market share in the Turkish banking sector at the end of 2022.

With the decommissioning of 104 ATMs and installation of 89 new ones during the course of the year, the Bank ended 2022 with a total of 3,080 active ATMs.

## 3,080 ATMs

With the decommissioning of 104 ATMs and installation of 89 new ones during the course of the year, the Bank ended 2022 with a total of 3,080 active ATMs.



The Bank continued its ATM network-sharing agreement with QNB Finansbank and TEB in 2022 under the slogan "Three Banks, One ATM". Under the framework of this agreement, customers of any one of the three banks are able to use the ATMs of the other two to perform up to three financial transactions and unlimited non-financial transactions per month without paying any fees.

In line with its customer-oriented banking strategy, DenizBank continues to transform its branches and ATMs with innovative concepts designed to appeal to different customer segments and with physical improvements for customers with physical disabilities.

In this regard, the percent of Bank branches accessible to people with physical disabilities rose from 28% in 2021 to 30% in 2022, while accessibility of ATMs for individuals with physical disabilities rose from 20% to 21%. Service for customers with visual impairments continued to be available at all ATMs.

Daily withdrawal limits from specific ATMs identified during the pandemic

period were increased in 2022 for all customers.

In 2022, DenizBank used its mobile app and social media accounts to conduct information campaigns aimed at expanding the use of QR codes for withdrawals and deposits made at ATMs. These efforts led to an increased use of QR codes for ATM withdrawals and deposits.

### Uninterrupted and frictionless service from all channels

DenizBank understands that its customers expect quick solutions to meet their ever-changing financial needs, including the need for more accessible banking services.

Post-pandemic experiences have demonstrated that not only the pace of change, but the habits of customers, can exceed expectations. Providing customers with uninterrupted and frictionless service is a priority for DenizBank, and for this reason, it makes sure that all transactions can be performed through non-branch channels as well as at branches.

## CONTINUOUS AND FRICTIONLESS SERVICE TO CUSTOMERS FROM ALL CHANNELS



## 24/7

By making sure its products and services are accessible 24/7 through all channels, DenizBank has a great advantage in terms of customer retention.



## SUCCESSFUL CUSTOMER EXPERIENCE RESULTS WITH THE REMOTE CUSTOMER ACQUISITION PROJECT

By making sure its products and services are accessible 24/7 through all channels, DenizBank has a great advantage in terms of customer retention. As a result of investments, especially those actions taken during the pandemic, the rate of transactions performed through non-branch channels increased significantly: in 2022, 96% of retail loans were extended through non-branch channels, and the share of personal card sales reached 66%.

DenizBank places great importance on its remote customer acquisition project. By shortening transaction times and simplifying screens, the project has helped immensely in improving customer experience. DenizBank's customers have a very high rate of digital adaptation. In 2022, customers quickly adapted to using bank services without going to a branch. As a result, the share of accounts opened through digital channels realized at 37% 2022.

### Affluent Banking

DenizBank's Affluent Banking continued to offer a personalized banking experience in 2022, with products tailored to the needs of customers and their families. By utilizing all non-branch channels to provide customers with investment products as well as support from personal advisors, all experts in their own fields, the Bank assists its customers in reaching their financial goals and realizing their plans for the future.

The "AfiliDeniz" Communication Line offers Affluent Banking services via telephone and video calling, so there is no need for customers to visit a branch in person. With customers increasingly turning to digital and alternative channels, AfiliDeniz's capacity was increased to meet their needs. The Bank also began offering

comprehensive one-to-one portfolio management services through its Contact Center.

Professionals including lawyers, doctors, dentists, financial advisors, notaries, pilots, and others can benefit from DenizBank's Affluent Banking products and services. Keeping a close eye on its customer needs allows Affluent Banking to quickly adapt to changing circumstances by diversifying its products and services accordingly.

Throughout 2022, Affluent Banking continued to collaborate with 53 professional associations in Turkey, including chambers of physicians, dentists, certified public accountants and notaries, as well as 34 bar associations. The free E-SMM application continued to be offered exclusively to self-employed customers, and a discounted professional liability insurance product was introduced for lawyers. Afili professional customers were also presented with specialized loan products to meet their cash needs.

### Private Banking and Investment Sales Group

Private Banking offers services to customers whose total financial assets exceed TL 2 million. As the end of 2022, Private Banking was offering personalized and versatile services and solutions to more than 15,000 active customers.

DenizBank has the largest private banking network in Turkey, with a total of 16 private banking service points, including four in İstanbul and the remainder in Ankara, İzmir, Antalya, Bursa, Adana, Thrace, Kayseri, Samsun, Bodrum and Diyarbakır. As the first of their kind in Kayseri, Samsun, Bodrum and Diyarbakır, their presence has offered a competitive edge.

As of the end of 2022, assets of the Private Banking Group had grown to TL 192 billion. Working in close cooperation and harmony with the Bank's other business lines, the Group presents a single portal for conducting activities. Its 74 portfolio managers and 108 investment advisors are able to offer its customers a variety of advantages and privileges in connection with DenizBank Financial Services Group products and services.

With the diversity provided by DenizPortfolio mutual funds, which are tailored according to customer preferences, and DenizInvest's wealth of organized markets, Private Banking connects customers with DenizBank investment products, creating added value for everyone. By offering this wide range of products and services, Private Banking increased its non-deposit assets to 39% in 2022.

In 2022, the size of the Private Banking fund increased by TL 19 billion over the previous year. More professional wealth management

was secured for customers by establishing private hedge funds. With 15 new private funds created in 2022, the total number of these funds managed by the Group grew to 38.

The credit card that had been offered to private banking customers with the slogan "An exclusive world, just for you" was updated to include a personalized design and given a new name: DenizBank Private. The soon-to-be-available "Metal Card" will offer additional privileges along with the special offers already available through the DenizBank Private and TAV Passport cards.

By developing personalized solutions with its expert staff, the Private Banking Group plans to increase the value of its assets under management, improve its service quality, and offer additional services in line with the needs and expectations of its customers in 2023. The group will continue to stand by its customers, offering them special-event and other non-banking services.

## ADDED VALUE CREATED BY CONNECTING INVESTMENT PRODUCTS AND CUSTOMERS

# 39%

By offering this wide range of products and services, Private Banking increased its non-deposit assets to 39% in 2022.





## A DIVERSE PORTFOLIO OF DIGITAL PRODUCTS HANDLED IN A WIDE PERSPECTIVE

### DIGITAL TRANSFORMATION, CHANGE MANAGEMENT AND NON-BRANCH CHANNELS GROUP

#### Digital banking in the Turkish market

Digitalization heads the list of trends that are having an impact on every area of our lives today. With new developments in the internet of things, artificial intelligence and data science, the pace of digitalization is constantly increasing, opening up numerous possibilities for innovation and changes in the banking sector. Digital banking represents an area with a wealth of diverse content that is becoming more and more common in Turkey and throughout the world.

Last year saw the digitalization of not only presentations of financial institution products and transactions, but of customer acquisition as well. With the launching of "Remote Customer", the process of becoming a bank customer has become simpler and faster than ever before.



One of the major steps taken in the area of digitalization has been that of "Open Banking", which became a part of our lives in 2023. Described as the future of banking, "Open Banking" is a new field of competition in which the best experience will win over the customer. DenizBank is determined to be a strong competitor in this sector, as it continues to be guided by the same question that has determined its activity from its very first day of operation: "What does the customer want?"

#### The most important component of a broad-based strategy for growth

DenizBank looks at digitalization not as a strategy but as a corporate culture. By offering its customers a rich and diverse portfolio of digital products from the start, DenizBank aims to provide its customers with the best experience possible to meet all of their needs. The Bank takes a broad view of digital transformation, which it has made the most important component of its broad-based strategy for growth.

DenizBank has begun to reap the rewards of its digital transformation strategy, which it has been implementing in non-branch channels as well as in digital banking channels. In 2022, four out of every 10 new customers were acquired through digital channels.

Currently, 95% of financial transactions performed at DenizBank go through non-branch channels. Non-branch channels account for 96% of all retail loans extended, and almost all investment accounts are opened digitally. In 2023, the Bank will continue to offer digital solutions that meet the ever-changing needs of its customers.

#### Sustainability and ESG value created through digital banking

DenizBank knows that expanding digital activity makes a significant contribution to environmental sustainability. For this reason, the Bank is heavily involved in working to add ESG value through digital banking.

As part of its "Remote Customer Acquisition" activities, DenizBank made it possible to open an account without physically going to the Bank. In 2022, it completed digitalization procedures related to transactions that, for legal or security reasons, required customers to visit a branch in person. Now, these transactions can be completed securely from the comfort of home through videocalls conducted using MobilDeniz's "Do Without Going to the Branch".

By replacing paper transactions in branches with digital approval, DenizBank reduces paper, printer and toner consumption, preserving approximately 6,400 trees each year.

DenizBank has also reduced its paper and plastic consumption associated with cards through another project implemented in 2022. In line with the Bank's approach towards sustainability, the project digitalized the DenizBank Debit Card, enabling customers to access their cards through the MobilDeniz and DenizKartım apps and to use a QR code for shopping and for withdrawing cash from ATMs.

Within the scope of ESG, DenizBank is developing a wide variety of products and services for disadvantaged groups.

The Bank ensures financial inclusion by providing video call services in sign language for individuals with hearing impairments who contact



the Communication Center using "Remote Customer Acquisition" and the "Do Without Going to the Branch" app. Contact Center customer representatives fluent in sign language are also available to provide video-call assistance to customers with hearing impairments during in-person transactions conducted at Bank branches.

By letting customers over age 60 talk directly to a customer representative at the Contact Center, DenizBank ensures that customers who might find it difficult to visit a branch in person are given quick access to all banking services.

In the area of human resources, which makes up part of the social components of ESG, the Non-Branch Channels Group is DenizBank's largest business line in terms of employment, with over 2,500 individuals working within the Group.

Women employees account for a large share of the Group's human resources, representing 76% of all managers in the Group as well as 70% of Contact Center staff, 53%

### "I'm In"

The last quarter of 2022 witnessed the completion of "I'm In" training program for 34 women who had to take a break from work or postpone their dream of becoming a banker for various reasons.

of Mobile Sales staff, and 79% of Telephone Sales staff.

The last quarter of 2022 witnessed the completion of "I'm In", a training program for women who had to take a break from work or postpone their dream of becoming a banker for various reasons. The program made it possible for 34 women employees to realize their dreams by giving them the opportunity to work part-time from their homes.

In addition, through the work-from-home opportunities offered by the Bank, DenizBank was able to recruit and employee individuals unable to work outside the home due to a disability.



# RETAIL BANKING GROUP

## THE 3<sup>rd</sup> MOST GROWING PRIVATE BANK IN RETAIL CARDS AMONG TOP 10 PRIVATE BANKS IN THE SECTOR

### PAYMENT SYSTEMS GROUP

**A wide range of products, including prestigious debit and credit cards**

In 2022, the DenizBank Payment Systems Group speeded up its activities to make the digital experience easier and more accessible. Taking into account how customer habits have changed since the pandemic, the Group diversified its products and offered new services designed to increase customer satisfaction.

Through its wide range of products developed in line with the rapid developments in technology, DenizBank aims to satisfy the varied needs and preferences of its customers in the best way possible.

In 2022, DenizBank continued its success with a portfolio of diverse and prestigious credit cards, offering its customers numerous alternatives ranging from team-fan credit cards to no-fee cards as well as eye-catching vertical cards with a simple and elegant design.

In 2022, DenizBank's turnover grew to TL 199 billion, for a market share of 6.1%. As of the end of the year, the Bank's market share in total number of credit cards stood at 6.9%.

With 5 million Bonus cards as of May 2022, DenizBank was among the top 10 fastest-growing private banks in the sector - standing in third place in terms of retail cards and fourth in terms of business cards.

#### Innovative applications that make customers' lives easier

As part of its customer acquisitions and digital onboarding, DenizBank launched two new products in 2022: "My Digital Bank Card", which circumvented the chip crisis, and the "Prepaid Virtual Card", which can be loaded with funds and used to conduct online transactions without a plastic card.

Another project launched by the Bank in 2022 allows customers to set shopping limits on their supplementary cards according to purchasing category.

## 6.9%

As of the end of the year, DenizBank's market share in total number of credit cards stood at 6.9%.



DenizBank offers support to tradespeople and SMEs through its innovative payment systems. The Bank's commercial customers can increase their competitiveness with the Bonus Business Card, which provides an easy way to track personal as well as sectoral expenses. The card also permits instalment payments and introduces bonus campaigns.

The DenizKartım mobile application has features designed especially for DenizBank credit- and debit-card users. Not only does the app notify them of special discounts and privileges and let them sign up for bonus and instalment campaigns prepared just for them, it also lets them perform a wide variety of transactions, like setting a one-time limit increase, creating a virtual card, and adding additional cards with a single click. In addition, the DenizKartım app is loaded with "Captain's Mission" games that let users earn bonuses if they complete the designated mission of the month.

DenizKartım aims to extend digitalization to the customer experience, standing by its users at different times in their lives. Among the main innovations to DenizKartım introduced in 2022:

- The "Expenditure Sharing" feature let DenizKartım users collectively share expenditures.
- In cooperation with TAV Operation Services, customers at participating airports in Turkey were able to use QR codes for various services, eliminating the need for plastic cards.
- By using the app to scan QR codes, customers were able to take advantage of domestic lounge, fast-track and parking lot privileges.

- Through an agreement with GastroClub, customers received discounts at over 150 restaurants.

#### Ongoing digital transformation and technology investments in contracted merchant relations

DenizBank's ongoing digital transformation and technology investments in 2022 improved its contracted member relations in terms of sustainability.

The total turnover of DenizBank's contracted member merchants reached TL 177 billion in 2022. As of the end of the year, the Bank's share of the contracted merchant market was 4.5% as measured by total turnover and 4.6% as measured by transaction numbers.

Activities conducted in the area of contracted member merchant relations in 2022 included the following:

- Digital payment without the use of plastic cards was made possible with the launching of a TR QR code project for POS payments.
- DenizBank's main banking application MobilDeniz was expanded to accept payments via mobile phone, enabling contactless payment in an environmentally friendly, safe and hygienic manner without a POS device. The POSum Cepte product also made it possible to send customers digital receipts, allowing merchants to abandon the use of paper receipt rolls.
- Offering turnover tracking, blocking, and summaries via digital channels to member merchants and permitting digital applications for POS devices eliminated the need for branch visits, helping to reduce emissions caused by vehicles and traffic.

- Field operation efficiency was improved by regularly collecting inactive POS devices from member businesses, providing better cost management and preventing wasted expenditures on POS machines.

In the upcoming period, DenizBank aims to develop and offer to its customers sustainable, technological, and smart payment-systems solutions that are in line with today's needs.

#### Important steps taken for sustainability

When it comes to sustainability, DenizBank is a leader in the banking sector. For years the Bank has been sending customer statements electronically or through digital channels in order to reduce paper waste. Today, 97% of Bank customers receive their statements by methods other than mail. In addition, 70% of credit-card customer contracts are now approved digitally, which reduces the amounts of paper used in applications.

## POSum Cepte

The POSum Cepte product made it possible to send customers digital receipts, allowing merchants to abandon the use of paper receipt rolls.



# WHOLESALE BANKING GROUP

DenizBank's Wholesale Banking activities are carried out within the framework of effective cooperation among the groups of:

- Corporate and Commercial Banking Group
- SME Banking and Public Finance Group
- Agricultural Banking Group

## CORPORATE AND COMMERCIAL BANKING GROUP

### Effects of sectoral practices and measures taken

In 2022, countries across the world were focused on combatting global inflation caused by ruptures in the supply chain that occurred in the wake of the Covid-19 pandemic. They instituted a series of economic measures, adjusting their financial policies accordingly.

With inflation in Turkey trending upwards due to both internal and external factors, the government implemented policies and practices aimed at minimizing the effects of inflation within the framework of the Turkish Economy Model. The Model also aims to achieve sustainable economic growth through a value-added approach to production focused on promoting exports and increasing employment.

The Central Bank of the Republic of Turkey (CBRT) announced its Monetary Policy and Liraization strategy within the framework of the policies established by Turkey's economic management for reaching its inflation targets. Prominence was given to activities conducted within the framework of the Turkish Economy Model and Support for the Conversion of Turkish Lira Deposit and Participation Accounts.

This framework, together with macroprudential measures ensuring loans are made to priority customer segments in line with commercial activities, also shapes the Bank's sales and marketing strategies. Of the various customer segments in the sector, the Corporate and Commercial Banking Group is the most affected by the outlined practices and measures.

While funding possibilities for banks have been created by the FX Protected Deposit, a new long-term deposit product that is indexed to CBRT rates, Turkish-lira loan portfolios have been under price-oriented pressure as a result of the macroprudential measures taken to ensure loans are extended in line with commercial activity.

The policies and practices outlined above have made it necessary for businesses, especially those with growing export volumes, to increase the number of financial institutions in their portfolios in order to meet their needs for working capital loans. Moreover, tightened lending has made it more difficult to obtain loans in Turkish Lira.

In this period, DenizBank successfully increased its share in export and industrial companies, which are the priority segments it aims to grow in the Corporate and Commercial Banking business line, thanks to the strong infrastructure it has created within the scope of its existing strategies.

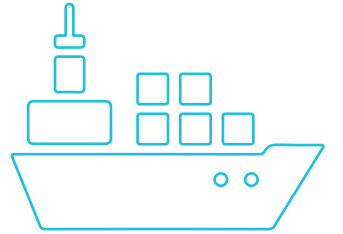
### Mission, target and strategy shaping wholesale banking activities

DenizBank has developed six main strategies for achieving its goals in the sphere of wholesale banking.

#### Selective Asset Development:

In line with its goal of securing new customers and a diversified customer portfolio, in 2022, the Corporate and Commercial Banking Group fulfilled loan packages for 1,038 new customers. Of these, 477 are foreign-trade customers, which is in line with the Bank's strategy of expanding its export and industrial customer portfolio.

## STRATEGIES GATHERED UNDER 6 MAIN TITLES FOR WHOLESALE BANKING TARGETS





# WHOLESALE BANKING GROUP

## GOAL TO ACQUIRE NEW CUSTOMERS AND CREATING A DIVERSIFIED CUSTOMER PORTFOLIO

The Corporate and Commercial Banking Group emphasizes the use of external resources such as CBRT rediscounted loans and EximBank loans as well as the active use of the Bank's internal resources for sustainability-related investment. With its ongoing prioritization of TL current accounts in terms of resource utilization, the Group is careful to provide cash flow at least as much as its share for the loans it extends.

**Concentration on Fees and Commission Income:** The Corporate and Commercial Banking Group is focused on non-cash loans, which are its main source of commissions. In addition, the Group aims to increase its non-risk income with products such as insurance and POS and through commissions included in the commercial commission communiqué.

**Collection of Non-performing Loans and Provisions:** The Corporate and Commercial Banking Group tracks early warning signs in order to manage customer risks appropriately. Within this context, the Group monitors customers' short positions, ratings, collateral, financial risks and market position in order to maintain manageable NPL and risk-cost ratios. It also works to reduce provision amounts, and it takes a proactive approach that looks out for structuring opportunities.

**Synergy:** The Corporate and Commercial Banking Group aims to increase mutual cooperation with the Private Banking Group, DenizInvest and DenizAsset Management through a "portal" approach. Within this context, the Group manages the accounts of real persons, who are the shareholders of its corporate customers through the Private Banking Group, and

when active marketing by that Group creates demand, assets of these real persons can be directed to DenizInvest and DenizAsset Management.

The Corporate and Commercial Banking Group also cooperates with DenizAsset Management to establish private funds and with DenizInvest in mediating potential public offerings and bond issues of the Bank's customers. In addition, the Group acts as a bridge between its corporate customers and the Consumer Banking Group's salary payments, Agricultural Banking Group's cash payments, and the SME Banking Group's cash management products while encouraging affiliate services to contribute to the DFSG ecosystem.

**Resource Acquisition:** Besides its lending activities, the Corporate and Commercial Banking Group is also included in the Bank's strategy for deposits through the synergy created between corporate and commercial branches, the Private Banking Group, Retail Banking Group, Treasury Group, and DenizAsset Management.

**Foreign Trade:** The Corporate and Commercial Banking Group creates cross-selling opportunities by mediating its customers' foreign trade transactions and helps to achieve the targets committed within the scope of syndication with the MT103 messages created through these transactions.

### Performance met expectations for 2022

DenizBank's Corporate and Commercial Banking Group services 13,266 customers through 215 customer representatives and 24 branches located in 11 major cities.

As of December 2022, the total value of the Group's cash and non-cash loans had reached TL 239 billion, while its deposits were valued at TL 110 billion, representing a 118% increase in TL cash loans, a 150% increase in TL demand deposits, and a 109% increase in total deposits.

The Group's non-performing loan ratio improved significantly, while its market share in cash and non-cash loans remained steady at 4.5% and 3.7%, respectively.

### Synergy created to achieve common goals

DenizBank's organizational structure was changed in 2022 in line with a decision by the Board of Directors regarding group segmentation. As a result, the Corporate and Commercial Banking, Public Finance, SME Banking and Agricultural Banking Groups were brought together under the umbrella of the Wholesale Banking Group. This strategy, developed with the aim of achieving common goals, has created a high level of synergy within the DFSG.

With this structural change in the Bank's organization, a singular ecosystem has been created that combines the strengths and purposes of DenizBank's Corporate and Commercial Banking Group, which services Turkey's leading production and industrial organizations; its SME Banking Group, on which Turkey's economy is built; and its Agricultural Banking



Group, which includes agricultural activities of strategic importance for Turkey.

The synergy created by information-sharing among groups, cross-product sales and marketing, and the consolidation of strengths in the field will allow DenizBank to maintain its highly successful performance.

### Strong support for selected sectors

In view of the net foreign currency inflows they create, the maritime and tourism sectors hold great importance in terms of financing Turkey's foreign trade deficit. The Corporate and Commercial Banking Group understands that support for these sectors plays a critical role in Turkey's development and thus considers it a national duty to mediate in sectoral financing.

The Corporate and Commercial Banking Group takes a wholistic approach towards the ecosystems created by the maritime and tourism sectors. The Group offers services that meet the financial needs of all their stakeholders, including tour

operators, agencies, hotels and suppliers in the tourism sector and shipyards, shipowners and suppliers in the maritime sector.

In addition to its direct financing of these sectors, the Group actively participates in the financing of sector-related investments. Within this context, USD 2 billion have been transferred to projects of strategic importance in terms of tourism, including the third airport in İstanbul as well as the TAV Bodrum, İzmir, Antalya and Gazipaşa airports, the Northern Marmara highway, the Ankara High Speed Train Station, and the Yavuz Sultan Selim Bridge.

The Group also secured USD 620 million in financing for investments in the Turkish Republic of Northern Cyprus (TRNC). In addition to its tourism investments, which include financing 65% of the total bed capacity of the TRNC's 5-star hotels, DenizBank also put its signature on the TRNC Ercan Airport and the Cyprus Peace Water project.



ECOSYSTEM  
SET UP WITH A  
COMMON MIND  
THANKS TO  
THE SYNERGY  
CREATED  
BETWEEN  
BUSINESS LINES

**Productive cooperation with the Consumer and Private Banking Group**

With each loan it extends, the Corporate and Commercial Banking Group takes into consideration how synergy can be created with other banking groups. It strives to maximize its share of the cash flow from companies it considers productive by seeing that in addition to long-term loans, personnel salary payments, private health insurance, BES, and other similar transactions are handled through DenizBank. Within this framework, the Group mediates salary payments of approximately 226,000 individuals.

The Corporate and Commercial Banking Group promotes increased inter-group cooperation by securing account services from the Consumer Banking and Private Banking groups for real person shareholders of its own customers and by actively marketing the DenizInvest and DenizAsset Management products.

In addition to these activities, the Group supports marketing campaigns and other opportunities aimed at consumer banking customers within a framework of cooperation on sponsorship and branded products. One of the most successful examples of the synergy created between the Corporate and Commercial Banking and Retail Banking groups is the Fan Card designed for Turkey's most prestigious sport clubs.

**Contributing to sustainability-based transformation of the private sector**

The European Union's taxonomy is a roadmap for sustainability that aims to transform the European Union economy to ensure a sustainable future. This taxonomy entails significant sanctions. While reducing

Turkey's current account deficit may be the driving force behind the Turkish Economy Model, the Model also transforms exporters into an important springboard for national economic development. By embracing sustainability-centered transformation, Turkey's private sector will advance and align with international standards. This will be a key factor in Turkey's ability to maintain, or even increase, its share in global trade.

The Corporate and Commercial Banking Group understands the need for swift and broad dissemination of the sustainability measures that have been or will be implemented by public authorities. With support from large corporations and financial institutions, this can be achieved even down to the level of the individual.

A significant number of international companies have started adding clauses to contracts for goods purchased from Turkey that require time-bound investments in sustainability. Moreover, they specifically state that they will no longer purchase goods from suppliers who cannot complete these investments and participate in the green transformation.

Sustainability has become a critical global issue, and if private sector companies fail to rapidly implement sustainability investments, they will inevitably lose any competitive advantage and face costs even higher than the financing costs they are confronted with today.

Given this situation, the Corporate and Commercial Banking Group views investments in sustainability as more than a matter of personal consumption cost management. Rather, sustainability is evaluated in terms of the benefits it secures in areas ranging from global trade

integration to reduction in energy costs through recycling and the creation of a competitive advantage for the private sector and the nation as a whole.

**An active role in financing renewable energy investments**

Solar panels are an important part of the circular economy, and investing in domestic solar panel production facilities and power plants that incorporate domestically produced panels are a priority for the Corporate and Commercial Banking Group. Within this framework, the Group facilitated USD 115 million loan limit for a 1,348-MW capacity Solar Power Plant (DenizBank share: 168.5 MW) constructed using panels produced at a Solar Panel Factory with an annual production capacity of 500 MW.

The Group provides short- and medium-term loans to meet the cash and non-cash working capital needs of these investments, and it will continue to offer support to similar projects should they arise in the future.

Together with the DFSG subsidiary DenizLeasing, which plays an

important role in SPP investment financing, the Corporate and Commercial Banking Group secured financing for a project with an installed capacity over 200 MW and a contract value of approximately USD 230 million.

The Corporate and Commercial Banking Group works together with other groups, primarily Consumer and Agricultural Banking, to support sustainability investments using sustainability-oriented funding secured from international markets. To date, DenizBank has secured financing for renewable energy projects with a total installed power of 876 MW.

Furthermore, a portion of the USD 30 million in sustainability-oriented resources DenizBank secured from international funders was made available to Bank customers through the Corporate and Commercial Banking Group.

**Effective management of sustainability-related processes**

When it comes to the issue of sustainability, the Corporate and Commercial Banking Group is well

aware of the responsibility it has in servicing customers who play an important role in spreading the construction of a sustainable future throughout the value chain. The Group works in partnership with DenizBank's Sustainability Coordination Department and in line with DenizBank's Sustainability Vision. In order to broadly disseminate the decisions taken by the Sustainability Committee and ensure that sustainability-related resources are used effectively, the Group has appointed a sustainability representative at the level of Department Manager.

The Group also recruited an environmental engineer and joined in the Turkish Capital Markets Association's Sustainability Expertise Certificate Program in order to provide effective management and comply with the Bank's sustainability vision.

**About the future...**

In the upcoming period, the Corporate and Commercial Banking Group will continue leveraging its accumulated knowledge to accelerate its strategy for growth through financing of the sustainability transformation and to increase its share in the sector.



**876 MW**

To date, DenizBank has secured financing for renewable energy projects with a total installed power of 876 MW.



# WHOLESALE BANKING GROUP

## THE FASTEST, EASIEST- TO-ACCESS, AND COST- EFFECTIVE SOLUTIONS FOR SMEs

### SME BANKING AND PUBLIC FINANCE GROUP

DenizBank offers comprehensive products and services to meet all the financial needs and expectations of small and medium-sized enterprises (SMEs) with annual turnovers of between TL 1 and TL 125 million.

#### Driving force behind economic and social development: SMEs

SMEs are viewed as the driving force behind economic and social development in Turkey and the entire developing world. SMEs constitute 99% of the approximately 4 million enterprises in Turkey and provide approximately 76% of total employment.

According to the most recent data available for Turkey, SMEs account for 30% of total exports, 15% of imports, 48% of personnel costs, 44% of turnover, 37% of production value and 36% of added value with factor cost.

However, the SME share in loans is not in line with these figures. As of December 2022, the SME share of total cash loans hovered at around 27%, amounting to TL 2.020 billion.

Manufactured goods represent 91% of all SME exports. Providing support to manufacturing SMEs is very important in terms of improving their production infrastructure and technical capacity and increasing their access to foreign markets, i.e., making them more competitive.

#### Contribution to SMEs' access to financing

DenizBank understands that when it comes to SMEs, ensuring quick and easy access is the most important aspect of financing. The Bank is committed to fulfilling its responsibilities in this area in the best way possible, and it continues to provide fastest, easiest-to-access, and cost-effective solutions for SMEs by anticipating their needs before they arise.

DenizBank has close to 700 branches serving customers in all 81 provinces in Turkey. By aligning its branch and headquarters organization and strategies as well as its expansive nationwide branch network with the size of its customers, the Bank is able to offer more effective management to SMEs. Within this framework, in a number of cities in Turkey, DenizBank has established Large Enterprise Branches (BİŞ) devoted solely to serving medium-sized SMEs in areas where these customers are concentrated.

The planned structure involves having portfolio managers visit customer workplaces to jointly identify their credit needs and develop appropriate offers. This is expected to facilitate the loan

process, which will be monitored together with the branches, and make it possible for the Bank to quickly present customers with other products they may require, including cash management, foreign-trade transactions and Treasury products, in addition to credit.

During the recent period of high inflation, DenizBank has offered SME vendor customers liquidity when they need it by discounting receivables from sales to purchasers through its Supplier Financing System. Adding new customers to the system in 2023 will allow the Bank to stand by its SME customers by offering them loans against invoices.

#### SME portfolio developments

In 2022, DenizBank continued to work on expanding and deepening SME access to financing in order to increase the SME share of total loans. As of the end of the year, the Bank had transferred resources valued at TL 80 billion to SMEs. This included TL 59 billion in cash loans, representing an increase of 94%.

With its electronic collection and payment services, DenizBank offers cash management solutions tailored to the needs of SME customers. As of December 2022, the Bank had a 9.7% market share in terms of number of checkbooks, a product widely used by SMEs.

DenizBank also continued to add more SME customers to the system with its DBS product, which allows SMEs to obtain bank financing when required to continue regular payments for goods purchased.



#### A solution-oriented approach to SME Banking

DenizBank's SME Banking Group takes a holistic approach to the value chain in which its customers operate. By acting as a bridge between companies and their distributors, the Group ensures smooth, uninterrupted trading among SMEs.

DenizBank's SME Banking Group considers it its mission to utilize its strong technological infrastructure, wide range of products, efficient processes, and qualified human resources to respond rapidly to its customers' banking needs. The Group's vision is to become its customers' main bank by taking a customer-oriented service approach that focuses on providing specific solutions geared to a company's needs and offering strategies for long-term business partnerships. Within this framework, the Group is constantly revising and developing its products and services in line with its customers' needs and expectations.

TL **2.020** BILLION

As of December 2022, the total cash loan size of the SME sector is TL 2.020 billion.





## DIGITAL SOLUTIONS FOR SME CUSTOMERS' PROJECT, LOAN AND FINANCE NEEDS

With the commercial world facing shrinking profit margins, businesses are finding that planning operational costs and cash flows is steadily becoming a more important part of their financial management activities. In order to ensure the continuity of their operations in the face of rising costs, SMEs are turning to both short-term and long-term cash financing.

In addition to the widely used commercial cash-loan products, the SME Banking Group supports its SME customers with cash-management products for collection and payment systems and cash-financing products, including commercial credit card/POS products.

### 14 THOUSAND TRANSACTIONS

Over a 9-month period, 14,000 transactions were completed using Legal Digital Approval.



### Banking products and services for the digitalization of SMEs

The widespread use of digital channels in domestic and international collection and payment processes has made it necessary to diversify the products offered through digital platforms. In line with this need, DenizBank is digitalizing SME banking procedures step by step in order to keep up with the changing digital world and make sure its SME customers are not left behind.

SMEs are the dynamic and driving forces behind the Turkish economy, and the SME Banking Group is involved in activities that will ensure their digitalization, thereby strengthening their positions in global markets. Within this framework, the Group is designing its products and services with an eye towards the future, producing digital solutions to address its customers project, credit and financing needs.

Throughout the world, digital platforms are establishing ecosystems that are becoming more powerful day by day. The SME Banking Group is responding to this transformation in how it does business, aiming to increase its share in b2b commerce through the banking solutions it offers to SME customers.

With its SME Card product and Fast Loan service, the SME Banking Group has made it easier for small business owners to access financing. A first in the sector, the SME Card meets the short- and medium-term financing needs of SMEs with a single card that features a single limit for commercial credit card and commercial loan services as well as overdraft-account services.

In a first for the sector, the SME Banking Group has begun using a digital robot during different stages of loan evaluation to improve its loan processing activities and provide customers with faster access to loan. By allowing field teams to access digital robotics through "KOBİ-TEK", branches were able to speed up their response to loan requests from customers. The positive response to KOBİ-TEK is evident through the positive feedback received from all channels.

The SME Banking Group continues to develop transaction sets as part of the Legal Digital Approval process, a pioneering service offered to SME customers. With Legal Digital Approval, many documents requiring a wet signature are accessible through either the MobilDeniz or DenizKartım app. Over a 9-month period, 14,000 transactions were completed using Legal Digital Approval.

The SME Banking Group has also expanded the scope of services offered to SMEs through the MobilDeniz channel. Currently, more than 60% of active SME customers use MobilDeniz to perform their transactions, and this ratio is continually increasing.

With innovative mobile applications like "Send Checks to Deniz", the Group has made it possible for SMEs to learn the value of their post-paid checks and quickly access cash without the need to visit a branch.

### Bringing under-the-mattress gold back to the financial system

In line with its devotion to the country and the future, since 2012, DenizBank has been expending a tremendous effort on taking gold out from under the mattress and bringing into the working economy.

Incorporating what amounts to billions of dollars in unregistered savings into the financial system, putting idle savings to work for the economy, and diversifying resources are among the Bank's top priorities.

In the initial years of its participation in gold banking, DenizBank invited experts from its project partner, the Istanbul Gold Refinery, to come together with customers at its branches to conduct transactions. Recently, DenizBank became the ninth bank to participate in KAD-SIS (a Jewellery Gold Valuation System) established within the Istanbul Gold Refinery that includes six public banks and two other private banks. Through KAD-SIS, DenizBank is able to offer its services simultaneously in all 81 provinces in Turkey.

To date, DenizBank has facilitated the conversion of 10 tons of unregistered gold into registered deposits.

### 10 TONS OF GOLD

To date, DenizBank has facilitated the conversion of 10 tons of unregistered gold into registered deposits.

## DIGITAL ROBOTIC PROCESS OFFERED TO FIELD TEAMS UNDER THE NAME OF "KOBİ- TEK"



# WHOLESALE BANKING GROUP

## LONG-TERM FINANCIAL SUPPORT WITH AFFORDABLE COSTS IN PUBLIC BANKING BUSINESS LINE

### Public finance as a strategic field of activity

By recognizing public banking as a separate line of business and identifying specialization in public finance as one of its strategic fields of activity, DenizBank has left its mark on Turkish banking history.

The Public Finance Group was established by DenizBank to serve a target group comprised of local governments and their subsidiaries and economic enterprises as well as state economic enterprises and their institutions and subsidiaries. The Group provides affordable long-term financial support to numerous projects.

The headquarters provides all types of banking services to local governments through regional and branch offices staffed with experienced team of experts.

With cash management systems developed especially for DenizBank, the Bank's network of branches and alternative distribution channels bring operational efficiency and productivity to tax-collection processes. As of the end of 2022, collection of taxes, water fees, and other services were mediated for more than 120 municipalities.

Always actively involving in municipal financing, DenizBank continued to provide support to municipalities during the pandemic in order to meet their financial needs. Through a funding agreement with the European Bank for Reconstruction and Development (EBRD), DenizBank secured USD 25 million in financing for small- and medium-sized municipalities, helping them minimize the impact of the pandemic during this challenging period.

### USD 25 MILLION

DenizBank secured USD 25 million in financing for small- and medium-sized municipalities through a funding agreement with the EBRD.



### Safe, high-quality international trade services for SMEs

DenizBank continues to support SME's secure growth in the area of international trade through its Foreign Trade Package. The package includes a wide range of products and fast, high-quality service that present alternative financing solutions and special benefits in the area of foreign trade.

The Bank has established assorted partnerships designed to provide SMEs with new global trade opportunities. Its communication network of suppliers and bankers, developed within the framework of various integration activities, is helping smooth the way for SME participation in global trade.

In 2022, DenizBank continued its efforts to make life easier for SMEs in an increasingly digital world. Digital applications created especially for the Bank's foreign-trade customers include features designed to save both time and money.

Opportunities presented in this context include Internet Banking for cash and cash-against-goods import transactions, special currency exchange rates for export customers, end-to-end tracking of domestic and international money transfers through SWIFT GPI (outbound tracking), and online IBKB and cash commitment closings. Through these products and services, SMEs engaged in foreign trade can easily conduct their transactions digitally, without the need to visit a branch.

### Growing importance of renewable energy loans

Renewable energy loans are increasingly accounting for a larger and more important part of DenizBank's SME portfolio. The Bank has made financing of renewable energy investments a priority and is becoming more actively involved in projects in this arena.

DenizBank currently finances its public and private sector customers' renewable energy and energy-and-resource efficiency investments using TURSEFF-TR funds obtained from the European Bank for Reconstruction and Development within the framework of the Sustainable Energy Financing Program.

The Bank is a major source of financing for purchases of tractors and textile machinery and for the construction of cold-storage facilities. Through these and numerous other activities, the Bank is directly contributing to various aspects of environmental sustainability, including waste management and energy, raw-material and water conservation.



## CONTRIBUTION TO SMEs FOR GROWING SAFELY IN INTERNATIONAL TRADE



## PARTNERSHIP WITH İGE TO SUPPORT EXPORTING SMEs' ACCESS TO FINANCE

Similarly, DenizBank prioritizes climate-change mitigation activities, especially those of its SME customers, in its allocation of existing as well as expected funding from organizations like the IFC, EFSE, GGF, World Bank, and Proparco.

The Bank continues to stand by SME exporters as a partner in Export Development, Inc. (İGE), which was established to help SME exporters access financing.

DenizBank facilitates export SMEs' access to resources by rediscounting Exim and CBRT loans. For SMEs that import in local currencies, the Bank offers specially priced foreign-credit opportunities with rediscounted loans in Chinese yuan (CNY), Qatari riyal (QAR) and United Arab Emirates dinar (AED).

### TL 4.1 BILLION

DenizBank provided 13.2 thousand women-led businesses with a total loan volume of TL 4.1 billion.



### Strengthening the position of women in business

DenizBank is well aware of the valuable contributions made by women entrepreneurs to social development and the sustainable economy. With this in mind, the Bank obtained funds from the European Bank for Reconstruction and Development (EBRD) to support the economic life cycles of the majority-women-owned enterprises among its customers. DenizBank is proud to be the first bank in the sector to sign the TurWIB protocol, valid until 30 March 2023, with the Credit Guarantee Fund (KGF).

The Bank also aims to facilitate, promote, and encourage women entrepreneurs in terms of access to financing through the special rates, packages and other products offered by its branches and services presented through digital channels.

DenizBank exceeded its preliminary target of extending loans valued at TL 500 million, providing 13.2 thousand women-led businesses with a total loan volume of TL 4.1 billion.

In 2022, DenizBank participated in a series of events aimed at reaching women who are interested in expanding their businesses, but who have limited access to financing.

One such event was the "Women Entrepreneurs in Economic Growth and Development" Webinar organized within the framework of the EBRD's Financing and Advisory Support Program for Women in Business. The Frankfurt School acted as consultant for the event, which aimed to strengthen the presence of women in the business world.

During the webinar, emphasis was placed on products and tools developed by DenizBank to support

women in the face of difficulties they encounter in terms of economic growth and development. The program introduced a financial package that includes banking opportunities, consultant support, and new ways of doing business and opportunities presented by the Business Lens app.

DenizBank also offered consultative support on digitalization processes for women in business by participating in a second Webinar series entitled "Women Entrepreneurs at the Heart of the Digital Transformation". This webinar included a presentation of the digital services DenizBank offers women business owners, such as special rates, periodic cost-free credit campaigns, financial service packages with checkbooks, and other products designed to help women expand their businesses and create employment.

DenizBank also participated in the seminar "The Key to Growing Your Business: I am the Leader of My Own Life", another program hosted by the TOBB İzmir Women Entrepreneurs Board, with the Frankfurt School acting as consultant.

In addition, DenizBank facilitated participation of 13 women in leadership positions at the "International Leadership Academy", a week-long program presented by the Frankfurt School of Finance & Management held in Frankfurt, Germany. This annual program was designed specifically to improve the management and leadership skills of senior-level professionals from banks and the private sector. The managerial training program covered leadership training, team-building, intercultural communication and negotiations, and employee engagement and motivation.

Both today and in the future, sustainability and inclusion will remain among the most important issues, not just in the banking sector, but in the world in general. In this regard, DenizBank continues to do its utmost to support women entrepreneurs financially and increase their financial literacy and accumulation of knowledge in their specific areas of interest.

DenizBank offers women entrepreneurs training in areas such as digital marketing, e-commerce and strategic growth. It also organizes sectoral meetings designed to contribute to the development of women entrepreneur ecosystems.

The Women's Working Group established within the Bank not only follows developments within the sector, it also takes a multi-faceted approach towards evaluating all types of activities and organizations, from business partnerships to practices and opportunities available in different sectors.

#### About the future...

In the upcoming periods, DenizBank's SME Banking Group will continue to work to deepen its relationships with its customers in order to meet its goal of ensuring customer satisfaction. The Group will continue to act in the future as it has in the past, maintaining its momentum and its excitement as it works to create added value for the country and the future.

## EVENTS FOR WOMEN ENTREPRENEURS THAT HAVE LIMITED ACCESS TO FINANCE AND WANT TO EXPAND THEIR BUSINESSES



## TARGETS FOR THE DEVELOPMENT, GROWTH AND COMPETITIVENESS ON THE WORLD SCALE OF AGRICULTURAL SECTOR

### AGRICULTURAL BANKING GROUP

DenizBank was the first private bank to enter agricultural banking in Turkey, and it has continued to provide uninterrupted services to the sector. The Bank considers the growth and transformation of Turkey's agricultural sector into a powerful global competitor to be one of its main priorities.

#### Global importance of agricultural sector

The results of developments over the past few years have amply demonstrated that not only does agriculture differ from other sectors in many important ways, agricultural financing also differs from financing of other sectors in very important ways. Because these differences tend to show themselves during times of adversity, such as periods of drought or conflict, under ordinary conditions, the importance of the agricultural sector tends to go unnoticed.

But the human condition requires us to be able to access nutrition in the form of agricultural products not just every day, but at every meal. The slightest hitch is enough to remind us of the sector's importance. Recently, for example, the Russia-Ukraine war clearly demonstrated how agriculture can be transformed into a tool of international sanctions.

In the end, however, even in times of economic or geopolitical crisis, the agricultural economic system must somehow continue to function so that people have daily access to the nutrients that agricultural products provide.

One of the most striking examples of this was the 5.6% growth of the agricultural sector, despite the 10.3% contraction of the Turkish economy during the pandemic. A single truth emerged from this situation: even when all else comes to a halt, agricultural production must go on.

In fact, when we look specifically at the agricultural sector, there was no contraction observed in agricultural production on either the global or national level caused by the pandemic. Rather, panic led to an increase in global food inflation, from a 30-year average of 2.5% to 41% during the pandemic.

The fact that no contraction in yields occurred under these conditions demonstrates that agriculture holds such importance for human existence that the sector can never be disrupted, delayed, or even slowed down. With this in mind, it is important for agricultural production to retain its priority at the global level, especially when it is under threat from climate change.

Turkey's agricultural sector has had to expand to meet the country's high demand for food. Because agriculture is comprised mainly of

small business, the savings ratio of the sector is very low. While savings tend to be minimal throughout the Turkish economy overall, the situation in the agricultural sector is extreme.

Since the low agricultural profit figures per enterprise in Turkey makes it very difficult for an agricultural enterprise to both earn a living for the farmer and his family and make investments to increase production, access to external financing resources such as banks is not only important but almost a necessity in order to achieve growth. For the sustainable growth of such an important sector, it is necessary to pave the way for effective and continuous access to agricultural financing opportunities.

#### Turkey's first private bank to conduct agricultural banking

In 2022, when DenizBank first began operating in the agricultural sector, there was a sector with a total loan size of TL 700 million, where only three banks provided agricultural loans. Today, more than TL 300 billion in resources are being made available for agriculture through around 15 banks.

DenizBank's entrance into the sector came with the purchase of Tarıřbank, a cooperative bank with a history going back nearly 100 years. By leveraging this accumulated knowledge, DenizBank was able to significantly increase the total amount of financing offered to farmers as well as the number of farmers with access to financing.

The total loan size provided by DenizBank to the agricultural sector reached almost TL 25 billion. All the Bank's loan products are designed to be easily accessible and offer harvest terms and payment periods geared towards specific agricultural or animal production.

Over the past two years, with the growth in government subsidies, state banks have come to dominate the agricultural banking sector. Among private banks, however, DenizBank is the leader in agricultural banking, with a 36% market share.

DenizBank's greatest strength lies in its infrastructure, which has the capacity to calculate both business and investment loan limits for over 300 agricultural products grown in Turkey in a matter of seconds. Thanks to years of accumulated data on payment habits, product details, and customer demands, producers can access the financial resources they require with only minimal documents and procedures.

Digitalization and agriculture-related technological developments have helped to diversify DenizBank's infrastructure, allowing Bank customers to access the products they need most at the times that are most convenient for them through either branches or non-branch channels. For the past 20 years, DenizBank has offered its unfailing support to the sector, whose steady access to financing is a major component of the Bank's strategy. In addition to continual access, the quality of financing, its suitability to needs, and its alignment with periods of income generation are looked upon as crucial.

#### Organizational structure created specifically for agriculture

DenizBank is the first private bank to designate an assistant general manager responsible solely for its Agricultural Banking activities. From the general managerial level on down, every level of the Bank's organization has taken ownership of the agricultural sector.

## THE LEADER AMONG PRIVATE BANKS WITH ITS 36% MARKET SHARE IN AGRICULTURAL BANKING



Gökalp BİLİCİ - Ankara Nallıhan 2019 - Carrot Field



## COMPREHENSIVE SERVICE NETWORK ENRICHED WITH ALTERNATIVE CHANNELS

Today, DenizBank has 330 agricultural branches offering services in nine geographical regions. The majority of personnel employed by these branches and regional directorates are either agricultural engineers or children of farming families. In addition to bringing services directly to the places where agricultural producers are located, through these branches, DenizBank is contributing to human capital development and regional employment.

DenizBank has succeeded in offering agricultural banking opportunities to producers in 31,000 (82%) of Turkey's 38,000 villages. The Bank has established a comprehensive service network of branches, nine regional representatives, and mobile teams devoted specifically to agriculture. This allows farmers to access services through a wide array of alternative channels whenever necessary.

Due to the nature of the agricultural sector, farmers are geographically dispersed over a wide area, and bank branches need to be structured accordingly. DenizBank has branches in 46 districts in

Turkey that are otherwise served by state banks only, and 21 of these branches are in districts located along Turkey's international borders. This is an indication of the special importance DenizBank places on agriculture.

### Ease of financing with the Producer Card

Since 2002, DenizBank has focused on developing solutions geared towards the needs of producers and production through processes that offer quick and easy access to financing. With this in mind, DenizBank developed the Producer Card, which is used by more than 583,000 farmers and represents perhaps the greatest financial innovation in the agricultural sector.

Unlike other plastic cards, the Producer Card finances production rather than consumption, allowing farmers to make their payments once a year at the time they earn their income. This seemingly simple yet ground-breaking innovation in the field of agriculture finance is, in fact, the outcome of years of R&D effort.

With a Producer Card, a farmer can obtain all the basic inputs required from pre-production to post-harvest, including fertilizer, feed, seeds, fuel and agrochemicals. They can do this without the need for any additional financing, and they can wait until after they earn their income to pay

## +583 THOUSAND

DenizBank developed the Producer Card, which is used by more than 583,000 farmers and represents the greatest financial innovation in the agricultural sector.

off their debts. Farmers can also use the Producer Card to meet their cash needs through either an instant cash advance or an instalment loan with a three-year repayment term.

Another useful feature of the Producer Card is the automatic payment option that allows users to schedule invoices and SGK payments to pay their debts in full at the time of harvest. Producer Card-holders can also take advantage of interest-free periods through agreements DenizBank has concluded with corporate giants in all sectors. In view of these possibilities, the Producer Card ecosystem can be thought of as a digital cooperative of 630,000 individuals.

### A radical change in the way of doing business in the agricultural sector

DenizBank's organizational structure and technical capacity allows it to take its services directly to producers wherever there is agriculture production. By opening branches in villages with populations under 15,000, employing mobile teams to cover every inch of the countryside, and developing apps for mobile phones and tablets and other alternative channels to access banking services, the Bank has radically changed the way of doing business in the agricultural sector.

DenizBank uses its mobile apps to reach producers with a wide range of options in the fields of agricultural consultancy and financing. The Deniz'den Toprağa application is not just the first, but the most advanced mobile application available for use in the agriculture sector. The app includes field- and product-specific recommendations for agricultural production, an "Ask the Engineer" menu to get answers to questions from agricultural engineers, a "Satellite Field Tracking" menu that offers field monitoring via satellite,



Selçuk HAT - Balıkesir 2015 - Canola Field

weather forecasts, news, market-price menus, and agriculture-specific banking functions. The application can be downloaded for free by all agriculture-sector stakeholders, regardless of whether or not they are bank customers. To date, the Deniz'den Toprağa app has been downloaded by more than 280,000 producers, and it currently has more than 40,000 active users.

Since the first version of the app was released in 2017, Deniz'den Toprağa has secured online answers to 25,000 questions and facilitated monitoring for over 15,000 fields. In addition, hundreds of thousands of notifications were sent to producers via the app, including recommendations for growers as well as meteorological developments and other important news items.

Producers can apply for the Producer Card and have it delivered to them via the MobilDeniz app. The app can also be used to apply for instalment loans, cash advances, consumer loans and other basic financial products, eliminating the need to visit a branch in person. In

2022, Producer Card instalment loan transactions worth TL 791 million and cash advances of TL 363 million were conducted using MobilDeniz.

As of the end of 2022, the number of transactions completed by producers digitally with the Producer Card obtained through the application with digital approval was 548, which accounted for a total of TL 17 million in loan allocations to farmers. The speed at which card numbers and transaction sizes have risen in the short time since the project was launched is an indication of the rising interest in digital applications among farmers.

### Agriculture-specific credit and scoring framework

Activities in the agricultural sector are conducted by a rural population with limited ability to establish collateral. A producer earns income at only one specific time of year and is unable to maintain a balance sheet. In a space in which the data needed to calculate credit limits and establish credit ratios is limited or even non-existent, DenizBank



Egemen YILMAZ - Sivas 2020 - Wheat Field





Elmas CUMRU - Trabzon 2019 - Blue Flowers

## THE FARMER REGISTRATION SYSTEM (ÇKS) WHICH IS A FIRST AMONG PRIVATE BANKS IN THE SECTOR

has succeeded in developing and implementing solutions entirely on its own.

The Farmer Registration System (ÇKS) established by DenizBank is a first among private banks in the sector. By logging into the system using their national citizenship identification numbers, users can access information about what, where, and how much of a product was produced. This data is uploaded to the system and evaluated within a set methodological framework to calculate a credit score for a producer applying for a loan.

In scoring Agricultural Banking loans, DenizBank utilizes a multi-factor structure that includes information such as a farmer's agricultural knowledge, area of production, and production method on the one hand and data for credit limits and non-income solvency on the other. As part of this process, the Bank's R&D team relies on farming-related data to calculate working capital requirements, annual solvency, net profit available for loan repayment, and other fundamental data needed for credit scoring.

The data taken into account extends well beyond product and production area to include a variety of information on things such as region of cultivation, technology and equipment used, and production-related certification. Based on this information, the Bank's analytic teams calculate an aggregated credit score, and the process ends with a final decision made by the credit allocation team.

The most important characteristic distinguishing DenizBank from its competitors in this regard is its ability to perform the entire process solely through its own resources, knowledge and R&D infrastructure.

### Products with strong value proposition for agricultural customers

DenizBank is heavily involved in the technological integration and digital transformation that is especially important for farmers. Within this context, the Bank has created the digital platform "Deniz'den Toprağa". With a website, Facebook page, Instagram account and mobile application, Deniz'den Toprağa is the most content-rich platform available for agricultural consultancy services.

DenizBank recently introduced two new agricultural loan products to its customers: the Start-Up Loan, and

## Deniz'den Toprağa

The digital platform "Deniz'den Toprağa" created by DenizBank is the most content-rich platform available for agricultural consultancy services.

the Agricultural Technologies Loan. The Start-Up Loan offers financial support for companies that produce new technology and service-based solutions for the agricultural sector as well as financing to meet the initial needs of start-ups just launching activities in the field.

The Agricultural Technologies Loan is a loan product with a five-year term that allows producers to purchase equipment such as sensors, tracking devices, drone applications and satellite tracking systems as well as related services.

One area receiving a lot of attention from DenizBank is embedded banking, which involves integrating financial services into the purchasing process. Within this context, the Bank has expanded the Türk Traktör Financing service initiated for the purpose of offering instant loans to Türk Traktör dealers to include different sectoral stakeholders in the Dealer-Lending process.

DenizBank has established a sectoral infrastructure that lets producers perform transactions effortlessly. By allowing them to apply for instant loans at the point of purchase at businesses where various agricultural inputs are sold, DenizBank has transformed every agricultural dealer into a bank branch.

### Support for sustainable agriculture

DenizBank's sustainable agriculture manifesto is summarized under three main headings: economic, social and ecological sustainability. Regardless of the fact that these concepts diverge at a certain point, DenizBank believes that there are many more points where they are intertwined.

In terms of economic sustainability, the agricultural sector still lags behind other sectors when it

comes to access to financing. While structural problems are an important factor in this situation, a lack of understanding regarding agriculture on the part of financial institutions is another.

With its R&D teams and agriculture-specific credit-scoring infrastructure, DenizBank understands that when it comes to financing, fully meeting farmers' financial needs in line with their income calendar is critical.

Steady profits are a prerequisite for any business if it is to remain economically sustainable. The ability for farmers to produce at the lowest possible cost and sell at the highest possible price are important factors in ensuring economic sustainability in spite of the problems related to climate, natural resources, marketing, sales outlets and cyclical risks. Maintaining a certain level of profitability is one of the driving forces that will facilitate transfer and continuation of agricultural businesses to future generations - which takes on special importance, considering that the median age of farmers is continuing to rise.

By supplementing correct and uninterrupted financial support with a team of agricultural engineers and children of farming families deployed to provide consultations in the field, along with digital channels for providing sectoral information and consultancy services, DenizBank has positioned itself well beyond other financial institutions in terms of support for farmers.

### Offering broad access to agricultural programs

Farmers in Turkey belong to a geographically dispersed occupational group and whose work or location make frequent travel to district centers difficult. For this reason, DenizBank considers any

## SUSTAINABILITY MANIFESTO IN AGRICULTURE SUMMARIZED UNDER THREE MAIN HEADINGS: ECONOMIC, SOCIAL AND ECOLOGICAL SUSTAINABILITY



## EVENTS WHERE THE PROBLEMS OF THE AGRICULTURAL SECTOR AND SOLUTIONS ARE DISCUSSED

meetings that take place in person to be very important. While fewer of these meetings were conducted during the pandemic, they are once again becoming more frequent, and the Bank makes every effort to be a supporter as well as a participant.

In 2018, DenizBank moderated discussions about problems in agriculture at Agriculture Summits held in seven major cities in Turkey. The summits, which were organized jointly with the daily Hürriyet, brought together all stakeholders in the agricultural sector, state institutions, and members of the press. A three-page spread published in a national newspaper covering the results of these meetings was very helpful in terms of creating awareness and bringing the problems of the agricultural sector and proposed solutions to the attention of an urban audience.

DenizBank continues to participate in agricultural fairs, festivals and commemorative celebrations that are held annually across Turkey in places like Konya, Bursa, İzmir, Adana, Şanlıurfa, Diyarbakır and Tekirdağ.



Neşe ARI - Van 2019 - Fertile Lands

In addition to these special events, the Bank attends various panels and speaking opportunities, and is pleased with its reputation as a trusted institution and consultant in the area of agricultural finance.

### Contribution to the development of animal husbandry as a component of agriculture

The livestock sector is an important component of agriculture, accounting for 55%, i.e., more than half of the total value in agricultural production. As such, this sector needs to be taken into account within the framework of agricultural financing. Given both the scale and the prevalence of livestock production, this activity cannot be separated from the agricultural sector as a whole. In fact, 60% of enterprises engaged in plant production are also involved in some form of animal husbandry, whereas enterprises engaged solely in livestock production represent less than one percent of all agricultural enterprises.

Within this framework, not only does DenizBank finance animal husbandry, the Bank offers additional products and activities to support sectoral efficiency and sustainability. The Bank's project teams are available to consult with and prepare feasibility studies for customers interested in investing in livestock.

## 55%

The livestock sector accounts for 55%, i.e., more than half of the total value in agricultural production.



Mehmet ASLAN - Erzincan 2021 - Two Lambs

In addition to agricultural engineers, the project teams also employ a mechanical engineer to evaluate the suitability of proposed machinery and equipment purchases and a civil engineer to direct investors regarding required construction work.

Apart from its regular activities, DenizBank offers occasional support to industry-specific projects. For example, the Bank participated in the Buzağılar Ölmesin project, gifting farmers special housing to ameliorate poor hygiene conditions that lead to calf loss and offering zero-interest credit opportunities.

### Collaborating to create non-financial added value for the agricultural sector

To date, DenizBank has carried out numerous activities together with sectoral stakeholders. The Bank will continue to conduct these activities in collaboration with NEOHUB, a fintech accelerator company relatively recently established as a subsidiary of DFSG.

In conjunction with NEOHUB, DenizBank is conducting important activities that address the future of agriculture, one of nine sectors identified as critical. The Bank is focused on growing new-generation technology and service-producing startups by providing both investment and commercial consultation. DenizBank is also offering financing with five-year terms and advantageous rates to allow farmers to purchase domestically manufactured technology.

In addition to the two ventures that are currently participating in the Bank's Startup Acceleration Program, DenizBank continues to meet with a large number of entrepreneurs for mentorship as well as cooperation. DenizBank is also bringing industry stakeholders and business partners together with new initiatives in order to support their commercial development and make sure that the products they develop can reach large numbers of farmers.

### Financial literacy for producers

Financial literacy is the first and most important requirement for the accurate calculation of agricultural- and animal-product financing. It guarantees that producers can access all the financing they need without having to seek additional resources, while at the same time ensuring that they avoid any difficulties with repayment caused by excessive borrowing.

DenizBank understands the importance of setting accurate limits and continuously monitoring and updating needs. Revisions and updates can be performed quickly, because the Bank has the in-house capacity to monitor both credit and R&D processes.

In addition, the Bank periodically conducts different activities to raise awareness about financial literacy. For example, DenizBank recently conducted a joint program with the Financial Literacy and Access Association (FODER) designed to help producers increase their savings and better manage their budgets.

### About the future...

Agricultural producers receive income only once a year, but their expenses are spread out throughout the year, and they rarely maintain official records of their debt-payment status. DenizBank considers all its efforts to support producers of great value, and in the upcoming periods, it will continue to offer financial products with convenient payment terms designed to help enterprises grow and become more profitable.



# TREASURY, FINANCIAL INSTITUTIONS AND INVESTMENT GROUP

Treasury and Financial Institutions Group of DenizBank carries out the activities in the following areas acting as a central function, within the framework of effective cooperation with the Bank's other business lines:

- Treasury
- Financial Institutions
- Investment Group

## TREASURY GROUP

The Treasury Group has structured its activities in four sub-groups.

### Treasury Marketing and Pricing

The main field of activity of the Group is pricing and marketing of Treasury products to customers through branches and alternative distribution channels and managing positions resulting from transactions. The Group consists of three parts:

The main task of the **Foreign Exchange and Interest Transactions Department** is to support the Bank's branch channel in foreign exchange and precious metal transactions. The department not only trains branches on Treasury transactions, but also increases the competitiveness of branches with pricing.

In addition to the services provided to the branches, other duties of the Department include;

- To monitor and manage the FX/ precious metal positions of the Bank in return for customer transactions on a daily basis and to carry out transactions in over-the-counter and organized markets within this framework,
- Responding to loan pricing from related business lines in line with the spreads determined based on the Asset-Liability Committee decisions,
- To meet IRS and XCCY swap pricing requests,
- Making customer visits in coordination with branches and Treasury Sales Units.

The Department carries out all these activities in line with the principle of sustainable profitability, rather than instant earnings.

**The Securities Department** meets the pricing requests for securities (Treasury Bills, Government Bonds, Eurobonds, Private Sector Bills/ Bonds and Repo) from Foreign Financial Institutions, Treasury Sales Unit, Private Banking and other branches. Within the scope of the management of the positions formed within this framework, the Department carries out purchase/ sales transactions in the over-the-counter and BIST markets.

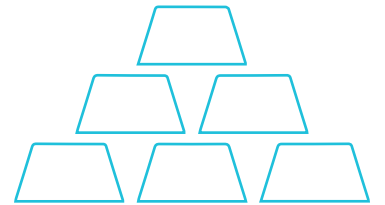
**Derivative Transactions Department** meets the pricing requests for foreign currency, commodity and interest options received through the Treasury Sales and Private Banking Center in the fastest and most competitive way. The department is responsible for the management of the option portfolio, which is formed after the foreign exchange option transactions made by the customers, within its limits.

In addition, necessary option, spot, futures and swap transactions are carried out in over-the-counter and organized markets in order to manage the risks of the option portfolio.

The products included in the scope are as follows:

- SpotFX
- Precious metals
- Derivative products (foreign exchange + interest + commodity)
- Securities (bonds, bonds, eurobonds, repo)

## THE TREASURY GROUP ACTIVITIES STRUCTURED IN FOUR SUB-GROUPS



## Sustainable profitability

At DenizBank, Treasury Group activities are carried out in line with the principle of sustainable profitability rather than instant earnings.



# TREASURY, FINANCIAL INSTITUTIONS AND INVESTMENT GROUP

## SECURITIES PORTFOLIO GROWING IN PARALLEL WITH BALANCE SHEET GROWTH RATE

### Fixed Income Securities and Money Markets

The responsibilities of the **Fixed Income Securities Department** include managing DenizBank Bank Bonds/Bills Portfolio within the framework of the targets set by the Asset-Liability Committee and supporting the Asset-Liability Committee in hedging the interest rate risk of the Bank's balance sheet. The Department is also responsible for fully fulfilling the rights and obligations stemming from the Primary Dealer System of the Ministry of Treasury and Finance and maintaining relations with the relevant institutions.

DenizBank's securities portfolio in both Turkish lira and foreign currency grew in line with the growth rate of its balance sheet in 2022.

### Money Markets Department

monitors all of DenizBank's cash flows in foreign currency and Turkish lira and meets its short-term funding and cash surplus placement requirements.

In line with the Bank's needs and limits, the Department trades from the following markets in return for securities, taking into account the most optimum cost and maturity structure.

- Turkish Lira Money Markets
- CBRT Interbank Money Market
- Interbank Money Market (OTC Market)
- Interbank Swap Market
- Takasbank Money Market
- BIST Repo/Reverse Repo Market
- Newly restructured markets

The Department is also obliged to utilize the Bank's surplus funds in the most optimal way, through the above markets and under the same conditions.

### Debt Securities Markets Department

played an important role in the realization of DenizBank Financial Services Group's bond and bill issuances, which reached a nominal volume of TL 12.4 billion in 2022, by managing interdepartmental coordination and institutional investor relations.

**TL 12.4 BILLION**

Bond and bill issuances reached a nominal volume of TL 12.4 billion in 2022.

### Treasury Sales

The main function of the Treasury Sales Department is to provide coordination between the branches and the Treasury Group and to increase the volume of transactions in financial products. By communicating directly with the customer base it reaches through branches, the department offers Treasury products, provides active sales and pricing services related to capital markets, and informs customers about balance sheet management and possible financial risks.

The Department, which displays a permanence and continuity-oriented approach in its relations with customers and branch personnel; plays an important role in determining the sales strategies and targets for Treasury products such as foreign exchange, precious metals, foreign exchange/interest/commodity derivative products, bills, bonds, and securities transactions containing eurobonds.

The Treasury Sales Department also develops new and qualified Treasury products and ensures that these products are sold through branches.

The Department, in coordination with the Private Banking Group, carries out activities to expand the customer base and increase the share of customer transactions by visiting potential customers in person. The Treasury Sales Department, which successfully achieved its 2022 targets, contributed to the increase in non-interest income of DenizBank and continued to support the real sector with this performance.



### Subsidiaries Treasury Department

The Department, which carries out relations with domestic and foreign banks and financial institutions, is responsible for liquidity management and optimum funding in line with the management decisions and instructions of the subsidiaries and current limits.

The Department provides TL and FC liquidity obtained through domestic and foreign banks, Takasbank, bond issuances and derivative transactions, and carries out risk management. The foreign exchange position of the companies is managed within the framework of management decisions and limits.

## New and qualified Treasury products

The Treasury Sales Department develops new and qualified Treasury products and ensures that these products are sold through branches.





# TREASURY, FINANCIAL INSTITUTIONS AND INVESTMENT GROUP

**FAST AND  
HIGH-QUALITY  
INTERNATIONAL  
BANKING  
TRANSACTIONS  
ON BOTH A LOCAL  
AND GLOBAL  
SCALE**

## FINANCIAL INSTITUTIONS GROUP

DenizBank carries out fast and high-quality international banking transactions on both a local and global scale, with its extensive service network consisting of extensive domestic branches and foreign correspondent banks.

### Correspondent Relations

**Long-term, strong correspondent relations based on mutual trust**  
DenizBank safely and effectively meets the demands and expectations of its customers operating in the field of foreign trade, thanks to its extensive correspondent network of 770 banks located in 104 countries. The Bank's wide correspondent bank network is constantly changing and developing in line with customer demands and the conjuncture and trends of the global economy.

DenizBank diversified its borrowing portfolio in 2022, met the external guarantee demands of its customers operating in many regions of the world, and supported foreign trade transactions.

Sustainable foreign trade finance products are also included in the bilateral borrowing portfolio of the Bank, which creates resource diversity with borrowings based on foreign trade and general purpose bilateral agreements.

## 770 CORRESPONDENT BANKS

DenizBank has extensive correspondent network of 770 banks located in 104 countries.

DenizBank adds new correspondent banks to its network of correspondents in new markets where exporters enter, in line with the needs, and supports its customers who want to be protected from country risk in these markets and aim to increase their exports.

DenizBank continues to meet its customers' long-term financing demands within the scope of agreements it has made with export insurance companies and EximBanks located all over the world.

With its strong correspondent network and wide product range, the Bank offers its customers the opportunity to trade in 143 different currencies.

**Syndications where the confidence in global markets is reaffirmed**  
Having a long history and strong experience in syndicated loans, DenizBank achieved a 9.2% market share in the sector with a total syndicated loan balance of USD 1.1 billion as of the end of 2022.

On 2 June 2022, the Bank signed a sustainability-related syndication transaction consisting of 3 tranches with a maturity of 367 days, amounting to USD 196 million and Euro 204.3 million, and 255 million Chinese yuan with a maturity of 364 days.

In the transaction, which took place with the participation of 15 banks from 10 countries, financing of women SMEs, measuring the Bank's greenhouse gas emissions and raising awareness of employees on sustainability have been determined as performance criteria.

The syndication, a first in the sector with the Chinese yuan tranche, was awarded the best transaction of the year in the European category by Banker Magazine in 2022.

Another sustainability-related financing provided by DenizBank in 2022 was the syndicated loan signed on 7 November 2022, with the participation of 36 banks from 17 countries, consisting of two tranches, Euro 329.5 million and USD 276.5 million.

Focusing on sustainability, DenizBank has set as performance criteria to double the financing it provides to sustainable agriculture and women entrepreneurs for the resources it provides.

### Financial Institutions Credit Analysis

#### First line of defense against country and financial institution risks

Credit analysis studies carried out by the Financial Institutions Credit Analysis Department at DenizBank cover the risk assessment of countries and correspondent banks by providing coordination between the relevant teams in the loan allocation processes in line with the needs of customers, subsidiaries and the Treasury Group.

By measuring potential country and counterparty risks, the Bank offers Turkish business people access to a wide geography with products that meet their demands. As of the end of 2022, the Bank's active financial institutions and country loan portfolio consists of 360 institutions, mainly banks and non-bank financial institutions located in approximately 55 different countries.

In country analysis, evaluations are made by considering the developments in the global and national economy during the year, as well as the trade cooperation policies of Turkey and the country in question. In bank analysis, limit allocation decisions are made according to current and

past financial indicators, main shareholder support and business model.

In 2022, Financial Institutions Credit Analysis Department carried out the limit process of 385 banks and non-bank financial institutions in 57 different countries and 9 domestic and foreign public institutions and applied for group limit approval from ENBD.

In addition, the Department led the infrastructure project that enables the simultaneous monitoring of the limits and risks of financial institutions through the system, successfully completing the major transition of the 2<sup>nd</sup> phase of the project and contributing to the reduction of operational risks in limit processes.

### Structured Financing

#### Strong relationships that create alternative funding sources

The main responsibility of the Structured Finance Department, operating under DenizBank's Financial Institutions Group, is to manage the financing process

**9.2% MARKET  
SHARE IN  
THE SECTOR  
WITH A TOTAL  
SYNDICATED LOAN  
BALANCE OF USD  
1.1 BILLION**





# TREASURY, FINANCIAL INSTITUTIONS AND INVESTMENT GROUP

## STRENGTHENED RELATIONS WITH DOMESTIC AND INTERNATIONAL BANKS, INVESTMENT INSTITUTIONS AND OTHER FINANCIAL INSTITUTIONS

for the medium and long-term borrowing needs of DenizBank Financial Services Group and to ensure coordination with the internal departments.

In 2022, the Department strengthened its relations with domestic and international banks, investment institutions and other financial institutions and continued to create alternative funding sources.

In June 2022, DenizBank signed a 5-year loan agreement with the Development and Investment Bank of Turkey (TKYB) amounting to USD 60 million originating from the World Bank-IBRD. The aforementioned resource is used to support the fight of SMEs, which are the dynamic and driving elements of the Turkish economy, against the negative effects of the pandemic.

In July 2022, DenizBank provided a funding from Société de Promotion et de Participation pour la Coopération Économique SA (Proparco), an institution of French Development Agency (AFD), amounting to Euro 45 million, with a total of 7 years term

including a 2-year grace period, in order to finance energy efficiency, renewable energy and agriculture, including livestock.

In addition to providing long-term and cost-effective financing to the customers with the acquired resource, the technical consultancy support provided by Proparco under the contract will be used to develop the Sustainability Management System, which was established to measure and manage the direct and indirect environmental and social impacts of the Bank.

Under the Diversified Payment Rights (DPR) Securitization program established in 2005, DenizBank has provided approximately USD 2.5 billion in funding, including closed loans and issuances.

Within the framework of the EMTN (Euro Medium Term Notes) program, which it established in 2020 and to which it issued foreign bonds, the Bank continued to the issuances in various currencies and with maturities extending to one year throughout 2022 and deepened its

### USD +690 MILLION

Within the framework of the EMTN program, DenizBank made more than USD 690 million of issuances to date.

relations with domestic and foreign intermediary institutions. Within the scope of the program, more than USD 690 million issuances have been made to date.

DenizBank has obtained funds from the European Bank for Reconstruction and Development (EBRD), The European Fund for Southeast Europe (S.A. SICAV-SIF-EFSE), Green Growth Fund (GGF), International Finance Corporation (IFC), Industrial Development Bank of Turkey (TSKB), Proparco and TKYB for various disbursement purposes.

The Bank continued to use these funds in promoting energy efficiency, renewable energy and resource efficiency; supporting rural development, agriculture, production and the real sector; maintaining employment, strengthening tradesmen, micro enterprises and women entrepreneurship, as well as meeting financing needs of SMEs, which are the locomotive of the Turkish economy, by long-term and cost-effective resources.

### Sustainability Coordination

#### An approach that prioritizes the interests of society

The Sustainability Coordination Department is responsible for carrying out sustainability studies with internal and external stakeholders within the framework of DenizBank's vision, mission and sustainability-oriented strategy. In this framework, the Department works to integrate the interests of the society in environmental, social and managerial terms into the Bank's business processes, with an approach that prioritizes sustainable development goals.

The Sustainability Coordination Department established the Sustainability Management System within the scope of its

efforts in this direction, completed the integration of the system into DenizBank's business processes, and integrated the environmental and social risk assessment structure into the loan allocation processes with the procedures and policies it established. The Department identified risks and opportunities arising from climate change in order to develop this structure and move it forward, and started to work on the integration of physical and transitional risks that DenizBank and its customers will be exposed to in all processes.

#### Activities focused on compliance with ESG performance criteria

DenizBank carries out carbon footprint inventory studies to calculate its emissions from its activities. In addition to its decarbonisation-targeted activities, the Bank has started the establishment of a Carbon Management System to calculate and manage the emissions related to its portfolio and has taken a firm step in sharing its decarbonization targets with the public in the coming years.

Providing a comprehensive banking service to its customers in every province of Turkey, DenizBank initiated efforts to establish a Waste Management System in all its service units, including the Head Office, Regional Directorates and all branches.

DenizBank provides its employees with information and competency trainings in order for the newly established Sustainability Management System to operate efficiently. 95% of its employees participated in the sustainability trainings organized by the Bank in 2022.

The provided trainings cover general topics such as environmental and social risk assessments in loan

allocation processes, and business-specific training such as sustainable risk management, as well as general topics such as introductory sustainability training.

In June 2022, DenizBank determined the financing of women SMEs, measuring the Bank's greenhouse gas emissions and raising awareness of employees on sustainability as performance criteria in the syndication transaction consisting of three sustainability-related tranches, for which it provided a 1-year maturity financing source to the national economy.

DenizBank provided another sustainability-related syndication loan consisting of two tranches in November 2022 and, focusing on sustainability targets, determined as performance criteria to double the financing it provided to sustainable agriculture and women entrepreneurs for this resource it procured.

### About the future...

DenizBank aims to diversify its funding sources with new borrowing products, primarily sustainability-related syndication and foreign trade financing, and to increase its competitive advantage by providing longer-term and cost-effective financing to its customers.

In 2023, the Bank will continue to increase its share in the funding, product diversity and sustainability-based funding portfolio obtained from national and international investment and development banks and fund institutions and will contribute to green transformation and social welfare in a systematic way by increasing its environmental and social positive impact.





# TREASURY, FINANCIAL INSTITUTIONS AND INVESTMENT GROUP

## INVESTMENT SERVICES STRUCTURED TO ACCESS ALL KINDS OF INVESTMENT PRODUCTS FROM A SINGLE POINT

### INVESTMENT GROUP

Investment services at DenizBank are structured in such a way that customers can access all kinds of investment products, from stocks to mutual funds and derivative transactions, from organized market products to over-the-counter products, from a single point.

#### Mobility in the capital markets

The world economies, which have recently been working to eliminate the global effects of the pandemic, have again faced the danger of recession, as the central banks' monetary policy reached interest rates faster than expected and higher than priced.

With the increase in the short-term cost of risk-free money, investors' tendency to reduce leverage strengthened the dollar index relatively in the first half of the year. In the context of high inflation and low growth, companies' lowering their expectations in verbal guidance and changes in employment policies brought about decreases in the stock markets of developed countries. The sharp changes in the risk appetite throughout the year and the high uncertainty created by geopolitical risks in commodity prices drew attention.

### High awareness

The Investment Group has started 2022 with a changing organizational structure and a high awareness in all service channels.

The deterioration in inflation expectations and the decline in short-term deposit rates caused domestic savings to shift to different areas FX-Protected Deposits (KKM) and real estates attracted interest at the first stage, while in the second half of the year, there was a great activity in the capital markets. The rise in stocks and the secondary market performance of publicly traded companies increased the interest in the stock market and the number of investors quickly approached four millions.

#### High awareness in all service channels

The Investment Group has started 2022 with a changing organizational structure and a high awareness in all service channels. The Group successfully continued its intermediation activities in both domestic and global markets throughout the year, both with the one-on-one efforts of its investment advisors and mobile applications that cater to every need.

While the majority of investors trade in search of real returns on their assets, other investors used DenizBank transaction channels to manage the financial risks posed by their balance sheets.

### DENİZINVEST

DenizInvest continues its activities at 33 service points. 16 of the service points are in the status of "Private Investment Centers" and offer personalized service in all capital market products.

DenizInvest increased both the number of investors and its market share in 2022 by offering fast and competitive solutions to the needs of the new financial climate. The number of newly opened accounts increased by 160% annually to over 169 thousand, and the number of active investors increased by 35% compared to the previous year and exceeded 11 thousand. As of the end of December 2022, the total number of active investors approached 23 thousand. Borsa İstanbul equity market volume market share, which was 3.8% in 2021, increased by 5.1% to 129 basis points in 2022, while the share of futures transactions increased by 75 basis points to 5.3%.

DenizInvest will continue to work on infrastructure that will allow investment advisors to provide more efficient services and will place emphasis on introducing mobile applications to all investors with different financial literacy levels and making them easy to use.

### 160%

The number of newly opened accounts increased by 160% annually to over 169 thousand.

### DENİZASSET MANAGEMENT

DenizAsset Management further expanded its product range in 2022 with the aim of offering products that meet the renewed needs of its investors.

DenizAsset Management aims to ensure performance and stability with 76 mutual funds and 15 pension mutual funds it manages. At the same time, it continues to play an active role in capital markets with its experienced staff, services provided at international standards, mutual funds, pension funds and portfolio management.

DenizAsset Management offered the opportunity to invest in silver and other commodities with 16 newly established funds; opened themes such as agriculture, electric vehicles and metaverse to customers.

The Company meets its investment demands in foreign currency with foreign exchange hedge funds. A first in the sector, "profit-paying" foreign exchange funds provide investors with the opportunity to obtain cash flow within the maturity of the fund. With the 15 private funds established, high wealth investors were deepened.

DenizAsset Management's mutual fund size, which was TL 9.7 billion at the end of 2021, reached TL 32.8 billion with a 237% growth in 2022 with the contribution of 31 newly established funds. The Company grew well above the sector total of 157%, increasing its mutual funds market share from 3.6% to 4.8%.

#### Sustainability and ESG themed mutual funds

In 2022, DenizAsset Management presented 2 funds to investors, one investing in the partnership shares of companies included in the BIST Sustainability Index, and the other investing in the sustainability and ESG themed domestic and foreign investment funds and exchange traded fund participation shares.

With these newly established funds, the Company aims to direct investments more towards companies that take sustainability and ESG criteria into account in their activities, and to raise awareness among investors on this issue.

### 237%

DenizAsset Management's mutual fund size reached TL 32.8 billion with a 237% growth in 2022.



# PROJECT FINANCE, FINANCIAL STRUCTURING AND CREDITS INTERNATIONAL COORDINATION GROUP

## One of the biggest supporters of projects aiming to develop the Turkish economy

At DenizBank, the scope of the Project Finance business line consists of financing projects that play a critical role in the development of the Turkish economy, require large amounts of investment, and accordingly need medium and long-term financial support. The Bank defines long-term transactions of over USD 10 million, which pay off their own loans with their own revenues as project finance.

In Turkey, 48% of the projects covered by project finance are related to energy production and distribution, and 25% are related to infrastructure investments such as highways, bridges and airports. The rest is generic business such as acquisitions and mergers.

DenizBank supports almost all categories of the aforementioned works aimed at developing the Turkish economy with the financing it provides. The Bank, in addition to financing priority sectors such as telecommunications, energy, infrastructure, health, education, tourism and maritime, also meets long-term needs within the scope of new investment (greenfield), capacity increase investment (brownfield), public finance, PPP (Public-Private Cooperation), privatization and acquisition financing, working capital financing, financial restructuring and refinancing.

## High-level efficiency in financing infrastructure investments

The long-term financing amount DenizBank has provided to hundreds of projects in the last 10-15 years has been recorded as approximately USD 1.7 billion.

Having a high level of efficiency in Turkey's infrastructure investments, DenizBank has gained a specialization especially in the financing of airport investments. The Bank has allocated; Euro 1 billion to the sector, including Euro 634 million for the Istanbul Airport project, Euro 154 million for the TAV Bodrum Airport project, Euro 900 million for the İzmir Adnan Menderes Airport, İstanbul Atatürk Airport, Antalya Airport and Gazipaşa Airport projects, and Euro 100 million for the TRNC's only airport project.

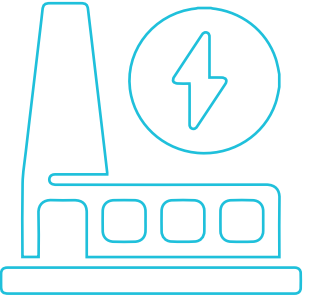
While DenizBank was the private bank that allocated the highest limit to the Istanbul Airport project, it has undertaken the financing of the TAV Bodrum Airport, Ankara High Speed Train Station and Ercan Airport projects on its own, proving to be one of the leading institutions in infrastructure financing.

## High performance in a year with low investment appetite

The reflection of the economic slowdown experienced in the last 3 years all over the world on Turkey has caused the investment appetite to remain at a low level in 2022, and there has not been a high financing need in this direction, especially in a year where energy investments have decreased.

In such a period, DenizBank started to receive positive feedback from the project finance activities it has contracted in the past 2 years. The project finance portfolio managed by the Bank reached a volume of approximately USD 6.6 billion in 2022, when there were early payments and no problems in repayments.

HIGH AMOUNT  
AND LONG-  
TERM FINANCING  
PROVIDED TO  
HUNDREDS OF  
PROJECTS IN THE  
LAST 10-15 YEARS





# PROJECT FINANCE, FINANCIAL STRUCTURING AND LOANS INTERNATIONAL COORDINATION GROUP

## CONTRIBUTION TO THE ENERGY SECTOR BY FINANCING OF RENEWABLE ENERGY PROJECTS

### Major contribution to the financing of the energy sector

DenizBank; continued to support the energy sector in 2022 with the financing it provided for electricity distribution, natural gas distribution and wholesale projects. The Bank, which has mediated the commissioning of approximately 6,500 MW of installed power in the last 15 years, has so far provided USD 1.1 billion in financing to renewable energy projects.

DenizBank is the private Turkish bank that made the highest contribution of USD 100 million to the total financing of USD 812 million with a maturity of 12 years provided for the Karapınar Solar Power Plant project, which is expected to be the largest solar power plant in Europe when completed. The Bank, which started the loan disbursement of the project, which was contracted in 2020 and 2021, in 2022, anticipates that the project will be completed in the first half of 2023.

In 2022, DenizBank took part as the only bank in the financing of a mixed-use project carried out in the most valuable region of Istanbul. The project, which is planned to be partially opened in 2023, is the first project evaluated by the Bank from a sustainability perspective.

### New methodology for examining projects from an ESG perspective

In its project finance assessments, DenizBank meticulously addresses environmental and social issues, as well as the potential risks and opportunities associated with them. In line with its sustainability strategy, the Bank reviewed its current practices and introduced a number of new methods to improve and develop its evaluation processes.

## USD 100 MILLION

DenizBank is the private Turkish bank that made the highest contribution of USD 100 million to the total financing provided for the Karapınar Solar Power Plant project.



## PROJECT FINANCE ASSESSMENTS METICULOUSLY ADDRESSED TO ENVIRONMENTAL AND SOCIAL ISSUES

The main activities carried out by the Bank in 2022 within this framework are given below:

- According to the risk of the project, criteria such as environment, occupational health and safety, biodiversity and archaeological impact have been followed up on a monthly or quarterly basis.
- System improvement was made to determine whether the offers from branches should be evaluated according to environmental and sustainability criteria.
- Branch managers, called "ambassadors", have been appointed to examine projects worth more than USD 10 million from a sustainability perspective.
- An environmental engineer was employed to manage processes and to arrange external consultancy services when necessary, according to risk categories.

- ESG title, which is also requested by international financial institutions, has been added to loan agreements. In this context, it is obligatory to create and share an environmental impact report that will include certain parameters within a certain procedure.

### About the future...

Maintaining its leading position in project finance in 2023, DenizBank aims to support the growth in the energy, infrastructure, transportation, health and education sectors, as well as to meet its customers' needs for capacity increases and export financing without interruption.



# ANALYTICS, DATA AND CUSTOMER VALUE MANAGEMENT POLICIES GROUP

## BUSINESS ANALYTICS AND CRM

### Business Intelligence and Report Management

Business Intelligence and Report Management meets the report and data needs of DenizBank business units with its information technology solutions, and significantly increases productivity by automating data access processes.

The Business Intelligence and Report Management team has undertaken many important projects in 2022. The team firstly assumed all BI solutions related projects and report/data supply responsibilities independent of the sponsor and completed more than 1,400 requests in this process.

As a result of the efforts to automate data access processes, the manual workload of data access needs of business units was eliminated.

The Business Intelligence and Report Management team continued to develop a web-based report platform application containing the reports that are used extensively in the field, and provided solutions to the feedback and problems related to the reports on this platform. The team, which undertakes responsibilities such as additional development, maintenance, debugging and solution of technical problems related to the service, of 1000+ BI reports that are currently live in the BI report service, carries out the process successfully.

## 214%

As a result of the efforts in Payment Systems business line, business card sales increased by 214% to 72 thousands.

### Retail Analytics and Strategy

DenizBank implemented many projects completed in the field of retail analytics and strategy in 2022. In this context;

- The branch categories methodology created for Consumer and Private Banking and Agriculture business lines to target new year sales numbers was divided into product groups; Thus, product-based targets were set for branches with different potentials in the loan, futures, micro and pension segments. At the same time, with this study, potentials on branch norms were determined and suggestions were made.
- Profitability models in terms of activity and inactivity were made and the targeted lists created were shared with the field in order to identify those who will create more gradual profitability even if they receive a pensioner promotion among the customers who are included in the Aged Retirement (EYT) group, which is expected to gain retirement status soon.
- Analytical feasibility studies have been completed in order to present the right offers in the selection of salary customers and attorney customer acquisition. The package was delivered after making feasibility studies on the presentation of the products and customer transfer from the queue machine for ATM.
- Potential private banking customer targeting was shared for the first time in addition to potential high-end segment customer targeting supported by the Have money model.
- The consumer loan active customer model for the Consumer Banking business line was renewed and the inactive customer model

HIGH  
PRODUCTIVITY  
INCREASES WITH  
AUTOMATIC  
DATA ACCESS  
PROCESSES





# ANALYTICS, DATA AND CUSTOMER VALUE MANAGEMENT POLICIES GROUP

## SUPPORT TO BUSINESS LINES WITH NEW MODELING AND METHODOLOGY WORKS

was made. The valuable inactive concept was renewed with the inactive customer loan model and the previous have money inactive model, net-measured communication strategy was started by separating control groups in inactives.

- BES (Private Pension Plan) model has been made for Bancassurance business line, and the churn (potential abandonment) customer model has been updated.
- A new inactive model aimed at increasing the sales of retail cards from Telemarketing and business cards from KOBİDeniz for the Payment Systems business line was made, and the calibration of the models and the targeting strategy were improved. As a result of these efforts, retail card sales by call increased by 39% compared to the previous year and reached 122 thousands, while business card sales increased by 214% to 72 thousands.
- Smart offers for retail cards were launched in 2021, together with the analytical model that measures the probability of activation in the next three months, at the time of meeting with the customer for card sales. In 2022, a model was made for the business card, and these smart suggestions started to appear on branch, Mobile Sales, Telemarketing card sales screens for selected customers with low probability of activation.
- In the field of payment systems, business units were supported with activities such as bonus business card profitability analysis, MTV analysis, upsell strategy creation and analysis, 251 blocked customer analysis, black card value analysis, lifetime calculation analysis for corporate customers.

- Detailed analysis was prepared for retail card customers of the Agricultural Banking business line, an insurance penetration report was created, and vintage-based early period card activation and closing detail reports were sent.
- Digital Onboarding customer acquisition profitability analysis and consumer loan MobilDeniz analysis were conducted for the Digital Banking business line, and strategy support was provided with a model for targeting deposits with term/currency protection.
- For the sales activities of DenizYatırım and DenizAsset Management products, targeting support was provided for many products to be downloaded to the channels, and an investor profile detection model was made to identify those who did not invest.
- Support was provided to risk units on technical support for limit increase and risky customer identification.

### Field Communication and Performance Tracking

Field Communication and Performance Tracking Department is a new structure established under the Analytics, Data and Customer Value Management Group as of June 2022. The main functions of the Department are given below:

- Contribution to branch target and budget studies with an analytical perspective,
- Making location and competition analyses in branch target studies, incorporating the concept of "potential" into target studies,
- Supporting the modeling studies of the scorecards in which the sales performances of the branch personnel are monitored,



- Modeling studies of branch manager scorecards,
- Managing branch segmentation studies,
- Studying branch performance measurement methodologies, sharing them with business lines and human resources, managing and monitoring processes.

The Field Communication and Performance Tracking Department has finalized below mentioned projects from the date it started to work:

- Within the scope of the Cross-Sales Report-Data Source Update Project, it has prioritized the harmonization of the data in the Cross-Sales Report with the branch dashboard screens.
- Works were done for branch manager scorecards that needed to be updated and changed as a result of the analysis and these were shared with human resources and business lines. Within the framework of ongoing consultations, it was agreed to increase the branch KPI from 40% to 60%, to revise the quality service scores and to calculate the net off target realization method.
- Business lines contributed to PY Scorecard Potential Analysis and Model Studies. Collaborated with the Retail Analytics Department to determine the model that will reveal the maximum performance by adding the potential dynamics in the scorecard models of the branch employees. Retail Banking and Agricultural Banking business lines have agreed on scorecard models.
- 2 different analyses including "Barem" and "Net off" methods were made regarding the display of target realizations on scorecards and report cards of branch employees. The results of the analysis were shared with the business lines and human resources, a presentation was made to the Management Board about the Net off method and it was accepted.
- Within the scope of the Branch Optimization study, a scorecard model was designed in the light of

## Cross-Sales Report-Data Source Update Project

Within the scope of the Cross-Sales Report-Data Source Update Project, it has prioritized the harmonization of the data in the Cross-Sales Report with the branch dashboard screens.

the branches' own data and the potential data of their hinterlands. Within the framework of this study, in which branches are handled multidimensionally, score points were calculated and transferred to Executive Vice President.

- Within the scope of the New Branch Opening Potential Hinterland Analysis study, analyses were made on the district potential data, a multi-dimensional scorecard model was designed, and an analysis study was conducted in which comparative new branch openings were recommended together with the competition analysis. The study, which was presented to the Executive Vice Presidents, will also be presented to the Management Board.
- Works have started to revise the bands in the branch segmentation criteria for the new year, taking into account the branch developments.

## Digital Onboarding

Strategy support was provided to the Digital Banking business line with Digital Onboarding customer acquisition profitability analysis.



# ANALYTICS, DATA AND CUSTOMER VALUE MANAGEMENT POLICIES GROUP

## RULE SETS AND PROCESSES HARMONIZED WITH THE REGULATIONS PUBLISHED BY LEGAL AUTHORITIES

### CREDIT POLICIES, ANALYTICAL AND DECISION SYSTEMS

In line with its goal of expanding its customer portfolio and increasing its share of loan products in the sector, DenizBank carried out effective model development efforts throughout 2022 in order to achieve healthy growth and reduce the rate of legal follow-up. In these studies, process improvements and risk-preventing actions aiming at a uniform structure for all channels have been the main target points.

The issue of digitalization continued to be the Bank's priority strategy in 2022, as it was in 2021. Efforts were focused on becoming a customer without going to the branch and offering more credit products through digital channels continued throughout the year, increasing the Bank's share in digital.

The customer application score, loan rule set and revenue forecasting model have been renewed in order to make more accurate customer selection and more appropriate limit suggestions. Automation rate in 2022; 98.5% in consumer loans, 99.4% in credit cards, 94% in SME loans and 67% in agricultural loans. Within the scope of limit increase programs, portfolio limit increases were realized and the number of manually evaluated transactions was reduced. Limit increase and revision processes have been designed for the instant needs of customers.

Rule sets and processes have been harmonized with the regulations published by legal authorities.

Tests and simulations were carried out for the correct integration of credit rule sets and limit determination rules, and after system integration, all updates were rechecked and supported with reports.

Support was provided for the development of the Sustainability Management System.

### Collection Policies and Analytics

In 2022, when the pandemic conditions disappeared and the normalization process gained weight, different methods were offered to customers to solve their payment difficulties. With these methods, customers' payment difficulties were eliminated, and a positive contribution was made to the Bank's collection rates. Up to 60% monthly improvement results were achieved on a portfolio basis and lagging customer rates declined throughout 2022.

All collection performance indicators were moved onto the report platform, making them continuously

monitorable. Scorecards for self-remediation and shifting to the next delay band on the live side, and collectability on the legal follow-up side were introduced. It has been ensured that the collection performances of peer banks can be followed regularly. Support was provided to the teams that carried out asset sales and deletion processes in customer selection and data acquisition.

### Credit Modeling

Added value was provided to the Bank by developing new models in order to monitor existing models and analyze their results, to take necessary actions, and/or to offer business teams suggestions on issues such as segmentation and pricing, and to use more up-to-date technologies to improve performance.

As the performance metric for the models, the GINI metric, one of the sector's best practices, is used. The GINI performance values of the models are as follows:

**Corporate Probably Default:** For Corporate Commercial customers; A comprehensive rating system that evaluates customer risk 360 degrees was established with models enriched with both internal and external data sources, with an advanced segmentation approach for the needs of business units.

Segmentation has been made taking into account both the sector and the turnover range. The modeling structure was constructed in 3 different ways using financial, qualitative and external data in the breakdown of sector and turnover ranges, and the average GINIs of the models were evaluated as 53%, 51% and 60%, respectively. At the same time, the GINI value of the early

warning model, which is designed to detect the situations of customers earlier and to make an additional contribution to the rating, is 66%.

**SME Behavior:** The SME behavior model consists of 4 segments. The GINI performance values of the segments are 45%, 35%, 46% and 50%.

**SME Application:** The customer-based SME behavior model consists of 4 segments. The GINI performance values of the segments are 54%, 49%, 48% and 45%.

**Consumer Application:** Customer-based consumer application models consist of 8 segments. The total GINI of all segments is 57%.

**Consumer Behavior:** There are 5 models on product basis: Credit Card, Vehicle Loan, Housing Loan, Consumer Loan and overdraft. GINI performance results were 72%, 82%, 86%, 73% and 71%, respectively.

**Agriculture Application (2022):** The agriculture application model consists of 2 segments. GINI values are 70% and 73%.

**Agricultural Behavior (2022):** Although the customer-based agricultural behavior model has just been renewed due to the deterioration of stability, the validation process continues. The GINI performance results of the current model and new model are 69% and 72%, respectively.

**Check Scoring (2021-2022):** The customer-based check scoring model is used for scoring checks to be taken as collateral for the Bank and factoring, and consists of two segments. GINI performances are 79% and 49%.

## THE GINI METRIC USED AS THE PERFORMANCE METRIC FOR THE MODELS





# ANALYTICS, DATA AND CUSTOMER VALUE MANAGEMENT POLICIES GROUP

## IMPROVEMENTS TO ENSURE DIGITAL CHANNELS WORK CORRECTLY AND ERROR-FREE

### ORGANIZATION, AUTHORITY MANAGEMENT AND CUSTOMER SATISFACTION

Organization, Authority Management and Customer Satisfaction Department, in line with DenizBank's strategic goals, carries out branch and Central Operations personnel norm staff studies, defines authorities, roles and parameters within the framework of the Bank's security procedures, takes quick and accurate action against customer complaints, and complies with legislation. In parallel with the competition, it has focused on digitizing the Bank's account opening transactions and making accurate and complete MASAK, Credit Bureau reports.

The main activities of the Department in this context are given below:

- To carry out norm staff studies to determine the personnel needs of the Bank,

- To carry out resource utilization rate studies for the Central Operations teams engaged in production,
- To manage customer complaints sent to the Bank through various channels, to ensure timely response,
- Making system authorizations in accordance with the employee profile and the Bank's security policies,
- Making parameter definitions in accordance with the legislation and the Bank's strategy,
- To perform tests to ensure both user experience and correct and error-free operation of digital channels in the real environment in order to better serve customers,
- Contributing to the digitization of customers' account opening processes, supporting the accurate and complete collection and storage of customer demographic information,
- Managing the Bank portal, updating the inside information periodically,
- To ensure that the legal reports that are under its responsibility are sent in a timely and complete manner and to make the necessary systemic developments for this.

## Patch tests

During 2022, a total of 14,200 patch tests were written, 8,690 tests were run in 11 major passes and 28,238 tests were run in 34 minor passes.



## MAXIMIZATION OF INFORMATION SHARING OF ALL DENIZBANK EMPLOYEES THROUGH DENIZPORTAL INTERNAL PAGE

The IT and Support Operations Testing Department, which was established in May 2021, started its duty by preparing test scenarios for customers' transactions in mobile banking, internet banking, DenizKartım, and Contact Center channels. In addition, the Department also conducts patch tests. In this context, a total of 14,200 tests were written, 8,690 tests were run in 11 major passes and 28,238 tests were run in 34 minor passes. Each version is tested according to its scope, its findings are recorded and monitored.

With the DenizPortal internal page, which maximizes the information sharing of all DenizBank employees, all internal information is consolidated and made available to all employees.

Within the framework of DenizBank resource planning studies, norm staff and capacity utilization rate calculation and modeling studies were carried out for Branch Operations and Portfolio Manager staff and Central Operations

departments. The work on measuring the standard durations of the transactions continues, as a basis for the calculations of both the norm staff and the capacity utilization rate.

Password/authorization definitions, cancellations and authorization changes for all programs used within the Bank and its subsidiaries are provided and managed.

The Customer Satisfaction Department meticulously examines every feedback from customers regarding all channels and products and works to increase the number of positive notifications and to prevent the root causes of negative notifications by analyzing them.

The works carried out within the Bank in line with the vision of being the "Voice of the Customer" are monitored and carried forward within the framework of the "ISO: 10002-2014 Customer Satisfaction Quality Certificate" standards. Due to the pandemic, the existing staff has been expanded

and strengthened in order to effectively manage the increase in customer notifications reaching the Department and to provide feedback to customers much faster.

The Customer Satisfaction team finalized a total of 447,942 complaints, requests and objections in 2022. When the notifications for the year 2022 are analyzed, it is seen that the average resolution time is 6.06 days. Complaints are responded to within the legal response time.

Sustainability was also contributed by the arrangements made. In this context, the New Customer Onboarding process has been established, and in 2022, 486,788 accounts were opened without the use of paper, with the digital approvals received from the customers visiting the branch.

Thus, less trees were cut with a total of over 7.7 million paper savings, and the carbon footprint was reduced by saving resources such as toner and energy used.





# BRANCH AND CENTRAL OPERATIONS GROUP

## Designing processes to achieve operational excellence

DenizBank's strategic goals include increasing efficiency in operational transactions and reducing the operational workloads of branches in order to improve customer service and increase customer satisfaction levels.

To support these strategic goals, the Branch and Central Operations Group focuses on improving operational processes and creating competitive, effective and efficient ways of doing business.

The vision of the Branch and Central Operations Group encompasses

- Efficiency and Cost Management,
- Digitization and Process Improvement,
- Risk management, and
- Employee Development.

Within the framework of this vision, the Group strives to ensure customer satisfaction and provide quick, uninterrupted, high-quality service to the Bank's internal and external customers.

The most important indicators that the level and progress of each are closely followed by the Group are:

- customer SLAs (service level agreements)
- transaction error and return rates
- performance and capacity utilization rates
- uninterrupted service levels
- customer satisfaction outcomes

The Branch and Central Operations Group makes significant contributions towards ensuring

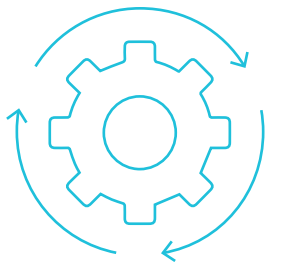
that Bank customers benefit from the DenizBank Payment Systems. Within this framework, the following achievements were recorded in 2022:

- Faster field performance was provided by concentrating on activities designed to improve the management and oversight of companies providing field services.
- Customer use of mobile apps and terminals was expanded by providing a QR code payment option, and direct payment from accounts was instituted through integration with FAST.
- The POSum Cepte application enabled customers to use their mobile devices as POS terminals, thus ensuring efficient management of POS stocks.
- Numerous activities were conducted to ensure that DenizBank and its customers would not be affected by the recent chip problem and to compensate for any shortfalls occurring when institutions failed to deliver cards in accordance with existing contracts. In this way, DenizBank avoided the card-printing problem faced by many large banks.
- Courier costs were reduced significantly by encouraging instant issuance of cards at branches, which increased by 12.7 times over the previous year.

## QR code payment option

Customer use of mobile apps and terminals was expanded by providing a QR code payment option.

## GOAL TO INCREASE CUSTOMER SATISFACTION LEVELS BY REDUCING THE OPERATIONAL WORKLOADS OF BRANCHES





# BRANCH AND CENTRAL OPERATIONS GROUP

## DIGITALIZATION AND AUTOMATION WORKS TO MINIMIZE EMPLOYEE INTERVENTION

- Printed statements were converted into e-statements for 26 thousand customers, achieving significant paper savings.
- Chargeback transactions were closely monitored, thereby decreasing Bank losses by 5 times compared to the previous year.
- A team from the Branch and Central Operations Group was designated to perform reconciliation operations for Fastpay, which will be used to unbundle DenizBank AG's credit card operations and systems in Germany.

## EMV 3D Secure

By launching the EMV 3D Secure app with all its components, a more secure payment infrastructure was provided for e-commerce member merchants and cardholders.



- By launching the EMV 3D Secure app with all its components, a more secure payment infrastructure was provided for e-commerce member merchants and cardholders.
- A system was established to permit MIR cards to be used at member businesses and ATMs; although the system was closed due to sanctions, servicing of MIR cards will be available when sanctions expire.

### Reducing operational expenses and creating customer satisfaction

With the spread of digitalization around the globe, banks have focused on automating their operations to minimize employee involvement. In this regard, 2022 was a very successful year for the Branch and Central Operations Group. Among the Group's accomplishments;

- Through digitalization and automation, operation teams increased the number of daily transactions per person by 40% over the last three years.
- By the end of the year, 50% of all transactions were conducted through non-branch channels, and 44% were carried out automatically.
- To ensure good governance of operational risk, training guides were produced to address all aspects of reconciliation, and training videos were produced to facilitate reconciliation of values and assets by branches under the guidance of headquarters.
- The Chatbot application developed for the platform running the branch customer-service help lines entered its trial phase. By the time the project is complete, Chatbot is expected to handle 15%

of call volume, optimizing resource management and providing quick answers to questions to increase customer satisfaction.

- Integration was established with the Notaries Union of Turkey (TNB), allowing the system to replace telephone confirmation by a notary public for query and verification of powers of attorney issued after March 2016.
- Although scanning continued to be performed at the branches due to the legal documents required, responsibility for archiving and system entries was transferred from the Bank's branches to MOB Scanning Center. This increased the productivity of the Center, enabling 11 trained staff to be reassigned to other departments in need of additional personnel.
- Technical assistance was provided to institutions, businesses and dealers (e.g. MediaMarkt, Vestel) contracted to mediate loan disbursement/product sales on behalf of the Bank; in total, 1,200 dealers received support in relation to systemic specifications.
- In line with the principle of minimum movement, branches were tasked with maintaining physical custody of checks delivered by customers for collection/collateral and factoring transactions in order to prevent possible losses during the courier process.
- A "Competency Development" training program was initiated to ensure Branch Operations staff comply with changes in regulations and procedures and increase their competencies and technical knowledge. The trainings will be included in the annual planning to ensure that two main units are covered each year.

- Regional Operations Managers participated in a 10-hour tele-conference and 8 hours of face-to-face training at DenizAcademy on subjects including effective monitoring of new field operations and changes in regulations.

### Achieving full compliance with numerous regulatory changes in 2022

The Branch and Central Operations Group carried out joint project activities with DenizBank's business units to harmonize all processes and documents in line with changes implemented in 2022, especially those related to legal changes governing loans and foreign exchange transactions.

Within this context,

- Citizenship requests were processed, related amounts of foreign currency were sold to the CBRT, and daily reports were filed in line with the Regulation Regarding the Circular on Capital Movement's Article 13 on Real Estate Purchases by Foreign Nationals and Implementation of the Law on Turkish Citizenship.



## PROJECTS AIMING TO MAKE ALL PROCESSES COMPLIANT WITH LEGAL CHANGES



# BRANCH AND CENTRAL OPERATIONS GROUP

## PROCESS IMPROVEMENTS TO MAKE BUSINESS CONTINUITY POSSIBLE

- The Group also facilitated daily reporting of the following high-frequency transactions to the CBRT:
  - EFT transactions of over 10 million TL sent from a domestic-resident customer to a non-resident customer (including payment category details)
  - All SWIFT transactions in foreign currency or TL valued at 50,000 USD or more
- The Group ensured daily reporting of foreign-exchange earnings obtained by the Bank as a result of bank services/transactions and sale of at least 40% of these earnings to the CBRT, in line with the Circular on Invisible Transactions.

### Key Block

HSMs and System Keys were adjusted as required by the mandatory conversion of the KEY infrastructure from the variant model to the Key Block model.



The following activities were conducted within the context of legal changes related to payment systems:

- Card and member-merchant systems were revised to support 8-digit BINs. Within this framework, various adjustments were made to BIN parameters, parametric infrastructure uploaded to POS devices, and the masked-card infrastructure between insurance companies and the Bank.
- The QR-code app was rolled out across all main POS system providers, and support was provided for FAST payment.
- Within the framework of support provided for 3D Secure 2.0 with the phasing out of 3D 1.0, integration with the BDKM 3DS service was completed, and card and member transactions were brought in line with EMV 3D Secure standards.
- All necessary procedures were performed and the required certification obtained to permit the transformation of all card products to contactless products in line with the requirement for all newly issued cards to be contactless.
- HSMs and System Keys were adjusted as required by the mandatory conversion of the KEY infrastructure used in BKM-Bank encryption from the variant model to the Key Block model.
- Improvements were made in the procedures for integrating Takasnet and BKM with ODM to ensure business continuity in case of system problems.

## Securing successful outcomes through digitalization

- The creation of a foreign-currency payment module for the MobilDeniz app allowed 54% of transactions involving foreign currency payments to be completed in a digital environment.
- The Swift GPI application was launched, allowing customers end-to-end tracking of foreign-currency transfers.
- Digital approval for printed contracts and transaction instructions was initiated for derivative products, resulting in the transfer of approximately 6,500 transactions per month to digital media.
- The module used for foreign currency payments made through Internet Banking was developed to cover all products.
- Inclusion of the digital debit card in the Digital Onboarding process in August 2022 made it possible to avoid physically printing 204,618 cards.

## Improving our environmental footprint

With its meticulous attention to issues affecting sustainability, the Branch and Central Operations Group made extensive contributions towards reducing DenizBank's environmental footprint.

Operational improvements implemented in 2022 that had a positive effect in terms of sustainability include the following:

- Processing of transactions using digital signatures and e-extract saved approximately 1,500 trees per month, equivalent to meeting the oxygen needs of 36,000 people for the year.
- Extending card validity to 10 years, improving renewal criteria, and issuing digital bank cards led to reductions in the amounts of plastic and chip waste.
- By allowing mobile phones to be used as POS terminals, the POSum Cepte app reduced the amounts of paper (slip production), plastic and electronic waste.

## MEASURES TAKEN TO PROTECT NATURAL RESOURCES AND REDUCE WASTE GENERATION



**~1,500 TREES**

Processing of transactions using digital signatures and e-extract saved approximately 1,500 trees per month.



# INFORMATION SECURITY AND INFORMATION TECHNOLOGIES RISK MANAGEMENT GROUP

## A brief overview of data security in the financial services sector

Information security, data storage and cyber threats are among the most significant risks facing the financial services sector. Today, advanced analytical applications can be used to process data -otherwise known as "the new oil"- and transform it into total business success. For this reason, the protection of data assets has become more than just a matter of law, but the key factor in an organization's reputation and success.

While rapid rollout of new technologies is a characteristic of our times, new information security threats are updating themselves just as quickly. Establishing an agile, resilient information and cyber security management system that accurately and efficiently integrates people, processes and technology is vital for preventing these threats from causing harm to an organization.

Cyber security structures are characterized by an awareness of security that has been embedded in the corporate culture; simple, understandable procedures; and effective identity management. These structures require a multi-layered design that addresses current threats as well as a governance framework for measurement and internal/external evaluation to ensure continuous structural improvement.

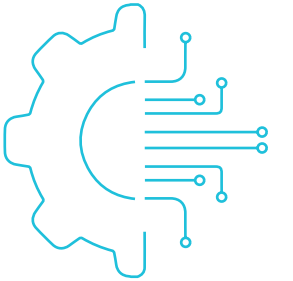
The limited number of young people entering the field of cyber security and the fact that competent individuals prefer employment with foreign companies represent problems for the sector; however, these difficulties are being overcome by service-procurement and third-

party management models that have now become standard.

An evaluation of the sector highlights the following:

- With "Time" as the overriding value, and "Speed" representing its effective use, a quick response to an identified risk becomes just as important as a correct response.
- Increases in both the amount and complexity of data make it harder to guarantee data security, and while it may be possible to secure structured data, providing security for unstructured data is becoming increasingly more difficult.
- The relative lack of knowledge regarding the security of new technologies (e.g. cloud, artificial intelligence, IOT, scada, robotics) has produced uncertainty, necessitating action based on "Zero Trust" principles.
- Nested service models (based on open banking), dependencies and integrations require accurate identification of network threats and proper risk assessment.

## A RESILIENT AND AGILE INFORMATION AND CYBER SECURITY MANAGEMENT SYSTEM





# INFORMATION SECURITY AND INFORMATION TECHNOLOGIES RISK MANAGEMENT GROUP

## COMPATIBILITY, EFFICIENCY AND SUFFICIENCY OF APPLICATIONS REGARDING SYSTEM AND PROCESSES

- Considering that recent trends and studies have found third parties to be the main source of information security breaches, cyber supply-chain assessments are a necessity.
- Even when all the security software in use is of the highest level available on the market, a phishing attack that results in the sharing of confidential data from one individual can put an entire organization at risk. This points to the human factor as the most critical factor in security and the need to maintain the highest level of information security awareness.

Managing these limitations will require quick action to establish flexible structures, which in turn will require concentrated efforts to attract to the sector individuals with the skills and competencies needed to create this infrastructure.

### Sectoral cyber-threat compliance levels

The current regulations governing Turkey's financial services sector have been designed to minimize relevant information security risks, and the sector places top priority on compliance with regulations outlined by the DTO, BRSA, CMB, PDPA and other regulatory agencies. Within this framework, both internal and independent audits are conducted to examine the compliance, effectiveness and adequacy of both systems and implementation processes.

With the continual updating of the aforementioned regulations, precedent reviews and guides are published to explain what steps need to be taken in terms of risk management and compliance.

Following the guidelines outlined in the regulations ensures that not only will organizations increase their level of maturity and establish more traceable and more manageable information security structures, but that they will also develop an institutional reflex of security management.

### DenizBank's innovative security technology

In line with its goal of "developing and digitizing high-quality products and services", DenizBank defines its information security mission as follows:

- To build a resilient security culture and environment in light of information security leadership,
- To engage in ongoing construction of a more trustworthy information security architecture,

- To develop an agile, flexible cyber ecosystem,
- To establish close and strong relations with internal and external stakeholders capable of acting as a single team,
- To minimize risks with the aim of full regulatory compliance.

In yet another way in which it distinguishes itself from its competitors, DenizBank uses innovative and sustainable security technologies to support business strategies. This allows the Bank to protect customer data and is one of the main factors accounting for its success.

The Bank implements comprehensive projects in the areas of information security, data protection, fraud prevention and business continuity in order to increase information security to its targeted maturity level.

In this context, the Bank accomplished the following in 2022:

- Ensured that the procedures used to detect issues that could create vulnerabilities and risks are supported by different automated software, in line with Zero Trust principles.
- Further invested in technology to improve Cyber Security Monitoring systems and procedures and implemented infrastructural improvements to enable faster and more efficient analysis of data collected and processed during data monitoring.
- Positioned evaluation, testing and simulation as the most important validation mechanism by jointly managing security and business-continuity issues.

- Put into operation supplementary systems to prevent fraudulent transactions and detect malicious software that exploits vulnerabilities of mobile devices and apps used to conduct banking transactions.
- Made extensive updates to data-loss systems and policies, adding procedures designed to protect sensitive and confidential data.
- Developed new processes for increasing internal and external stakeholder communication and established new reporting mechanisms with the understanding that information risk-detection and security governance are among the most important milestones for ensuring information security.
- Increased resources and capacities through operational resilience programs designed to prevent threats that could cause business interruptions.
- Within the scope of harmonization with relevant legislation, carried out studies and implemented awareness-raising programs designed to improve existing practices and protect personal and confidential data associated with new projects.

## Cyber Security Monitoring

DenizBank invested in technology to improve Cyber Security Monitoring systems and procedures in 2022.

## INTEGRATION OF INNOVATIVE AND SUSTAINABLE SECURITY TECHNOLOGIES INTO BUSINESS STRATEGIES





# INFORMATION SECURITY AND INFORMATION TECHNOLOGIES RISK MANAGEMENT GROUP

## DENİZBANK'S INFORMATION SECURITY POLICIES CLARIFYING THE PRINCIPLES AND REGULATIONS FOR SECURITY

### Security criteria in Service-Model Banking

DenizBank is maintaining its leadership in the field of Service-Model Banking by using the experience gained with the Open Banking model. With more than 300 interfaces included in "the API Portal" it has established, it ensures that customers can receive banking services through different interface providers.

Security remains one of the most important criteria of Service-Model Banking. DenizBank's Information Security Policies clarify the principles and regulations for secure data access, ensuring confidentiality and integrity of accessed data, authentication, and the performance of transactions in accordance with the principles of non-repudiation. The Bank takes great care to ensure that interface providers are also strong enough to fulfill their security obligations.

### A high information-security maturity level

Bilgi güvenliği olgunluk seviyesinin  
The average value of the information-security maturity level in the financial sector is calculated as somewhere between 3.2-3.6.

DenizBank's information security maturity level is assessed and verified by independent auditors on an annual basis. According to the 2022 assessment, the Bank has a maturity level of 3.3. Plans have been drawn up to increase this level even further, and ongoing activities are being conducted accordingly.

### Areas of synergy in information security

Realization of DenizBank's information security goals is largely a function of the strategic partnership developed between the Bank and its subsidiary, Intertech.

The "Cyber Security Governance" structure jointly established by DenizBank and Intertech creates an area of common synergy by unifying people, processes and technology.

The cyber security management services provided by Intertech ensure the following:

- Minimization of any security risks associated with new steps taken to achieve DenizBank's digitalization targets.
- Establishment of the necessary architectural requirements in accordance with information security policies.
- Implementation of necessary technical measures and heightened controls to ensure the security of customer secrets, bank secrets and personal data.
- Monitoring of security-vulnerability detection and elimination.
- Allocation of necessary infrastructure and resources to effectively perform information-security monitoring activities.
- Management of over 35 security applications in order to guarantee the security of different layers and their various assets.



### Cyber security defense with the participation of all stakeholders

Threats to cyber security are constantly changing and developing. New cyber-attacks target not only banks, but other institutions that contain valuable data or direct critical value as well. Hospitals, government institutions, pharmaceutical companies and other agencies that provide social benefits may also be exposed to these attacks.

## DenizBank Security Culture

In order to spread the "DenizBank Security Culture" throughout the Group and its social environment, DenizBank establishes an annual Information Security Awareness Program.

Within this framework, DenizBank believes that cyber security measures should be implemented at a global level that goes beyond the levels of institution and individual. As an extension of the corporate reflex it has developed, the Bank supports the participation of its business partners, suppliers, service providers and all other external stakeholders in cyber security defense. Training designed to increase the information security awareness of stakeholders is offered using a "voluntary consultancy" approach that involves sharing information and experience in order to help institutions raise their information security maturity levels.

### Continuing education to combat information security risks

In order to spread the "DenizBank Security Culture" throughout the Group and its social environment, DenizBank establishes an annual Information Security Awareness Program that is monitored throughout the year. The program

## NECESSITY TO IMPLEMENT CYBER SECURITY MEASURES AT THE GLOBAL LEVEL

includes training provided under the leadership of the Deniz Academy, implementation and measurement of phishing tests, and a focus on "Cyber Security Awareness Month" each October.

The Bank's regular training procedures are supported through supplemental role-based training activities. Information is provided through numerous channels, and alerts are shared to ensure that employees maintain a high level of awareness and are kept abreast of constantly evolving security and data-protection risks. In addition to DenizBank employees, training is also provided to external service providers, suppliers and business partners.



# FOREIGN BANKING OPERATIONS



## DENİZBANK AG

### An international bank offering quality products and services

Founded in Vienna in 1996 by Esbank T.A.Ş., Esbank AG was purchased by DenizBank in 2002. In 2003, Esbank AG's name was changed to DenizBank AG.

DenizBank AG has approximately 400 employees and provides customer-oriented, high-quality service through 13 branches in Austria, seven branches in Germany, an extensive ATM network, and a Call Center equipped with the latest technology.

DenizBank AG's retail and commercial banking operations offer a wide range of deposit and loan products. Diversifying and enriching these products in line with market needs and emerging opportunities, the Bank also offers remittance services to Turkey for many Turkish citizens living abroad.

DenizBank AG is constantly improving the deposit and current account products it offers to its retail customers, the majority of whom are Austrian and German citizens. In addition to the Santander consumer loans, which the Bank mediates in Austria, it offers mortgage savings opportunities through its ongoing business partnership with Wüstenrot and global money-transfer services through MoneyGram.

DenizBank AG provides its corporate, commercial and SME customers with financial support for investment loans, project finance, import-export transactions and other products, focusing mainly on companies with commercial links to the European Union, especially in Turkey, Germany and Austria.

### High performance through a strong capital structure

Due to the Russia-Ukraine crisis, the disruptions in global supply chains and supply constraints that arose during the pandemic period became increasingly evident over the course of 2022. Global commodity and food prices rose rapidly, and attempts were made to maintain price stability by increasing interest rates in the face of high inflation throughout the year.

Maintaining its stability for over 20 years, DenizBank AG has become the largest Turkish bank operating abroad in terms of asset size with the support provided by its staff of experts and backing from its main shareholder.

DenizBank AG's strong capital structure made 2022 a successful year for the Bank, which ended the year with Euro 5.8 billion in total assets and Euro 1.4 billion in shareholder equity.

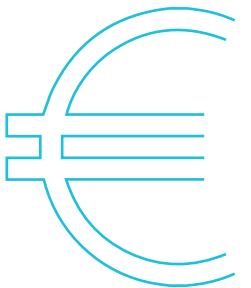
### Increase in customer acquisition through digital channels

By continuing to develop and improve the efficiency of its digital channels, DenizBank AG added value to its customers lives in the form of new products and services in 2022.

Based on its vision of the future of banking, it followed a digitalization strategy that was proven to be correct, as the returns of technology- and innovation-oriented activities became even more evident during the pandemic.

Communication campaigns that focused on the changing needs of customers by highlighting the advantages provided by Internet Banking and the DenizMobil app resulted in a growth in customer

## A WIDE RANGE OF DEPOSIT AND LOAN PRODUCTS IN RETAIL AND COMMERCIAL BANKING





# FOREIGN BANKING OPERATIONS

## AIMING TO MAKE THE LIFESTYLE- ORIENTED DIGITAL BANKING PLATFORM AVAILABLE TO THE CUSTOMERS

acquisition through DenizBank AG's digital channels.

The DenizMobil app screen was improved, with new features added to allow customers to easily complete banking transactions anywhere they are.

### **Sustainability as an integral part of corporate strategy**

DenizBank AG considers sustainability and ESG (Environmental, Social, Governance) to be an integral part of its corporate strategy. For this reason, the bank conducts activities designed to increase the awareness and sense of responsibility among its staff regarding sustainability.

Equal employment opportunity is very important to Denizbank AG, which follows a balanced gender policy. Bank employees, 53% of whom are female, come from 23 countries and speak 29 different languages.

DenizBank AG refuses to tolerate any form of discrimination, especially discrimination based on race, gender, age, religion, philosophy or political view.

DenizBank AG has implemented a waste-separation and recycling system and made reducing paper, water and energy consumption a priority in order to ensure a sustainable future.

### **About the future...**

DenizBank AG expects 2023 to be a year in which the energy crisis continues, and the macro-outlook is adversely affected. From this perspective, the Bank has analyzed those sectors and companies in its loan portfolio that it believes could be affected by the energy crisis, and it has taken preventative measures and implemented effective risk-management practices to protect the quality of its assets.

In future, DenizBank AG, via export credit agencies (ECA Credits), will continue to be actively involved in financing company foreign-trade transactions and imports of machinery, equipment and other capital goods.

The Bank has also begun offering loan products to its customers involved in 'commodity trading and financing' to finance commodities traded on international markets.

DenizBank AG is getting ready to make its lifestyle-oriented digital banking platform available to its retail customers, first in Germany and then in Austria. Through the platform's, "buy now, pay later" function, the Bank will offer its customers a unique experience that will allow them to access the best lifestyle deals using credit-card products.

With the synergy that exists within the DenizBank Financial Services Group (DFSG), DenizBank AG aims to create a positive customer experience and attract new customers to both the Bank and the financial services group.

In addition, the Bank will be closely monitoring steps taken towards the Group's sustainability goals. It plans to finance investments that include renewable energy use, energy transformation and sustainability projects in order to raise environmental awareness and increase capital efficiency.

## DENİZBANK MOSCOW

### **Competence to offer a variety of financial products, services and applications**

DenizBank Moscow was established in 2003 with DenizBank's acquisition of İktisat Bank Moscow. At the heart of DenizBank Financial Services Group (DFSG) operations in Russia and the Commonwealth of Independent States, DenizBank Moscow primarily provides financial services to the Turkish business world operating in this part of the world.

DenizBank Moscow has the competence and capacity to offer its customers all of DFSG's financial products, services and applications.

The Bank's loan portfolio consists entirely of Turkish corporate customers with investments in Russia and stable operations since the early 2000s. The loan portfolio contains no notable negative expectations. Given the steady volume of loans and non-interest service revenues it has provided over the years, DBM expects profitable and productive results in 2023.

### **A leader in the Turkish niche market**

As of the end of 2022, DenizBank Moscow was showing a net profit of USD 44 million for the period, with the amount of cash dividends paid by the Bank amounting to more than its paid-in capital in 2022. The Bank's total equity stands at USD 103 million.

With assets of USD 270 million and cash loans of USD 106 million, DenizBank Moscow maintains its leadership in the Turkish niche market.

**USD 270 MILLION**

With assets of USD 270 million, DenizBank Moscow maintains its leadership in the Turkish niche market.

## EURODENİZ INTERNATIONAL BANKING UNIT (IBU) LTD.

The Bank, purchased by DenizBank from the SDIF in 2002, started its operations as EuroDeniz International Banking Unit (IBU) Limited in February 2009.

An offshore bank authorized to perform all kinds of banking transactions, EuroDeniz IBU Limited offers a wide range of deposit and loan products to its retail, corporate and commercial customers.

As of the end of 2022, the Bank registered total assets of USD 9.2 million and USD 7.7 million in shareholder equity.

**USD 9.2 MILLION**

As of the end of 2022, the Bank registered total assets of USD 9.2 million.



# INFORMATION TECHNOLOGY (IT) SERVICES



## INTERTECH

### Innovative and effective information technology solutions

Established to meet the information technology needs of the finance sector, Intertech has been operating under the umbrella of the DenizBank Financial Services Group (DFSG) since 2002, providing superior service quality through innovative and effective solutions to 49 institutions in 11 countries.

Intertech achieved significant successes in 2022, its 35<sup>th</sup> year of operation, and it continues to make a difference in the sector by focusing on people, innovation, quality and the customer. The Company closed out 2022 having proudly met all its targets, with products and services developed using new-generation technologies providing it with a competitive advantage that has played an important role in its success.

Intertech's systems are compatible with the rapidly changing nature of the financial sector, and the Company possesses an agile and dynamic corporate culture as well as expert staff. These factors have been largely responsible for maintaining performance at the highest level.

### Technological collaborations create a strong ecosystem

Intertech continues to bring dynamism to the sector through inter-Cloud, the first and only BRSA-approved financial cloud platform. The positive response to its application to the Central Bank of the Republic of Turkey (CBRT) has made inter-Cloud the first and only platform to offer community cloud services to Payment and Electronic Money Institutions subject to CBRT legislation.

Intertech engages in various technology collaborations to create the strongest cloud ecosystem. Within the framework of its business partnership with NGN announced at the end of 2022, hosting of inter-Cloud was moved to the Star of Bosphorus Data Center. In view of inter-Cloud's uninterrupted accessibility and high-efficiency features, Intertech is now preparing to expand its services to all financial institutions.

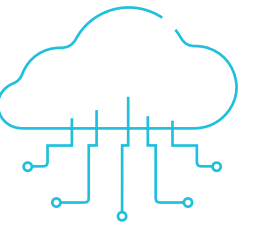
The number of business partners of Intertech in inter-API Open Banking-Innovation Fintech and sales-oriented ecosystem has risen to 56. In 2022, the Company reached a total volume of TL 7.1 million over the ecosystem.

## TL 7.1 MILLION

In 2022, the Intertech reached a total volume of 7.1 million TL over the ecosystem.



## PRODUCTS AND SERVICES DEVELOPED USING NEW-GENERATION TECHNOLOGIES





# INFORMATION TECHNOLOGY (IT) SERVICES

## SOLUTION PARTNERS ECOSYSTEM WHICH IS POSITIONED AS A NATURAL EXTENSION OF HUMAN RESOURCES

Intertech's ecosystem strategy is focused on more effective resource and cost management. Many of the solutions actively being used by its customers were developed by business partners who are experts in their own fields. Intertech meticulously monitors all integration, sales and invoicing processes to improve the efficiency of its customers' systems and enrich them with value-added solutions. In addition, all the processes needed to locate ecosystem partner solutions on inter-Cloud are conducted together with business partners and customers.

In line with its strategy of expanding inter-Cloud, Intertech aims to increase its sales volume and commission income by including in its business-partner ecosystem all domestic and global fintechs interested in offering their services to banks on inter-Cloud.

Within this framework, through the more efficient and flexible infrastructure provided by the cloud environment, the Company aims to optimize costs of business-partner solutions and provide banks and financial institutions with easier and more effective disaster management.

Intertech predicts that locating partner solutions in inter-Cloud will make it easier to reach potential customers and provide revenue-generating growth in the relevant ecosystem.

Intertech's biggest supporter is the Solution Partners Ecosystem, which is positioned as a natural extension of human resources. In 2021, the Solution Partners Ecosystem included 55 companies; as of the end of 2022, the ecosystem consisted of 46 companies, whose competencies and software-development standards were determined by Intertech.

In addition to Intertech's internal development resources, Solution Partners accounts for an additional workforce of more than 30% of total resources, contributing to an increase in the strategic project focus while responding to customer needs fully and on time.

## 46 COMPANIES

As of the end of 2022, the Solution Partners Ecosystem consisted of 46 companies.



## A holistic and stable approach to transformation

Intertech is constantly working on transformation that is focused on increasing both customer and employee satisfaction levels and maintaining market leadership. The Company takes a holistic and stable approach to transformation in terms of agility, analysis, software, testing, UI/UX and Devops, applying world standards and producing value-oriented results.

In 2022, Intertech added new chapters to its digital transformation success story, developing a culture of trial and error to produce innovative products and adding value to both its products and its customers through short-term deliveries. During the year it embarked upon efforts to adapt its organizational structure and performance system to conform with agility principles.

## Agile principles

In 2022, Intertech embarked upon efforts to adapt its organizational structure and performance system to conform with agility principles.

Intertech's transformation activities have led to increases in business continuity, delivery speed, and commitment-fulfillment success rates. Customer and employee satisfaction have also increased, while error rates have decreased.

The Company continues to update its roadmap with sector comparisons conducted by independent agencies as well as its own measurements in all areas of operation.

Intertech's plans for 2023 include a continuation of its agility-development programs and company-wide dissemination of the technological developments designed to give its products a competitive edge. It will also maintain its support for innovation and initiatives designed to achieve success in all its areas of operation.

## UPDATED ROADMAP CONDUCTED BY MEASUREMENTS IN ALL AREAS OF OPERATION





# INFORMATION TECHNOLOGY (IT) SERVICES

## SUSTAINABILITY FOCUSED WORKS THROUGH THE COORDINATION OF NGOs AND INDIVIDUAL PROJECTS

### Aiming for environmental as well as social sustainability

Intertech continues to move full-speed ahead with its efforts to attain both environmental and social sustainability. At the top of the list of steps the Company has taken on its journey to environmental stability is its remote working policy, which has offered more than 1,400 employees the opportunity to work from home, allowing them to avoid wasting time in daily traffic. Not only has this helped them to preserve their work-life balance but keeping them off the road also contributes to the reduction of greenhouse gasses and air pollution. By offering its employees the opportunity to work not just in Istanbul, but from anywhere in the world, Intertech creates employment in different regions, promoting equal opportunity while reducing the energy burden of major cities.

Between 2015-2022, through the coordination of its Social Responsibility Committee, the Company maintained its momentum with regard to joint-NGO and

individual projects, continuing to work in four main areas (children and society, health and environment, education, and animal rights).

Intertech added sustainability to its areas of activity when it began using the Abilitypool platform at the start of 2023. Under the slogan "Together for More Good", the Company aims to contribute to society and the environment and to work together voluntarily to find solutions to social problems.

Through its reskill & upskill programs, Intertech contributes to the career journeys of its employees by helping them to develop existing competencies and acquire new ones. One outstanding example of the reskill & upskill programs from 2022 is the collaboration with Workintech that offered young talents the opportunity to learn software, a subject outside of their own discipline. Talented youth from different disciplines participated in a six-month program as part of Workintech, which aims to reduce the software talent gap in Turkey and contribute to employment.

## Reskill & upskill programs

Through its reskill & upskill programs, Intertech contributes to the career journeys of its employees by helping them to develop existing competencies and acquire new ones



## MAKING THE USE OF INCLUSIVE LANGUAGE AN INDISPENSABLE PART OF THE CORPORATE CULTURE

Intertech also has a software-developer training program in which the Company recruits analysts working within the company who wish to focus on their software abilities and work in software on a rotational basis. The technical training allows them to strengthen their software competencies and enter the sector.

In line with its attitude towards sustainability and its corporate policies, Intertech takes a stand against all forms of discrimination, considering gender equality an indispensable element of a sustainable future. The Company is continuously increasing the numbers of women employees, offering them an ecosystem in which they can be treated equally in every area of employment. Intertech also opposes discrimination in promotion, arguing that the business world needs women in decision-making positions.

Intertech eliminates discriminatory and gendered expression from the corporate language, making the use of inclusive language an indispensable part of its corporate culture. One prominent example of this fundamental approach is the Company's use of the term "person/day" in all its internal and external platforms to replace the customary sector-wide use of "man/day", for years one of the most basic terms in the software world.

Intertech is also working to combat age discrimination. To ensure a sustainable work environment and overcome the discrimination against young people stemming from their inexperience in terms of professional knowledge and skills, the Company initiated FirstTech, a program for first-year university students; InternTech, a program for university students wanting to complete their compulsory internships; and

startTech, an online part-time program for senior university students interested in quick-starting their professional careers. In addition, the MentorTech-Reverse Mentoring program brings together young employees and top management in a non-hierarchical program based on mutual learning and development.

## startTech

Intertech initiated startTech online part-time program for senior university students interested in quick-starting their professional careers.





# LEASING AND FACTORING SERVICES



## DENİZLEASING

### Global developments

The ongoing social and financial crisis that emerged with the global pandemic is being felt all over the world, including in Turkey. Due to rising energy prices and upward-trending inflation on a global level, companies are undergoing a period in which resources are hard to find and production is difficult.

Furthermore, the 2020 and 2021 chip crisis slowed down production in the automotive industry worldwide, which in turn led to a problem of vehicle supply in 2022.

On a positive note, in the face of rising energy prices, amendments made to the Energy Market Law have encouraged companies to produce their own electricity and generate their own income.

### Action on renewable energy usage

DenizLeasing's underlying strategy has always been to prioritize investments that aim to capitalize on national resources and ensure sustainability of limited resources. In this context, the Company helps secure financing for companies interested in energy investments and actively works to provide technical, legal and operational support in every sphere of renewables.

DenizLeasing responded to developments adversely affecting the market with "My Capital Vehicle", a product that allows customers to sell their vehicles to DenizFilo at full value and then turn around and lease back the same vehicle. With this product, the Company makes it possible for its customers to avoid any interruption to their commercial activities by meeting their requirements for cash without

the need to rely on credit or incur any other expenses. The model also allows the Company to mitigate sectoral supply issues by adding new vehicles to its fleet.

### Rising market share in the financial leasing market

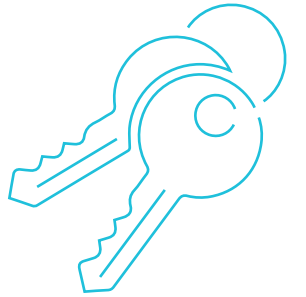
In 2022, DenizLeasing focused on the financing of machinery/equipment for export companies, primarily in the areas of production, textiles and energy projects. By taking a 5% share of new business, it increased its share in the financial leasing market.

In 2022, the Company reached a new sales volume of 707 units, amounting to USD 194 million, with SMEs representing 47% of the transaction volume and corporate and commercial business representing 44%.

With the strong contribution of DenizBank's agricultural customer portfolio, DenizLeasing was able to expand its business volume in the area of financing equipment that supports production, such as combine harvesters and cotton pickers, increasing its share of this market to 10%.

In 2023, DenizLeasing will continue contributing to increases in exports through its support to SMEs, and it will keep producing solutions geared to facilitating operations for businesses through DenizFilo.

5% SHARE  
OF NEW  
BUSINESS IN  
THE FINANCIAL  
LEASING  
MARKET





# LEASING AND FACTORING SERVICES

## PRIORITIZING INVESTMENTS ON THE SUSTAINABILITY OF LIMITED RESOURCES

### Sustainability investments that are gaining importance

Geopolitical and economic developments have led to increased demand for renewable energy, and greater importance is being given to investments in sustainability and the environment.

DenizLeasing aims to increase its market share by providing financial support to renewable energy sources as part of its sustainability activities.

The Company participates in all projects requiring investment in this area, prioritizing those that show sensitivity towards the sustainability of limited resources and presenting solutions in line with investment cash flows.

For companies that plan to control their own electricity, especially those engaged in industrial, commercial and agricultural irrigation, DenizLeasing secures financial support for them to create cheap and local sources of electricity.

Within this framework, DenizLeasing recommends that investors who receive financing to begin solar-powered electricity generation convert part of their fleet into electric vehicles. In cooperation with DenizFilo, DenizLeasing expects to continue offering suggestions for the planning and financing of every aspect of this solar transformation, from charging stations to storage, energy efficiency, and sustainability practices.



## DenizFilo cooperation

DenizLeasing offers suggestions to investors to convert part of their fleet into electric vehicles in cooperation with DenizFilo.

## DENİZFAKTORING

### A leading position in the sector

DenizFactoring is involved mainly in providing its customers with guarantee, collection and financing services. The Company leads the factoring sector with its Digital Factoring, Collection Management System, Supplier Financing Application, Public Factoring and Export Factoring products.

DenizFactoring is a long-standing member of some of the most respected factoring institutions in Turkey and the world:

- In August 2001, DenizFactoring joined FCI, (Factors Chain International), the most important factoring organization in the world.
- In October 2004, it became a full member in FCI, based on its transaction volume and FCI-registered service quality.
- In 2013, it became a member of the Association of Financial Institutions (Association of Financial Leasing, Factoring and Financing Companies)

DenizFactoring provides quality service to its customers through its fast and easy-to-use DFSG portal. The portal is staffed with a competent, well-equipped team located at DenizFactoring's headquarters and is supported by local DenizBank branch employees in accordance with legal regulations.

## 118%

DenizFactoring's transaction volume rose to TL 19.6 billion in 2022, representing an annual increase of 118%.

### Successful financial and operational performance

As of the end of December 2022, DenizFactoring's factoring receivables had increased by 162% to reach TL 8.1 billion. December 2022 data on return on equity ratios indicated a successful performance at 59%, as compared to the sectoral average of 38%. As of December 2022, the Company held a 6.3% share of the market in factoring receivables.

DenizFactoring's transaction volume rose to TL 19.6 billion in 2022, representing an annual increase of 118%. Domestic transactions accounted for 81% of factoring volume, with the remaining 19% comprised of international factoring transactions.

### The Sector's digital leader

As the sector leader when it comes to digitalization, DenizFactoring continues to break new ground with innovative applications that allow its customers to perform factoring transactions easily and safely.

DenizFactoring's mobile application, "Send Checks to Deniz" offers customers instant access to factoring transactions. In 2022, customers continued to make frequent use of the app, which allows them to quickly learn the cash equivalent of post-dated checks through digital channels 24/7 and then get a cash payout from the nearest DenizBank branch before the date on the check.

During the pandemic, the value of this product became even more evident, and in 2022, it registered 190,000 queries from more than 33,000 companies, accounting for TL 3.3 billion in sales in a completely digital environment.

## A LONG-STANDING MEMBER OF SOME OF THE MOST RESPECTED FACTORING INSTITUTIONS IN TURKEY AND THE WORLD

As the financial world undergoes digitalization, DenizFactoring is closely monitoring customer needs. In the upcoming period, it aims to transfer all procedures requiring wet signatures, including contracts and instructions, into the digital realm through its "Send Checks to Deniz" app.

DenizFactoring frequently organizes internship programs in order to help young people take more informed steps on their way up the career ladder. Through its collaboration with NEOHUB, another DenizBank subsidiary, DenizFactoring emphasizes helping young entrepreneurs and newly formed IT businesses meet their technological needs.



# REAL ESTATE INVESTMENT TRUST



## DENİZ REAL ESTATE INVESTMENT TRUST (DENİZREİT)

DenizREİT joined the DenizBank Financial Services Group (DFSG) at the end of 2001 under the name DenizYatırım Ortaklığı A.Ş., a subsidiary of Deniz Yatırım Menkul Kıymetler A.Ş. With its transformation into a real estate investment trust, the Company changed its name to Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. (DenizREİT) on 20 December 2013.

In order to establish its commercial real estate portfolio, DenizREİT merged with Pupa Gayrimenkul Kiralama ve Yönetim Hizmetleri A.Ş. (Pupa) on 11 June 2014, which had been acquired by DFSG on 31 December 2013.

DenizREİT's main sphere of activity comprises investments in real estate, real estate-based capital market instruments, real estate projects, real estate-based rights and capital market instruments as well as the creation and development of a real estate portfolio.

DenizREİT's commercial real estate portfolio which provides regular rental income and is active in different sectors, includes assets in İstanbul, Bodrum and Ankara.

DenizREİT is one of six companies with banking origins involved in the REIT sector, which includes 37 publicly traded companies.

### A very productive year financially

In 2022, DenizREİT's total assets increased by 56% compared to 2021, with Cash and Cash Equivalents and Investment Properties accounting for most of this increase.

The increase in the Company's cash portfolio was largely due to the 90% decrease of DenizREİT's borrowing items (loans, bonds, etc.) in 2022 as compared to the previous year. A 13% decrease was also recorded in Trade Payables in 2022.

Financially, 2022 was a very productive year, with total revenues up by 42.7%. This increase was achieved without the sale of a single company-owned investment property maintained in the portfolio for rental purposes.

One of the main factors behind the increase in revenues was an increase in DenizREİT's net rental income for 2022, which increased by 104.6% compared to 2021. Increases related to new tenants in the portfolio and to customers with turnover-based rental agreements accounted for a majority of the increase in net rental income.

Along with the increase in Company revenues, gross profits increased by 115% in 2022, whereas EBITDA increased by 240%, and net profits increased by 518%.

In line with the rise in net profits, shareholder equity in the Company showed an 84% increase in 2022 as compared to 2021.

## INCREASE IN TOTAL REVENUES WITHOUT THE SALE OF A SINGLE COMPANY- OWNED INVESTMENT PROPERTY





# REAL ESTATE INVESTMENT TRUST

## PORTFOLIO VALUE IN LINE WITH A MISSION OF HIGH AND STABLE RENTAL INCOME

### Portfolio value increases in line with a mission of “high, stable rental income”

As of 2022, DenizREIT ceased depending upon borrowing to finance construction and land expenditures for housing projects currently in its portfolio. The Company did not rely on loans during the current year, nor did it issue any debt instruments. As a result, cash flow from sales remained entirely with the Company, thereby diversifying its cash portfolio and making it easier to manage.

DenizREIT earned high interest income by investing in financial instruments such as time deposits, private-sector bonds, notes and bills in 2022.

**56%**

In 2022, DenizREIT’s total assets increased by 56% compared to 2021.



The Company has also shown an increase in its ability to collect receivables, with the average rate decreasing from 53 days in 2021 to 18 days in 2022. This rate has a significant effect on the Company’s ability to achieve its mission with regard to securing regular rental income for use in financing Company activities.

DenizREIT’s residential and investment property portfolio expanded by 16% in 2022 compared to the previous year due to a record 92% increase in the appraisal values of its Investment Property portfolio.

The 92% increase in this portfolio value led to an increase in rental fees in the relevant independent sections, in line with the Company’s mission of securing “high and regular rental income”.

### A high level of sustainability awareness

DenizBank employs a responsible banking approach that emphasizes the importance of taking joint action and responsibility for the common problems of humanity and the planet in order to ensure a livable future. DenizREIT has internalized the concept of sustainability and raised awareness among its employees in line with this approach, which is reflected in its activities. In this regard, in 2022, the Company continued to work on projects that put the environment and people first.

In 2022, DenizREIT established a four-person Sustainability Committee to conduct activities under the direction of the Company’s General Manager. The Committee will meet twice a year to address sustainability and ESG (environmental, social, governance) issues, to determine the Company’s strategies, and to evaluate key performance indicators in these areas.

DenizREIT started work on the 2021 Sustainability Report in 2022. The Company plans to complete the report in 2023 and publish it on the Public Disclosure Platform.

## 2030 SUSTAINABILITY GOALS

DenizREIT has identified its “2030 Environmental Sustainability Goals” and its “2030 Social Sustainability Goals” and has initiated action in these areas.

### 2030 SUSTAINABILITY GOALS

The Company also identified its “2030 Environmental Sustainability Goals”, which include reducing energy and water usage as well as recycling, and its “2030 Social Sustainability Goals”, which include the issues of human resource demographics and education, and it has initiated action in these areas.

#### About the future...

DenizREIT believes that new legal regulations and the normalization that is expected to take place especially after the elections will allow the sector to overcome the difficulties and impasses it encountered in 2022. Confident that a balance in supply and demand will create a positive atmosphere in the sector, the Company aims to develop new and profitable real estate projects, particularly in housing, in the upcoming period.



## SUSTAINABILITY COMMITTEE TO CONDUCT ACTIVITIES ADDRESSING SUSTAINABILITY AND ESG ISSUES



# FINANCIAL TECHNOLOGY SERVICES

## NEOHUB

### About venture capital and fintech sectors

With their agility and their talent pools, start-ups are beginning to create positive change in many dynamics through their direct and rapid contributions to the business world and the global ecosystem.

But up until the time when they can achieve sustainable growth on their own, what start-ups need most is financial support. Venture capital structures have emerged to offer financial support to start-ups, allowing them to scale their business models by meeting their needs for things such as networks.

There are currently more than 150 Venture Capital Investment Funds in Turkey and tens of thousands of start-ups waiting to be supported. At this point in time, bringing together the right venture and the right venture capital (investor) and ensuring scalability are of utmost importance.

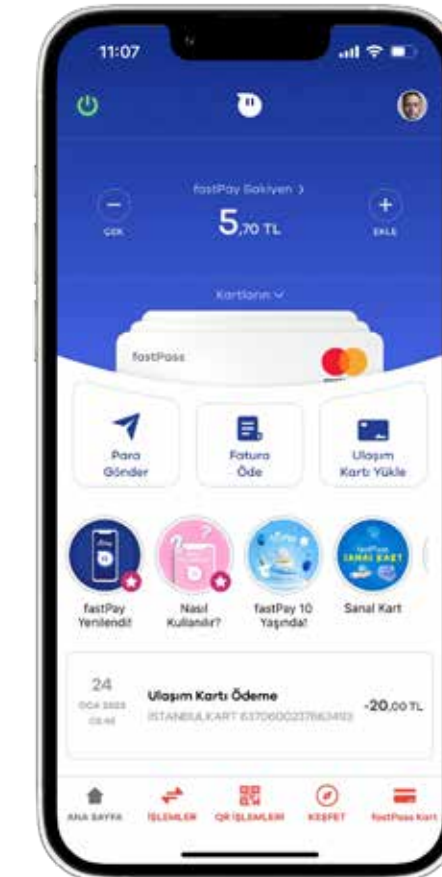
Many venture-capital structures, aware of just how important it is to find the right venture, prioritize scanning and exploration. Since establishing market presence and global scaling are what all enterprises aim for, finding which one among them is closest to scaling is essential. Otherwise, there is a risk of wasted capital and failure for both investor and venture.

The fintech sector plays an important and inclusive role in the entrepreneurship ecosystem. Payment Infrastructure Providers, Digital Wallets, E-Money Institutions, Personal Finance Management applications and trading applications, and numerous other services have entered our lives with speed and agility.

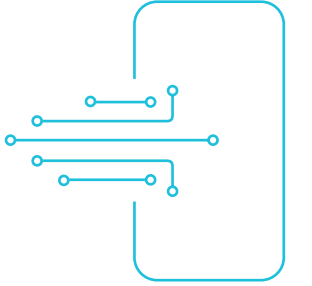
Individuals tend to want to widen their spheres of influence and control over their own financial arrangements as their understanding of finances and financial literacy grows. It is at this point that both individuals and companies look towards start-ups in relation to financial control, access to financing and financial management.

**+150**

There are currently more than 150 Venture Capital Investment Funds in Turkey and tens of thousands of start-ups waiting to be supported.



## FINTECH SECTOR PLAYS AN IMPORTANT AND INCLUSIVE ROLE IN THE ENTREPRENEURSHIP ECOSYSTEM





# FINANCIAL TECHNOLOGY SERVICES

## FINTECH START-UPS INTEGRATING MANY EXISTING COMPANIES AND START-UPS IN DIFFERENT SECTORS

In the realm of global scalability, investors have begun focusing on fintech start-ups. Investors are especially interested in start-ups that stand out from their competition in terms of market position and share.

This interest also leads to an increase in venture valuation and investment amounts. Moreover, by integrating many existing companies and start-ups in different sectors, fintech start-ups are able to reach end users.

The model referred to as “embedded banking” enables the banking-fintech ecosystem to expand to mainstream users and increase its inclusivity. The resulting picture of the sector is one in which banking-fintech ecosystems flourish and only fast-moving start-ups with the right strategy will survive and scale.

### Focusing on both technology and business model development

One of a number of technology companies in the DenizBank Financial Services Group (DFSG), NEOHUB was established in July 2021 as a 100% subsidiary of Intertech. The Company is a striking example of a next-generation start-up that combines financial expertise and technological competence in a single entity.

NEOHUB was founded in order to attract strong, new ventures to Turkey and the region by gathering the business development, sales, marketing and software-house functions of “venture-building” together under a single roof.

A “hybrid” company focused on business-model development as well as technology, NEOHUB participates in the interaction and investment spheres of the entrepreneurial ecosystem, and in the financial system, it exports commercial know-how in support of sustainable growth.

## A “hybrid” company

NEOHUB is a “hybrid” company focused on business-model development as well as technology.



In line with its strategy of applying innovative methods to shape the ecosystem of the future, NEOHUB has structured its activities in six verticals.

- **Deniz Aquarium Innovation and Entrepreneurship Center:** The Deniz Aquarium offers support to start-ups through its Venture Acceleration Program and In-house Entrepreneurship Program. Through the Venture Acceleration Program, 10 start-ups received mentorship plus the chance to work one-on-one with relevant business lines, while the In-House Entrepreneurship Program provided consulting services to DFSG employees with innovative business ideas.
- **Open Banking and Service-Model Banking:** Integrating third-party banking services through an API platform with a robust dataset allows to provide more accessible financial services to end users.

## Deniz Aquarium

Deniz Aquarium offers support to start-ups through its Venture Acceleration Program and In-house Entrepreneurship Program.

- **Mercan Superapp:** This superapp offers life-changing services, taking ecosystem and embedded banking approaches to mainstream end-users and offering an unparalleled end-to-end frictionless e-commerce experience.
- **Venture Capital Investment Fund:** This institutional venture-capital fund invests in start-ups in the fields of fintech, artificial intelligence, blockchain, agriculture, tourism, health and biotechnology. The fund recently invested in Midas and Ekon Teknoloji.
- **Business Modeling and Product Management:** This consists of a product management team engaged in modeling, development, and sustainability of innovative digital products developed in-house.
- **Blockchain, Metaverse and DE-FI:** Managing the processes of researching and developing start-ups and business models in these areas and positioning them within the DFSG ecosystem.

## ACTIVITIES STRUCTURED IN SIX VERTICALS TO SHAPE THE ECOSYSTEM OF THE FUTURE





# FINANCIAL TECHNOLOGY SERVICES

## AIMING TO BRING NEW IDEAS AND PROJECTS TO LIFE BY SPREADING AN ENTREPRENEURIAL CULTURE AMONG EMPLOYEES WITH FIKİR LIMANI PROGRAM

### Producing innovative business models with a culture of cooperation

NEOHUB achieved success in 2022 by continuing to produce innovative fintech solutions and develop new, sustainability-based business models.

The NEOHUB Enterprise Acceleration Program supported the Farmolog initiative, a sustainability-based loan product being implemented in partnership with Agricultural Banking. Farmolog is ensuring the digitalization of agricultural production processes and providing supply chain traceability solutions.

Ruuf, another accelerator initiative launched by NEOHUB, serves as a bridge on the road to home ownership by offering part-payment opportunities to individual consumers who find it difficult or impossible to obtain a home loan. Through its efforts to raise living standards, meet housing needs and improve social welfare, Ruuf is directly contributing to the goal of "Sustainable Cities and Communities" - Number 11 on the United Nation's list of 17 Sustainable Development Goals.

Mercan, NEOHUB's Virtual Mall application, provides its users with a frictionless virtual journey. After signing up and logging in to Mercan, members can see a range of applications, from brand-name shops to gaming channels, social networks, job opportunities and health sites. Mercan members don't

need to join the individual sites to access their content and quickly place orders. By registering their credit cards with Mercan, members can use the Fastpass payment infrastructure to complete their purchases with their registered cards and avoid wasting time while shopping.

### Creating value on the sustainability-ESG axis

Eager to fulfill its mission of being an inclusive magnet for innovation, NEOHUB works closely with start-ups in its ecosystem and supports DFSG employees by offering them high-quality training programs and consultancy services.

NEOHUB participates in the **Venture Acceleration Program** through Fikir Limanı ("Idea Port"), NEOHUB's In-House Entrepreneurship and Innovation Program. With its ongoing open call for applications, Fikir Limanı aims to bring new ideas and projects to life by spreading an entrepreneurial culture among the Bank's employees. The Company also leads the way in laying the foundations of entrepreneurship with its Entrepreneurship Certificate Program, which was designed specifically for DenizBank employees.

Not only do all these programs lay the groundwork for sustainability and ESG activities, they also allow NEOHUB to contribute directly to project production.

## FASTPAY ELECTRONIC MONEY AND PAYMENT SERVICES INC.

### Making life easier with full digitalization

Designed to be Turkey's first digital wallet application, the fastPay Mobile Wallet was founded by DenizBank in 2012 in line with the Bank's vision of liberalizing access to financial services and enabling users with no banking affiliations to easily meet their financial needs.

Ownership of the app, together with its existing users and other elements, was transferred to fastPay Elektronik Para ve Dağıtım Hizmetleri A.Ş. (fastPay A.Ş.), a wholly owned subsidiary of DenizBank, on 12 January 2023.

With its fully digitalized operations and new features that include a revamped home screen, virtual card and cooperation with Metropolkart, fastPay is continuing to make users' lives easier.

### Aiming to become a greener, more responsive society

In a society where the demands for digital transformation and eco-friendliness go hand in hand, FastPay's growth targets and mission aim to transform society so that it becomes more environmentally friendly and more sensitive, and see that these attitudes are maintained.

Taking its cues from international best practices, fastPay continues to invest in sustainable business models that provide users with equal opportunity, security, and accessibility, offering products and services when and where the need arises and looking to collaboration to achieve growth.

The Company continued to take decisive steps forward in line with its growth target. In 2022, 3.6 million fastPay users performed 13.9 million financial transactions, with a transaction volume of TL 3.7 billion; fastPay's fastPOS product accounted for a transaction volume of TL 662 million.

Businesses participating in fastPOS are able to benefit from products that offer user convenience, such as POS, link payments, recurring payments and alternative payments through a single contract and integration that supports single withdrawals as well as installment functions of all installment card programs.

### About the future...

Work on the "Service Model Wallet" project was completed in 2022, and fastPay aims to roll out the project in 2023.

With this project, the Company is planning to introduce new payment service products at multiple locations across the city in order to facilitate payment and present users with a variety of opportunities, especially access to safe, affordable, sustainable transportation systems.

## SAFE, EASY TO ACCESS, USER-FRIENDLY PRODUCTS AND SERVICES WITH FASTPAY



# CULTURAL SERVICES



## DENİZKÜLTÜR

DenizKültür was established in 2004 with the aim of organizing and supporting a variety of cultural activities, especially those in the areas of scientific research, art, and literature.

Through its educational, cultural, artistic and sport activities, DenizKültür contributes to the realization of the DenizBank Financial Services Group's corporate and social mission.

DenizKültür's activities include the following:

- Publication of books on science, art and literature,
- Production of audio and visual cultural materials,
- Performing arts events,
- Plastic arts and handicraft collections/exhibitions,
- Organizing campaigns in line with the social mission,
- Development/presentation of other cultural activities.

## Muammer Sun

Muammer Sun has made an immeasurable contribution to the fields of art, culture, and music in Turkey.

## 2022 Productions and Publications

### Soaring on the Wings of Music: A Gift to Muammer Sun

Muammer Sun has made an immeasurable contribution to the fields of art, culture, and music in Turkey through his articles, books, musicological studies, compositions and other works. This book dedicated to Sun sums up a journey of excitement, sadness, pain, joy, love, and labor that winds through the creation of his works to their ultimate presentation before an audience. A QR code was created to access the works described in the book and create a digital music album.

## DenizKültür

Through its educational, cultural, artistic and sport activities, DenizKültür contributes to the realization of the DenizBank Financial Services Group's corporate and social mission.

## CULTURAL

## EVENTS

## ORGANIZED

## IN THE AREAS

## OF SCIENTIFIC

## RESEARCH,

## ART AND

## LITERATURE





## SUPPORT FOR ART STUDIES THAT ENRICH SOCIAL LIFE

### DenizBank Children's Opera

Performances of "PAPAGENOLAR" and "Wolfie at the Opera of Wonders", two plays geared towards children, offered youngsters a chance to enjoy themselves and learn something at the same time.



### Opus Music Festival Bodrum 2022

İlyun Bürkev, Ayşe Cemre Ağırçöl and Naz İrem Türkmen, three young women from Turkey who have represented the country abroad, took to the stage in the festival's first concert on 9 September.



On 10 September, the Berlin Deutsche Oper Orchestra performed under the baton of Prof. Güler Aykal. Thousands attended this highly acclaimed concert, which featured two soloists, soprano Burcu Hancı and bass-baritone Burak Bilgili.

### Tursak 5<sup>th</sup> DenizBank First Screenplay, First Film Competition

DenizBank's "First Screenplay, First Film Competition" supports the future of Turkey's cinema industry. Through its competitions in the fields of storytelling and scriptwriting, the platform ensures that quality scripts and films find their way into cinemas.



### GaleriDeniz Exhibitions



#### Cem Özkan Solo Exhibition

GaleriDeniz hosts numerous exhibitions that raise awareness and enrich the cultural and artistic life of Turkey. This group exhibition comprised of an assortment of work by different artists received an enthusiastic response from gallerygoers.



#### Erdoğan Bakla: Anatolian Civilizations and Göbeklitepe at GalerDeniz

Prof. Dr. Erdoğan Bakla is one of the most respected and well-known artists of our time. His work includes the Hittite, Troy, Çatalhöyük, and Göbeklitepe Winds series and the Anatolian Gods and Goddesses series. As part of DenizBank's 25<sup>th</sup> anniversary celebrations, GalerDeniz presented "Anatolian Civilizations and Göbeklitepe", an exhibit curated by ISD-ART that brought together artworks by Bakla held in prominent collections.



#### A Colorful Exhibit at GalerDeniz

GalerDeniz hosts numerous exhibitions that raise awareness and enrich the cultural and artistic life of Turkey. This group exhibition comprised of an assortment of work by different artists received an enthusiastic response from gallerygoers.

## ART ACTIVITIES THAT APPEAL TO SOCIETY'S DISTINCTIVE TASTES



# INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

To the General Assembly of Denizbank A.Ş.

## 1) Qualified Opinion

As we have audited the full set consolidated and unconsolidated financial statements of Denizbank A.Ş. ("the Bank") and its consolidated subsidiaries ("the Group") for the period between 01/01/2022–31/12/2022, we have also audited the annual report for the same period.

In our opinion, the consolidated and unconsolidated financial information provided in the Management's annual report and the Management's discussions on the Bank's and Group's financial performance, are fairly presented except for the effects of the matter described in the Basis for Qualified opinion paragraph in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit.

## 2) Basis for Qualified Opinion

The accompanying consolidated and unconsolidated financial statements as at 31 December 2022 include a free provision amounting to TL 4.175.000 thousand, which has been recognized as an expense in the consolidated financial statements in the current period, provided by the Bank and Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. If the mentioned free provision were not provided, the other provisions would decrease by TL 4.175.000 thousand and profit before tax and equity would increase by TL 4.175.000 thousand for the period ended 31 December 2022.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under *Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report* in detail. We declare that we are independent from the Bank in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## 3) Auditor's Opinion for the Full Set Consolidated and Unconsolidated Financial Statements

We have presented Qualified opinion for the Bank's and Group's full set consolidated and unconsolidated financial statements for the period between 01/01/2022–31/12/2022 in our Auditor's Report dated 13 February 2023.

## 4) Management's Responsibility for the Annual Report

The Bank Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the regulation on "Preparing and Publishing the Annual Report by Banks" published in the Official Gazette dated 1 November 2006 and No. 26333 ("the Communiqué"):

- Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- Preparing the annual report with the all respects of the Bank's flow of operations for that year and the Bank's financial performance accurately, completely, directly and fairly. In this report, the financial position is assessed in accordance with the financial statements. The Bank's development and risks that the Bank may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.

c) The annual report also includes the matters stated below:

- The significant events occurred in the Bank's activities subsequent to the financial year ends,
- The Bank's research and development activities,
- The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Banking Regulation and Supervision Agency and the Ministry of Trade and related institutions while preparing the annual report.

## 5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated and unconsolidated financial statements and the information obtained from our audit

The engagement partner on the audit resulting in this independent auditor's report is Yaman Polat.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Yaman Polat  
Partner

İstanbul, 10 March 2023



BOARD OF DIRECTORS

| Name Surname                         | Title  | Executive/ Non-executive/ Independent Member | Education                         | Professional Experience (Years) | DenizBank titles held in the last five years  | Other non-DFSG titles currently held   | % of Shares |
|--------------------------------------|--|--|-----------------------------------|---------------------------------|---|--|-------------|
| Hesham Abdulla Al Qassim             | Chairman of the Board of Directors, Credit Committee Reserve Member, Remuneration Committee Member                           | Non-executive                                | Master's Degree                   | 27                              | Chairman of the Board of Directors, Credit Committee Reserve Member, Remuneration Committee Member  | Emirates NBD Bank PJSC- Vice Chairman and Managing Director, wasl Asset Management Group-Vice Chairman and CEO, Emirates Islamic Bank PJSC- Chairman, Emirates NBD Egypt SAE- Chairman, Emirates Institute for Banking and Financial Studies (EIBFS)-Chairman, Dubai Sports Corporation- Chairman, Dubai Autism Centre-Chairman, Emirates Telecommunication Corporation (Etisalat)- Board Member, International Humanitarian City-Board Member, Dubai International Financial Centre (DIFC) Authority-Board Member, DIFC Investments LLC-Board Member, Itissalat Al-Maghrib (IAM) Maroc Telecom-Board Member, International Cooperation Council France UAE ("CCI France UAE")-Chairman | -           |
| Shayne Keith Nelson                  | Vice Chairman of the Board of Directors, Corporate Governance and Nomination Committee Member, Remuneration Committee Member | Non-executive                                | Bachelor's Degree (not completed) | 38                              | Member of the Board of Directors, Corporate Governance and Nomination Committee Member  | Emirates NBD Bank PJSC- Group CEO, Emirates Islamic PJSC-Board Member, Emirates NBD Capital Ltd.- Board Member, Emirates NBD Capital PSC-Board Member, Tanfeeth LLC-Board Member, Marsh Emirates Insurance Brokers LLC- Board Member, International Monetary Conference-Board Member, the University of Wollongong-Member of the Advisory Board, Member of the International Cooperation Council France UAE (CCI France UAE)   | -           |
| Hakan Ateş                           | Member of the Board of Directors, President and CEO, Credit Committee Member   | Executive                                    | Bachelor's Degree                 | 41                              | Member of the Board of Directors, President and CEO, Credit Committee Member  | Emirates NBD Egypt SAE-Board Member, Member of TED University's Board of Trustees, Member of TED Ankara College Association Board of Directors, Member of THK University's Board of Trustees, Member of MetLife's Board of Directors, Member of TED Istanbul College Foundation's Board of Trustees, Full Member of Board of Turkish Tourism Investors Association's Board of Directors  | -           |
| Ahmed Mohammed Aqil Qassim Al Qassim | Member of the Board of Directors, Audit and Risk Committee Member  | Independent Member                           | Master's Degree                   | 19                              | Vice Chairman of the Board of Directors, Member of the Board of Directors,Audit and Risk Committee Member                                     | Emirates NBD Bank PJSC-Executive Vice President of Wholesale Banking and Global Markets, Treasury and Research   | 0.00000002% |
| Jonathan Edward Morris*              | Member of the Board of Directors, Credit Committee Reserve Member  | Non-Executive                                | Bachelor's Degree                 | 37                              | Member of the Board of Directors, Credit Committee Member, Credit Committee Reserve Member, Audit and Risk Committee Member                   | Emirates NBD Bank PSJC-Senior Executive Vice President, Responsible for Turkey   |             |
| Bjorn Lenzmann                       | Member of the Board of Directors, Chairman of Audit and Risk Committee   | Non-Executive                                | Ph.D.                             | 26                              | Member of the Board of Directors, Audit and Risk Committee Member   | -  | -           |
| Burcu Çalıkli                        | Member of the Board of Directors, Credit Committee Member  | Executive                                    | Master's Degree                   | 30                              | Member of the Board of Directors, Credit Committee Member   | -  | -           |
| Derya Kumru                          | Member of the Board of Directors, Credit Committee Member  | Executive                                    | Ph.D.                             | 36                              | Member of the Board of Directors, Credit Committee Member   | -  | -           |
| Tanju Kaya                           | Member of the Board of Directors, Corporate Governance and Nomination Committee Member                                       | Executive                                    | Bachelor's Degree                 | 36                              | Member of the Board of Directors, Corporate Governance and Nomination Committee Member, Chairman of DFSG Investment Companies Executive Board | -  | -           |

\* He resigned from his position on 31 December 2022. Aazar Ali Khwaja was appointed in lieu of him by the decision of the Board of Directors dated 2 January 2023, and he took the oath on 18 January 2023.



**HESHAM ABDULLA AL QASSIM**  
Chairman of the Board of Directors  
Mr. Hesham Abdulla Al Qassim is the Vice Chairman and Managing Director of Emirates NBD Bank P.J.S.C., the Chairman of Emirates Islamic Bank P.J.S.C., one of the leading Islamic banks in the region, Emirates NBD Egypt, and DenizBank A.Ş Turkey; both subsidiaries of Emirates NBD. Mr. Al Qassim is also the Vice Chairman and Chief Executive Officer of wasl Asset Management Group and is responsible for leading its transformation into a world-class asset management company. He has more than 20 years experience in the banking sector.

Mr. Al Qassim is also the Chairman of Dubai Sports Corporation and Dubai Autism Centre. His other board memberships include Dubai International Financial Centre (DIFC) Authority, Emirates Telecommunications Corporation (Etisalat), DIFC Investments LLC., Itissalat Al-Maghrib (IAM) Maroc Telecom, as well as the International Humanitarian City. Mr. Al Qassim is also a member of the International Cooperation Council France UAE ("CCI France UAE").

His professional and vocational qualifications include a Bachelor's degree in Banking and Finance and a Master's degree in International Business Management and in Executive Leadership Development.



**SHAYNE KEITH NELSON**  
Vice Chairman of the Board of Directors  
Shayne Nelson is a member of the Board of Directors for Emirates Islamic, Emirates NBD Capital Ltd., Emirates NBD Capital PSC, Tanfeeth, DenizBank A.Ş. (Turkey), International Monetary Conference, Marsh Emirates Insurance Brokers, a member of the Advisory Board to the University of Wollongong in Dubai and a member of the International Cooperation Council France UAE (CCI France UAE).

Prior to joining Emirates NBD, he served in Singapore as the Chief Executive Officer of Standard Chartered Private Bank for three years. He was also the Chairman of Standard Chartered Saadiq Islamic Advisory Board and a Board member of Standard Chartered Bank (China) Ltd.

Shayne's other previous high-profile positions in the banking arena include Regional CEO of Standard Chartered Bank Middle East and North Africa for five years based in Dubai (2006-2010), Chairman of Standard Chartered (Pakistan) Limited, and Chairman of the Banking Advisory Council to the Board of the Dubai International Financial Center.

He also held the position of Chief Executive Officer and Managing Director of Standard Chartered Bank, Malaysia Berhad based in Kuala Lumpur.

Shayne's solid experience, across various functions and geographies, is a testament to his diverse background within banking. Earlier in his career, his positions included Standard Chartered Chief Risk Officer for Wholesale Banking based in Singapore, Regional Head of Corporate and Institutional Banking Audit for the Asia Pacific Region and India, as well as Regional Head of Credit in Hong Kong, China and North East Asia, with the latter two positions based in Hong Kong. He was also the Head of Corporate and Institutional Banking for Westpac Banking Corporation for Western Australia based in Perth.

A Graduate Member of the Australian Institute of Company Directors, Shayne is also an Associate Fellow of the Australian Institute of Managers. Shayne is married to Siti Mariana Abdullah, a Malaysian citizen, and has two children. In his leisure time, he enjoys playing golf and spending time with his family. He is also a passionate fisherman, for which he holds a world record.



**HAKAN ATEŞ**  
Member of the Board of Directors, President and CEO  
Mr. Ateş was born in 1959 and graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Business Administration after completing his studies at TED Ankara College. He started his banking career in 1981 as an Internal Auditor at işbank. After serving at various Interbank units from 1986 to 1993, he worked as a Branch Manager at Elmadağ, Şişli, Bakırköy, İzmir and Central Branches. He established Interbank's Cash Management System and was promoted in 1993 to Executive Vice President in charge of Central Operations. Mr. Ateş worked as Executive Vice President in charge of Financial Affairs and Operations at Bank Ekspres between the years of 1994 and 1996 and led the bank's restructuring project under the consultation of Bank of America. He established Garanti Bank Moscow in Russia and worked as CEO for one year starting from June 1996. He has continued his duties as the President & CEO at DenizBank, where he started in June 1997 as the Founder President.

During his management tenure, DenizBank shares were offered to public in October 2004 where 5.5 times oversubscription was recorded. His management also ran the process of selling Zorlu Holding-owned DenizBank shares to Dexia S.A. in May 2006 for USD 3,250 billion with 4.7 times its book value which is a record in Turkey, the sales process of 99.85% of DenizBank shares owned by Dexia Group to Sberbank 6 years later in June 2012 for USD 3.6 billion with 1.33 times its book value as well as the sales process of 99.85% of DenizBank shares owned by Sberbank to Emirates NBD for TL 15.48 billion and 1.0 multiplier despite challenging market conditions. In addition, the transfer of Deniz Emeklilik for Euro 256 million with 10 times its book value with a 15-year sales agreement in 2011 and taking over the Retail Banking of Citi Turkey with about 1,500 employees in 2013 also took place under the management of Mr Ateş.

Serving as the Chairman of the Board of Directors at DenizBank subsidiaries Deniz Yatırım Menkul Kıymetler A.Ş., Intertech A.Ş, DenizBank Moscow and DenizBank AG Vienna, Hakan Ateş also assumes the duty of Member of Board of Directors at Emirates NBD Egypt as of September, 2020. Granted the "Those who Add Value to Turkey" Award presented by Bahçeşehir University in 2015, Ateş is with two children and speaks fluent English.



BOARD OF DIRECTORS



AHMED MOHAMMED AQIL QASSIM AL QASSIM  
Member of the Board of Directors

A seasoned banking and management professional with more than 19 years of experience in commercial and investment banking, Ahmed Al Qassim leads the Wholesale Banking unit with his role expanding in 2023 to include Global Markets, Treasury and Research at Emirates NBD Group.

During his tenure, Ahmed has championed the adoption of digital innovation, artificial intelligence and unmatched customer experience to enhance the group’s corporate banking proposition. He has led product development and implementation of award-winning Trade and Supply Chain finance, Cash Management and Islamic banking solutions while driving higher levels of lending to the group’s Wholesale Banking client base across nine countries.

Previously, Ahmed was Chief Executive Officer of Emirates NBD Capital, the investment banking arm of Emirates NBD, followed by General Manager of Corporate Banking at Emirates NBD where he managed the successful transformation of the respective units, building on capabilities, creating synergies in cross-functional teams and inculcating the principles of risk management while remaining relevant to the client. Prior to joining Emirates NBD, Ahmed was the Chief Executive Officer of Dubai Group, a Dubai Holding subsidiary, and has also held senior roles at General Electric and Mubadala - GE Capital.

He has previously served on the boards of the following companies: Bank Muscat, Shuaa Capital, EFG-Hermes and Sun Hung Kai & Co. Limited, and is a member of Emirates NBD’s Executive Committee. Ahmed holds a Bachelor’s degree in Engineering Management from Higher Colleges of Technology in the United Arab Emirates and a Master of Business Administration degree from the University of Victoria in Canada. He has also completed the Advanced Management Program from University of Pennsylvania in the Unites States.



JONATHAN EDWARD MORRIS\*  
Member of the Board of Directors

Mr. Morris was born in 1963 and graduated from Loughborough University in 1985 with a BSc (Hons) degree in Banking & Finance. Subsequently, he joined HSBC and attended the bank’s graduate training program. During his 14 years at HSBC, he undertook a variety of roles in Retail Banking and Corporate Banking, primarily located in London and New York. In 2000, Mr. Morris moved to Standard Chartered Bank initially to head the Bank’s Corporate & Institutional business for the UK before becoming the Regional Head for Corporate & Institutional Banking, Europe in 2001.

Mr. Morris moved to Dubai in 2003 to undertake a similar role as Head of Corporate and Institutional Banking covering the UAE and Oman. In 2005, he became Regional Head for Corporate and Institutional Banking, Africa. In 2008, Mr. Morris relocated to Bahrain as CEO for Standard Chartered before returning to the UAE, which was Standard Chartered’s fifth largest market globally, as CEO in 2011. Mr. Morris joined Emirates NBD Bank in 2014 as Senior Executive Vice President and Group Head of Wholesale Banking. He has served as Senior Executive Vice President, Responsible for Turkey as from August 2019.

\* He resigned from his position on 31 December 2022. Aazar Ali Khwaja was appointed in lieu of him by the decision of the Board of Directors dated January 2, 2023, and he took the oath on January 18, 2023.



BJORNN LENZMANN  
Member of the Board of Directors

Dr. Lenzmann graduated from TU Dortmund University with a diploma in Physics and achieved his PHD in 2001 and has 20 years of international experience in risk management, advisory and data analytics in developed and emerging markets. Starting his career as a Research Assistant at the University of Dortmund in 1996 he subsequently worked for Commerzbank leading the Operational Risk Quantification Team from 2001 to 2005 and, as a Senior Market Risk Manager. He worked with KPMG as Associate Director from 2006 to 2008.

Dr. Lenzmann joined Emirates NBD in 2008 as Vice President, Head of Operational Risk before taking on the role of Senior Vice President and Group Head of Operational Risk in August 2010, responsible for operational risk, cyber risk management, business continuity management, reputational risk and outsourcing, fraud prevention and investigations in addition to mergers and digital banking. Dr. Lenzmann is a Member of the Board of Directors and Audit and Risk Committee at DenizBank since March 2021. Dr. Lenzmann has a proven track record of enterprise-wide transformation of operational risk, enterprise risk, market risk, credit risk frameworks and methodologies. He is highly experienced in leading multinational and cross functional teams across Europe, the Middle East and Asia. During his career he has successfully established risk management frameworks for Retail Banking, Wealth Management, Private Banking, Corporate Banking, Capital Markets, Treasury, Digital Banking, Insurance, Asset Management, Financial Brokerage and Payment Services.



BURCU ÇALIKILI  
Member of the Board of Directors

Born in 1969, Çalıkılı received her bachelor’s degree from Middle East Technical University, Department of Statistics in 1992 and completed her MBA studies at Koç University in 2000. Starting her career in 1992 as Partner at Retsam Ltd. Şti., Çalıkılı later served as Auditor at Dışbank between the years of 1995 and 1997, Corporate Credits Analyst and Market Risk Manager at Citibank A.Ş. between the years of 1997 and 2002. Continuing her works in retail credits from 2002 to 2009, Çalıkılı then assumed the duty of Consumer Credits Country Head at Citibank A.Ş. She served as Head of Risk Management Center at TFKB from 2009 to 2014, Head of Corporate Credits at First Abu Dhabi Bank from 2014 to 2018, Chief Credit Officer at Commercial Bank of Dubai from 2018 to 2021 before she assumed the role of Senior Risk Advisor at Emirates NBD in 2021. Çalıkılı has been nominated as DenizBank Board Member as of January 2022.



DERYA KUMRU  
Member of the Board of Directors

Mr. Kumru was born in 1964. He graduated from Ankara University, Faculty of Political Sciences and obtained an M.A. and Ph.D. in Economics from İstanbul University, Institute of Social Sciences. Between 1987 and 1999, he held several positions at Esbank T.A.Ş. and was appointed Executive Vice President in 1998. Mr. Kumru joined DenizBank Financial Services Group in 1999. After serving as Executive Vice President in charge of DenizBank A.Ş. Corporate Banking Marketing Group and General Manager at DenizLeasing and DenizFactoring, he was appointed General Manager of DenizBank Moscow in 2004. From 2009 to 2011, Mr. Kumru served as Executive Vice President in charge of Corporate and Commercial Banking, Public and Project Finance and International Subsidiaries Group at DenizBank A.Ş. From 2011 until 2012, he assumed the title of Executive Vice President in charge of the Wholesale Banking Group at DenizBank A.Ş. Derya Kumru has served as a Member of the Board of Directors at DenizBank A.Ş. since December 2012 and he has assumed the functions of Project Finance, Financial Restructuring and Credit Follow up and Risk Monitoring Groups, as of March 2021.



TANJU KAYA  
Member of the Board of Directors

Born in 1964, Mr. Kaya graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Public Administration in 1985. Starting his banking career at Pamukbank in 1986, he held several positions at TEB, Marmara Bank and Alternatif Bank, respectively. He worked as Branch Manager at Bank Eksişpres between the years of 1994 and 1997. Joining DenizBank A.Ş. in 1997 as Ankara Branch Manager, he then served as the Central Anatolia Regional Manager in 2002 and 2003, and later as the Executive Vice President in charge of Administrative Services and Investment Group at DenizBank A.Ş. and Chairman of the Executive Board of DFSG Investment Group between June 2016 and 2020, Kaya has continued his duty as the Board Member in charge of his present functions from June 2020 to July 2021. As of July 2021, he has been serving as the Board Member in charge of Administrative Services Group.



# EXECUTIVE BOARD



**HAKAN ATEŞ**  
President, CEO and  
Member of the Board  
of Directors

## CONTROL FUNCTIONS GROUP



**Björn Lenzmann**  
Member of the Board  
of Directors, Chief Risk  
Officer - Member of the  
Management Board



**Cem Demirağ**  
Head of Internal Control  
Center and Compliance



**Ramazan Işık**  
Internal Audit Group, Head  
of Internal Audit



**Sinan Yılmaz**  
Head of Risk Management  
Group



**Ali Rıza Aydın**  
Information Security and  
Information Technologies  
Risk Management Group,  
Executive Vice President

## CREDIT RISK GROUP



**Burcu Çalıkli**  
Member of the Board of  
Directors, Chief Credit Risk  
Officer - Member of the  
Management Board



**Selim Efe Teoman**  
Corporate and  
Commercial Credits Group,  
Executive Vice President



**Edip Kürşad Başer**  
Retail, SME, Agricultural  
Banking Credits Allocation  
and IFRS Group, Executive  
Vice President



**Kishore Swayamberdutt  
Bhatt**  
Credits Allocation Group,  
Executive Vice President

## WORKOUT GROUP



**Derya Kumru**  
Member of the Board of  
Directors - Member of the  
Management Board



**Savaş Çıtak**  
Project Financing, Financing  
Restructuring and Credits  
International Coordination  
Group, Executive Vice  
President



**Serkan Boran**  
Credit Follow-up Group,  
Executive Vice President

## SALES FUNCTION GROUPS



**Ayşenur Hıçkiran**  
Retail Banking Group,  
Executive Vice President  
- Member of the  
Management Board



**Oğuzhan Özark**  
Consumer and Private  
Banking Group, Executive  
Vice President



**Umut Özdoğan**  
Digital Transformation,  
Change Management and  
Non-Branch Channels  
Group, Executive Vice  
President



**Halit Cihan Tunçbilek**  
Payments Systems Group,  
Executive Vice President



**Mehmet Aydoğdu**  
Wholesale Banking  
Group, Executive Vice  
President - Member of the  
Management Board



**Burak Koçak**  
Agricultural Banking  
Group, Executive Vice  
President



**Engin Eskiduman**  
SME Banking and Public  
Finance Group, Executive  
Vice President



**Ümit Recep Uğur**  
Corporate and  
Commercial Banking  
Group, Executive Vice  
President



**Bora Böcügöz**  
Treasury, Financial  
Institutions and Investment  
Group, Executive Vice  
President - Member of the  
Management Board



**Cem Önenç**  
DenizAsset Management,  
General Manager



**Hüseyin Melih Akosman**  
DenizInvest Securities,  
General Manager and  
Board Member



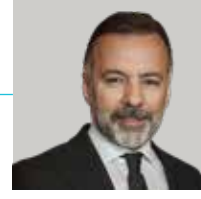
**Verda Beril Yüzer Oğuz**  
Financial Institutions and  
Sustainability Coordination  
Group, Executive Vice  
President



**Okan Aksu**  
Treasury Group, Executive  
Vice President

## TREASURY AND INVESTMENT BANKING GROUP

## SUPPORT FUNCTION GROUPS



**Tanju Kaya**  
Member of the Board of  
Directors - Member of the  
Management Board



**Yavuz Elkin**  
Human Resources and  
Deniz Academy Group,  
Executive Vice President



**Mehmet Çitil**  
Deniz Real Estate  
Investment Trust, General  
Manager



**Ruslan Abil**  
Financial Affairs  
Group, Executive Vice  
President, Chief Financial  
Officer - Member of the  
Management Board



**Ali Murat Dizdar**  
Chief Legal Advisor  
- Member of the  
Management Board



**Rasim Orman**  
Secretariat General  
and Litigations Group,  
Executive Vice President



**Wouter Van Roste**  
DenizBank AG, General  
Manager



**Mustafa Özel**  
Branch and Central  
Operations Group,  
Executive Vice President



**Ömer Uyar**  
Intertech, General  
Manager



**Murat Kulaksız**  
Deniz Factoring, General  
Manager, Deniz Leasing  
Executive Board Member



**Hayri Cansever**  
DenizBank AG, Deputy CEO



**Oğuz Yalçın**  
CJSC DenizBank Moscow,  
General Manager



**Okan Çetinkaya**  
Analytic, Data and Customer  
Value Management Policies  
Group, Executive Vice  
President



**Gürhan Çam**  
NEOHUB, General Manager

## DIRECT REPORTS



# EXECUTIVE BOARD

## HAKAN ATEŞ

President, CEO and Member of the Board of Directors

Mr. Ateş was born in Ankara in 1959 and graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Business Administration. He began his banking career in 1981 as an Internal Auditor at İşbank. He continues to serve as Board Member, President and CEO at DenizBank, since joining the Bank in June 1997 as Founder and CEO.

## BJORN LENZMANN

Member of the Board of Directors, Chief Risk Officer - Member of the Management Board  
Mr. Lenzmann was born in 1971 and graduated from TU Dortmund University, with a degree in Physics; he also holds PhD in Physics. He began his career in 1996 and joined DenizBank in 2021.

## BURCU ÇALIKLI

Member of the Board of Directors, Chief Credit Risk Officer - Member of the Management Board

Born in 1969, Çalıklı graduated from Middle East Technical University, Department of Statistics; she also holds an MBA from Koç University. She began her banking career in 1995 and joined DenizBank in 2022.

## DERYA KUMRU

Member of the Board of Directors - Member of the Management Board

Mr. Kumru was born in 1964 and graduated from Ankara University, with a degree in Political Science; he also holds an M.A. and Ph.D. in Economics degree from İstanbul University. He began his banking career in 1987 and joined DenizBank in 1999.

## TANJU KAYA

Member of the Board of Directors - Member of the Management Board

Mr. Kaya was born in 1964 and graduated from Gazi University, Faculty of Economics and Administrative Sciences, Department of Public Administration. He began his banking career in 1986 and joined DenizBank in 1997.

## ALİ MURAT DİZDAR

Chief Legal Advisor - Member of the Management Board

Mr. Dizdar was born in 1960 and graduated from İstanbul University, Faculty of Law; he holds an MA in Private Law from the same institution. He began his career in 1982 and joined DenizBank in 2002.

## AYŞENUR HIÇKIRAN

Retail Banking Group, Executive Vice President - Member of the Management Board  
Ms. Hıçkırان was born in 1969 and graduated from Ege University, Faculty of Letters, Department of English Language and Literature. She began her banking career in 1996 and joined DenizBank in 2013.

## BORA BÖCÜGÖZ

Treasury, Financial Institutions and Investment Group, Executive Vice President - Member of the Management Board

Mr. BÖCÜGÖZ was born in 1967 and graduated from Boğaziçi University, Faculty of Economics and Administrative Sciences, Department of Business Administration in 1989. He started his banking career in 1989 and joined DenizBank in 2002.

## MEHMET AYDOĞDU

Wholesale Banking Group, Executive Vice President - Member of the Management Board  
Mr. Aydoğdu was born in 1968 and graduated from Dokuz Eylül University, Faculty of Economics and Administrative Sciences, Department of Economics. He began his banking career in 1996 and joined DenizBank Financial Services Group in 2002.

## RUSLAN ABİL

Financial Affairs Group, Executive Vice President, Chief Financial Officer - Member of the Management Board

Mr. Abil was born in 1975 and graduated from Middle East Technical University, Department of International Relations. He began his professional career in 1997 and joined DenizBank in 2013.

## ALİ RIZA AYDIN

Information Security and Information Technologies Risk Management Group, Executive Vice President

Mr. Aydın was born in 1972 and graduated from Hacettepe University, Department of Computer Sciences Engineering. He began his career in 1994 and joined DenizBank in 2012.

## BURAK KOÇAK

Agricultural Banking Group, Executive Vice President

Mr. Koçak was born in 1970 and graduated from Dokuz Eylül University, Department of Econometrics. He started his professional career in 1996 and joined DenizBank in 2006.

## CEM DEMİRAĞ

Head of Internal Control Center and Compliance

Mr. Demirağ was born in 1968 and graduated from Middle East Technical University, Faculty of Economics and Administrative Sciences, Department of Public Administration. He began his professional career in 1991 and joined DenizBank in 2010.

## EDİP KÜRŞAD BAŞER

Retail, SME, Agricultural Banking Credits Allocation and IFRS Group, Executive Vice President

Mr. Başer was born in 1967 and graduated from Middle East Technical University, Department of Electrical-Electronics Engineering. He began his banking career in 1990 and joined DenizBank in 2004.

## ENGİN ESKİDUMAN

SME Banking and Public Finance Group, Executive Vice President

Mr. ESKİDUMAN was born in 1973 and graduated from Faculty of Economics and Administrative Sciences, Department of Economics. He began his banking career in 1998 and joined DenizBank in 2002.

## HALİT CİHAN TUNÇBİLEK

Payments Systems Group, Executive Vice President

Mr. Tunçbilek was born in 1963 and graduated from Boğaziçi University, Department of Industrial Engineering; he also holds master's degree and PhD in Industrial Systems from Virginia Tech University. He began his banking career in 1995 and joined DenizBank in 2013.

## KISHORE SWAYAMBERDU TT BHATT

Credits Allocation Group, Executive Vice President

Mr. Bhatt was born in 1962 and graduated from Garhwal University Faculty of Science; he also holds master's degree in history. He began his banking career in 1988 and joined DenizBank in 2021.

## MUSTAFA OKAN ÇETİNKAYA

Analytic, Data and Customer Value Management Policies Group, Executive Vice President

Mr. Çetinkaya was born in 1973 and graduated from Ege University Faculty of Literature; he also holds an MBA from Özyeğin University. He began his professional career in 1999 and joined DenizBank in 2016.

## MUSTAFA ÖZEL

Branch and Central Operations Group, Executive Vice President

Mr. Özel was born in 1966 and graduated from Hacettepe University, Faculty of Economics and Administrative Sciences, Department of Public Administration. He began his banking career in 1988 and joined DenizBank in 1997.

## OĞUZHAN ÖZARK

Consumer and Private Banking Group, Executive Vice President

Mr. Özark was born in 1976 and graduated from İstanbul Technical University, Department of Mathematical Engineering. He began his banking career in 1997 and joined DenizBank in 2004.

## OKAN AKSU

Treasury Group, Executive Vice President

Mr. Aksu was born in 1982 and graduated from Bilkent University, Department of Economics; he holds master's degree in Economics and Finance from İstanbul Bilgi University. He began his banking career in 2003 in DenizBank and rejoined DenizBank in 2015.

## RAMAZAN IŞIK

Internal Audit Group, Head of Internal Audit  
Mr. Işık was born in 1977 and graduated from Middle East Technical University, Department of Economics. He also completed his MBA degree in Yeditepe University. He began his banking and internal audit career in 1999 and joined DenizBank in 2013.

## RASİM ORMAN

Secretariat General and Litigations Group, Executive Vice President

Mr. Orman was born in 1970 and received his undergraduate degree from Marmara University, Faculty of Law in 1997 and his postgraduate degree in Private Law from the Social Sciences Institute of the same university in 2003. He started his career at Esbank T.A.Ş. as Junior Auditor in 1997 and joined DenizBank in 2002.

## SAVAŞ ÇITAK

Project Financing, Financing Restructuring and Credits International Coordination Group, Executive Vice President

Mr. Çıtak was born in 1977 and graduated from Marmara University, Faculty of Engineering; he also holds an MBA from Sabancı University. He began his professional career in 1999 and joined DenizBank in 2003.

## SELİM EFE TEOMAN

Corporate and Commercial Credits Group, Executive Vice President

Mr. Teoman was born in 1970 and graduated from Hacettepe University, Faculty of Economic and Administrative Sciences, Department of Economics. He began his banking career in 1994 and joined DenizBank in 2003.

## SERKAN BORAN

Credit Follow-up Group, Executive Vice President

Mr. Boran was born in 1973 and received his undergraduate degree in Geological Engineering from Hacettepe University, Faculty of Engineering in 1997, and his MBA from Yeditepe University, Institute of Social Sciences in 2009. He began his banking career as Associate- Customer Representative at DenizBank in 1998.

## SİNAN YILMAZ

Head of Risk Management Group

Mr. Yılmaz was born in 1974 and graduated from İstanbul Technical University, Department of Management Engineering. He began his banking career in 1998 at DenizBank.

## UMUT ÖZDOĞAN

Digital Transformation, Change Management and Non-Branch Channels Group, Executive Vice President

Mr. Özdoğan was born in 1976 and graduated from Marmara University, Business Administration in English; he also holds an MBA from Yeditepe University. He began his banking career in 1999 at DenizBank.

## ÜMİT RECEP UĞUR

Corporate and Commercial Banking Group, Executive Vice President

Mr. Uğur was born in 1971 and graduated from Middle East Technical University, Department of Statistics. He began his banking career in 1997 and joined DenizBank in 2003.

## VERDA BERİL YÜZER OĞUZ

Financial Institutions and Sustainability Coordination Group, Executive Vice President

Ms. Oğuz was born in 1975 and graduated from Marmara University, Department of International Relations. She began her banking career in 1997 and joined DenizBank in 2010.

## YAVUZ ELKİN

Human Resources and Deniz Academy, Executive Vice President

Mr. Elkin was born in 1971 and graduated from Marmara University, Department of Business Administration in English. He started his banking career in 1993 and joined DenizBank in 2004.

## WOUTER VAN ROSTE

DenizBank AG, General Manager

Mr. Van Roste was born in 1965 and graduated from Limburg University (Belgium), Marketing Department. He began his banking career in 1989 and joined DenizBank Financial Services Group in 2007.

## HAYRİ CANSEVER

DenizBank AG, Deputy CEO

Mr. Cansever was born in 1974 and graduated from İstanbul Technical University, Department of Mechanical Engineering; he also holds an MBA in Banking and Finance from Yeditepe University. He began his banking career in 1998 at DenizBank Financial Services Group.

## CEMİL CEM ÖNENÇ

DenizAsset Management, General Manager

Mr. Önenç was born in 1971 and graduated from Yıldız Technical University, Department of Mechanical Engineering. He holds an MBA from New York's Pace University, an MA and a Ph.D. in Banking from Marmara University. He began his professional career in 1997 at DenizBank.

## GÜRHAN ÇAM

NEOHUB, General Manager

Mr. Çam was born in 1980 and graduated from İstanbul University; Department of Management Engineering; he also holds a master's degree in Strategic Marketing and Brand Management from Bahçeşehir University. He began his banking career in 2002 and joined DenizBank Financial Services Group in 2004.

## HÜSEYİN MELİH AKOSMAN

DenizInvest Securities, General Manager and Board Member

Mr. Akosman was born in 1971 and graduated from Marmara University, Faculty of Economics and Administrative Sciences, Department of Business Administration; he also holds an MBA from Loyola University, Faculty of Economics and Administrative Sciences. He began his professional career in 1991 and joined DenizBank Financial Services Group in 2004.

## MEHMET ÇİTİL

Deniz Real Estate Investment Trust, General Manager

Mr. Çitil was born in 1966 and graduated from İstanbul Technical University, Department of Architecture; he also holds an MBA from İstanbul University, Faculty of Economics and Administrative Sciences and has a CMB Residential Real Estate Appraisal License. He began his banking career in 1988 and joined DenizBank in 1997.

## MURAT KULAKSIZ

Deniz Factoring, General Manager, Deniz Leasing Executive Board Member

Mr. Kulaksız was born in 1972 and graduated from Çukurova University, Faculty of Economics and Administrative Sciences, Department of Business Administration. He began his banking career in 1998 and joined DenizBank in 2003.

## OĞUZ YALÇIN

CJSC DenizBank Moscow, General Manager

Mr. Yalçın was born in 1975 and graduated from Boğaziçi University, Faculty of Economic and Administrative Sciences, Department of Political Sciences and International Relations. He began his banking career in 1998 and joined DenizBank in 2002.

## ÖMER UYAR

Intertech, General Manager

Mr. Uyar was born in 1977 and graduated from İstanbul Technical University, Department of Control and Computer Engineering. He began his professional career in 1996 at İTÜ IT Department and joined DenizBank in 2000. He has been serving as General Manager of Intertech since 2012.



EXECUTIVE  
MANAGEMENT

| Title                     | Name Surname                | Duty  | Education         | Professional Experience (Years) |
|---------------------------|-----------------------------|---|-------------------|---------------------------------|
| CEO                       | Hakan Ateş                  | CEO   | Bachelor's Degree | 41                              |
| Executive Vice Presidents | Ali Murat Dizdar            | Chief Legal Advisor-Member of the Management Board  | Master's Degree   | 39                              |
|                           | Ayşenur Hıçkiran            | Retail Banking Group EVP-Member of the Management Board                                     | Bachelor's Degree | 28                              |
|                           | Bora Böcügöz                | Treasury, Financial Institutions and Investment Group EVP-Member of the Management Board    | Bachelor's Degree | 34                              |
|                           | Mehmet Aydoğdu              | Wholesale Banking Group EVP- Member of the Management Board                                 | Bachelor's Degree | 27                              |
|                           | Ruslan Abil                 | Financial Affairs Group EVP-Member of the Management Board                                  | Bachelor's Degree | 25                              |
|                           | Ali Rıza Aydın              | Information Security and Information Technologies Risk Management Group EVP                 | Master's Degree   | 28                              |
|                           | Burak Koçak                 | Agricultural Group-EVP  | Bachelor's Degree | 27                              |
|                           | Edip Kürşad Başer           | Retail-SME, Agricultural Banking Credits Allocation and IFRS Group-EVP                      | Bachelor's Degree | 31                              |
|                           | Engin Eskiduman             | SME Banking and Public Finance Group-EVP  | Bachelor's Degree | 24                              |
|                           | Halit Cihan Tunçbilek       | Payment Systems Group-EVP   | Ph.D.             | 27                              |
|                           | Kishore Swayamberdutt Bhatt | Credit Allocation Group-EVP   | Master's Degree   | 34                              |
|                           | Mustafa Okan Çetinkaya      | Analytic, Data and Customer Value Management Policies Group-EVP                             | Master's Degree   | 23                              |
|                           | Mustafa Özel                | Branch and Central Operations Group-EVP   | Bachelor's Degree | 34                              |
|                           | Oğuzhan Özark               | Personal and Private Banking Group-EVP  | Bachelor's Degree | 24                              |
|                           | Okan Aksu                   | Treasury Group-EVP  | Master's Degree   | 19                              |
|                           | Savaş Çıtak                 | Project Financing, Financing Restructuring and Credits International Coordination Group-EVP | Master's Degree   | 23                              |
|                           | Selim Efe Teoman            | Corporate and Commercial Credits Group-EVP  | Bachelor's Degree | 28                              |
|                           | Serkan Boran                | Credit Follow-up Group-EVP  | Master's Degree   | 24                              |
|                           | Umut Özdoğan                | Digital Transformation, Change Management and Non-Branch Channels Group-EVP                 | Master's Degree   | 23                              |
|                           | Ümit Recep Uğur             | Corporate and Commercial Banking Group-EVP  | Bachelor's Degree | 25                              |
|                           | Verda Beril Yüzer Oğuz      | Financial Institutions and Sustainability Coordination Group-EVP                            | Bachelor's Degree | 25                              |
|                           | Yavuz Elkin                 | Human Resources and Deniz Academy Group-EVP   | Bachelor's Degree | 29                              |
| Secretary General         | Rasim Orman                 | Secretariat General and Litigations Group-EVP   | Master's Degree   | 25                              |
| Internal Systems          | Ramazan Işık                | Head of Internal Audit  | Master's Degree   | 23                              |
|                           | Cem Demirağ                 | Internal Control Center and Compliance Head   | Bachelor's Degree | 34                              |
|                           | Sinan Yılmaz                | Head of Risk Management Group   | Bachelor's Degree | 24                              |

COMMITTEES

| Committee                                     | Name Surname                         | Title                                  | Education         | Professional Experience (Years) |
|---|--------------------------------------|--|-------------------|---------------------------------|
| Audit and Risk Committee                      | Ahmed Mohammed Aqil Qassim AL QASSIM | Member                                 | Master's Degree   | 19                              |
|   | Bjorn LENZMANN                       | Chairman                               | Ph.D.             | 26                              |
| Corporate Governance and Nomination Committee | Shayne Keith NELSON                  | Member                                 | Bachelor's Degree | 38                              |
|   | Tanju KAYA                           | Member                                 | Bachelor's Degree | 36                              |
| Remuneration Committee                        | Hesham Abdulla AL QASSIM             | Member                                 | Master's Degree   | 27                              |
|   | Shayne Keith NELSON                  | Member                                 | Bachelor's Degree | 38                              |
| Credit Committee                              | Hakan ATEŞ                           | Member                                 | Bachelor's Degree | 41                              |
|   | Derya KUMRU                          | Member                                 | Ph.D.             | 36                              |
|   | Burcu ÇALIKLI                        | Member                                 | Master's Degree   | 30                              |
|   | Hesham Abdulla AL QASSIM             | Reserve Member                         | Master's Degree   | 27                              |
|   | Jonathan Edward MORRIS*              | Reserve Member                         | Bachelor's Degree | 37                              |
|   | Hakan ATEŞ                           | Chairman                               | Bachelor's Degree | 41                              |
| Sustainability Committee                      | Tanju KAYA                           | Member                                 | Bachelor's Degree | 36                              |
|   | Bjorn LENZMANN                       | Member                                 | Ph.D.             | 26                              |
|   | Derya KUMRU                          | Member                                 | Ph.D.             | 36                              |
|   | Ruslan ABIL                          | Member                                 | Bachelor's Degree | 25                              |
|   | Bora BÖCÜGÖZ                         | Member                                 | Bachelor's Degree | 34                              |
|   | Savaş ÇITAK                          | Member                                 | Master's Degree   | 23                              |
|   | Verda Beril YÜZER OĞUZ               | Member & Committee General Secretariat | Bachelor's Degree | 25                              |

\* The membership of Jonathan Edward MORRIS ended with his resignation dated 31 December 2022. Aazar Ali KHWAJA, appointed lieu of him by the decision of the Board of Directors dated 2 January 2023, has been appointed as Credit Committee Reserve Member by the decision of the Board of Directors dated 18 January 2023.

Committee Meetings

Committee members fully and regularly attended all meetings held during the reporting period.

Other Committees

- Management Board
- Executive Committee
- Assets and Liabilities Committee
- Executive Credit Risk Committee
- Disciplinary Committee
- Compliance Committee
- Operational and Information Risk Committee
- Rating Committee
- Strategy Information and Steering Committee
- Information Security Committee
- Purchasing Committee
- Communication Committee
- Promotions Committee



# CORPORATE GOVERNANCE & SUSTAINABILITY

## Strong corporate governance mechanisms

DenizBank's corporate governance approach is based on the principles of transparency, equality, responsibility and accountability. The Bank carries out its activities in accordance with the Banking Legislation, the Turkish Commercial Code and related regulations and national and international practices in force.

Being aware of the importance of corporate governance practices as well as financial performance, DenizBank voluntarily works to ensure maximum compliance with the Corporate Governance Principles published by the BRSA and continues to strengthen its corporate governance mechanisms in this way.

The Bank meticulously observes the aforementioned principles in regulating its relations with its stakeholders, determining the duties, authorities and responsibilities of the Board of Directors and the management levels working under it.

At DenizBank, monitoring and development of the practices related to Corporate Governance Principles is carried out by the Corporate Governance and Nomination Committee, which consists of non-executive Board members.

To reach the Corporate Governance Principles Compliance Statement and Bank policies, please see: <https://www.denizbank.com/en/investor-relations/corporate-governance>

## A strategic and holistic sustainability management

DenizBank has internalized and expanded its responsible banking approach that prioritizes the environment, people and society throughout its organization, starting from the highest level.

With the aim of leading the sustainable transformation in its sector, the Bank invests in innovation and technology and develops impact-oriented and sustainable products and services.

Aiming to create long-term value in economic, environmental and social areas, DenizBank has established the Sustainability Management

System, which it has shaped with a strategic and holistic approach. The system has the necessary infrastructure to measure, manage and monitor the direct and indirect environmental and social impacts of the Bank.

The Sustainability Committee is responsible for developing DenizBank's sustainability strategy and monitoring its sustainability performance. The Sustainability Committee, which is a senior management committee, defines the sustainability principles in line with the determined policies and ensures that these principles are integrated into the Bank's business strategies with high sensitivity.

### Sustainability Committee Members

| Name Surname           | Title                                    | Member Description              |
|------------------------|--|---------------------------------|
| Hakan ATEŞ             | Chairman                                 | Executive Member-President, CEO |
| Tanju KAYA             | Member                                   | Executive Member                |
| Derya KUMRU            | Member                                   | Executive Member                |
| Burcu ÇALIKLI          | Member                                   | Executive Member                |
| Bjorn LENZMANN         | Member                                   | Non-Executive Member            |
| Ruslan ABİL            | Member                                   | Executive Vice President        |
| Bora BÖCÜGÖZ           | Member                                   | Executive Vice President        |
| Savaş ÇITAK            | Member                                   | Executive Vice President        |
| Verda Beril YÜZER OĞUZ | Member and Committee General Secretariat | Executive Vice President        |

To reach the Sustainability Policies and Reports, please see: <https://www.denizbank.com/en/investor-relations/sustainability>

# HUMAN RESOURCES AND DENİZ ACADEMY GROUP

## HUMAN RESOURCES

### Contemporary human resources management system

DenizBank's outstanding team with superior competencies also forms the basis of unconditional customer satisfaction. The Bank; implements a modern human resources management system in line with the principles of transparency, participation, efficiency and compliance with banking ethics.

Adopting respect for people as the first condition of success, and in this context, providing a peaceful professional environment and physical working conditions where all employees can use and develop their talents and skills without any discrimination are the main elements of DenizBank's Human Resources Policy.

The year 2022, in which the effects of the pandemic gradually diminished, was a year in which existing practices were further developed for DenizBank, taking into account the preferences and expectations of both the employees and the candidates, along with the changing living conditions.

In parallel with the post-pandemic normalization steps, the Bank has ensured the sustainability of its business processes through the application of working models from home or office, within the scope of the measures it has taken to protect the health of its employees and their families.

### Preferred employer brand

DenizBank implements fair and transparent recruitment procedures in order to create a highly committed, efficient and successful human resource, to be a preferred brand in its sector, and to bring the most valuable talents to the Bank.

With the increase of digitalization and the effect of the pandemic, the Bank conducted recruitment interviews with 11,823 people through online interviews, which are more preferred, and subjected more than 24,000 candidates to online exams. A total of 4,042 recruitments were made in 2022, 59% of which were new graduates.

HIGHLY  
COMMITTED,  
EFFICIENT,  
SUCCESSFUL,  
COMPETENT  
HUMAN  
RESOURCES



## 4,042 RECRUITMENTS

A total of 4,042 recruitments were made in 2022, 59% of which were new graduates.





# HUMAN RESOURCES AND DENİZ ACADEMY GROUP

## INTERNSHIP OPPORTUNITIES TARGETED TO BRING YOUNG TALENTS TO THE BANKING SECTOR

The online internship processes, which started in 2017, continued during the pandemic, and in 2022 they were replaced mainly by physical internship programs. In this context, DenizBank provided internship opportunities to 1,124 students in order to attract young talents to the banking sector and the Bank.

A total of 1,400 students applied to "Deniz'in İncileri Plus" Internship Program for senior university students, and 42 students were provided with internship opportunities for 6 months, 3 working days a week. In addition, 127 students completed their internships in "Deniz'in İncileri" Internship Program designed for 2<sup>nd</sup> and 3<sup>rd</sup> year university students, and 848 students in "Deniz Aşırı" Internship Program designed for university freshmen, completed their internship online. In addition, 107 students were accepted to "Deniz'de İlk Adım (First Step in Deniz)" Internship Program, which is planned for the senior students of the Commercial Vocational High School.

During the internship period, process evaluations were made by meeting with the students. The students who graduated from "Deniz'in İncileri Plus" Internship Pro were evaluated in line with the needs of the Bank, and they were assigned to 19 trainee staff. Two interns who completed "Deniz'in İncileri Plus" Internship Program and were successful in the exam and case studies completed their internships at DenizBank AG in Vienna.

Allowing its employees to discover new fields that match their interests and competencies through different career and talent programs, DenizBank launched the fifth "Data Science Program" that it created within this scope. Bank employees, who have strong analytical skills and want to continue their duties in this field, were included in the online/face-to-face trainings held in cooperation with Deniz Academy and TED University after the technical exam and interview stages. During this process, 29 employees were reassigned as Data Scientists, and 14 Junior Data Scientists were recruited and participated in the said program.

In the "Corporate MBA" program, which was held for the 9<sup>th</sup> time in cooperation with DenizBank and Bahçeşehir University, 21 Bank employees selected after the exam and interview stages attended face-to-face and online classes on Bahçeşehir University campus. Employees' participation in the "Cyber Security Programs" carried out jointly with Sabancı University continued in 2022 as cyber-attacks are increasing day by day.

DenizBank implemented the "Foreign Language Compensation" application in order to encourage the foreign language development of its employees and started the practice of covering the first participation fee for TOEFL and IELTS exams by the Bank.

### Priority given to in-house human resources in career opportunities

Providing service with a total of 691 branches and 15,609 employees in Turkey and abroad in 2022, DenizBank Financial Services Group (DFSG) has adopted the principle of raising today's and future managers within its structure, giving priority to in-house human resources in career opportunities, by offering equal opportunities to its employees.

## 2,134 ASSISTANT MANAGERS

2,134 Assistant Managers participated in the process of "Technical Exam" and "Situational Judgment Test" given to Branch Captain candidates.

## CAREER AND DEVELOPMENT PROCESS PLANNING FOR EMPLOYEES ACCORDING TO THEIR POTENTIAL

Based on the "Everybody is a Talent at Deniz" approach, DenizBank changed its "Journey to Captaincy Program" processes in order to create a climate where all employees can realize their potential, and to plan their career and development processes in line with their potential. In this context, "Technical Exam" and "Situational Judgment Test" were started to be given to Branch Captain candidates, and 2,134 Assistant Managers participated in the process.

Aiming to predominantly promote its managers from within its internal structure, DenizBank continued to carry out promotion processes for both sub-Manager and Manager and above titles in 2022 as well. Employees who participate in the promotion process, which is held twice a year for sub-manager titles, participate in competency assessment tools according to their titles.



## 1,124 STUDENTS

DenizBank provided internship opportunities to 1,124 students in 2022.





# HUMAN RESOURCES AND DENİZ ACADEMY GROUP

## PROMOTION PROCESSES WHERE EMPLOYEES PARTICIPATE IN COMPETENCY ASSESSMENT TOOLS ACCORDING TO THEIR TITLES

A total of 1,674 employees were promoted to manager and sub-manager titles in 2022, and 92% of manager appointments were made among current employees. In addition, during the year, horizontal and vertical assignments and job changes of 2,198 employees were made in line with their career maps.

In 2022, 100 employees were appointed as Team Leaders during the FORA Team Leadership process that the employees of the Non-Branch Channels Group (Mobile Sales, Contact Center, Sales & Collection on the Phone) participated in their journey to be appointed as Team Leader.

With the PRUVA process, which is the training and evaluation program for the employees of the Non-Branch Channels Group, in the transition to branch sales staff for a period of one month, it is aimed to prepare the employees for their new duties by benefiting from the knowledge, experience and experience of the travel guides determined within the branch. In this context, 84 employees who were successful in 2022 were appointed to their new positions.

In 2022, one-on-one interviews were held with the employees, and feedback was received from the relevant employees and managers on the issues they needed. In this context, actions were taken regarding the issues that came to the fore in face-to-face and online meetings with 3,834 employees.

### 1,674 EMPLOYEES

A total of 1,674 employees were promoted to manager and sub-manager titles in 2022.



### Active use of social media in HR communication

DenizBank's internal communication platform, "Denizde (At Deniz)", was developed based on the feedback received from employees, and its renewed version was made available to employees.

DenizBank continued its cooperation with [anlatsin.com](https://anlatsin.com) in order to reach young people and to introduce the Bank more closely in external communication. Promotions of different departments of the Bank and various programs such as internship programs were supported with videos on [anlatsin.com](https://anlatsin.com).

DenizBank received an award in the category of "Finance Company Most Wanted to Work for by Young People" at the Youth Awards, organized by Youthall in 2022 for young people and voted by more than 85,000 students.

In 2022, the Bank continued to actively use its LinkedIn, Facebook (DenizBank Human Resources), Career at Deniz Instagram (@denizdekariyer), Twitter (@denizbankik) accounts in social media and to increase its followers in 2022.

As a result of the successful communication efforts, DenizBank Human Resources Career Instagram page reached the highest number of followers among private banks and ranked first.

Priorities were determined in line with the results of the Employee Engagement Survey conducted throughout the Bank. DenizBank's 2022 survey results exceeded the Turkish banking sector averages, and Employee Engagement increased by 2 points compared to 2021.

DenizBank added new content to the "Journey" application and improved the start-up experience in order to monitor the recruitment and orientation processes of the employees, and to enable the employee to adapt to the Bank more quickly throughout the entire experience process starting from the candidacy. This application supports the adaptation process by sharing information about the Bank's culture in the digital environment as well as the information that the new employee will need.

## HIGH FOLLOWER ACQUISITION THROUGH SUCCESSFUL COMMUNICATION EFFORTS ON SOCIAL MEDIA

## Employee Engagement Survey

2022 Employee Engagement Survey results exceeded the Turkish banking sector averages.



# HUMAN RESOURCES AND DENİZ ACADEMY GROUP

## TRAINING ACTIVITIES CARRIED OUT IN LINE WITH HUMAN RESOURCES STRATEGIES AND TARGETS

### DENİZ ACADEMY

DenizBank offers career and development-oriented systematic training opportunities to all its employees in line with its goal of maximizing the motivation, knowledge and skill levels of its employees, whom it describes as the architects of its corporate success.

Carrying out training activities in line with the Bank's human resources strategies and targets, Deniz Academy continued to organize personal and professional development trainings to increase the competencies of its employees in 2022, as it does every year.

Providing 1.5 million hours of training with 10.8 people/day per person throughout 2022, Deniz Academy provided 83% of these trainings online.



### Train a Banker

Deniz Academy has trained 3,675 bankers with 193 Basic Development Programs, which it has prepared to quickly turn those new to DenizBank into Sailors.

### Raising a Captain

84 Branch Captains have completed their training in the "New Captains Club" (YKK) program, which consists of 3 modules and lasts for 13 days, designed by Deniz Academy for Branch Managers.

35 Captains received training in the "Leadership at Deniz 101 and 201" programs, which are the target audience of newly promoted department and group managers within the General Directorate.

Within the scope of the TurWiB Women Leadership Academy program on sustainability, 6 female managers attended the training in Frankfurt.

5 Bank executives were included in the GGF Green Finance Program held in Berlin, which is also about sustainability, renewable energy and resource efficiency projects.

## 1.5 MILLION HOURS OF TRAINING

Deniz Academy provided 1.5 million hours of training with 10.8 people/day per person throughout 2022.

### Workforce transformation

The Data Science School, which has been operating since 2018, continued to grow by enriching its content in the 2022 academic year. A total of 204 employees graduated from this program, in which 94 Data Scientists started their training in the relevant period.

With the development of technology and digitalization, Deniz Academy prepares different certificate programs in order to be ready for the competencies of the future and to contribute to the acquisition of different fields of expertise. With the Entrepreneurship Certificate Program prepared in this context, 200 sailors completed their online training and received their certificates. 38 people who participated in the second module of the program had the opportunity to present their projects on Demoday.

Within the scope of the Data Literacy Certificate Program, 27 employees were entitled to receive certificates. During the year, more than 1,300 certificates in total were given with different certificate programs.

2,170 people attended the Personal Development and Parent School, established by Deniz Academy to guide employees in their personal development areas and to support their children in the areas they may need.

Aiming to train today's and future managers, DenizBank supports participation in MBA programs for the development of its employees. 21 employees continue their 8<sup>th</sup> term training in the BAU Corporate MBA program, from which 19 participants graduated.

### Contribution to Society

Within the scope of the Sustainability 101 training, a comprehensive e-training that will contribute to the awareness of employees about the "United Nations Sustainable Development Goals" has been assigned to the entire DenizBank Financial Services Group.

Deniz Academy YouTube channel was opened in September 2020 with the need to openly share more than 15 years of experience with the society. The channel, which produces videos under the titles of Professional, Young and Life, reached 4.3 million views in 2022 with 184 videos and shorts. Nearly 400 videos and shorts content published on the channel to date have received a total of 14 million views. The number of subscribers exceeded 123 thousand in 2022, and the contents were shared a total of 100 thousand times on various platforms.

Deniz Academy YouTube channel was awarded the Youtube Creator Awards Silver plaque by Google. In addition, the channel was awarded a silver award in the category of "Development Program that Offers Solutions to Inequalities in Education" within the scope of TEGEP's "Learning and Development Awards", which has always been a reference point in the field of corporate learning and development.

## Entrepreneurship Certificate Program

With the Entrepreneurship Certificate Program, 200 sailors completed their online training and received their certificates.

## CERTIFICATE PROGRAMS CONTRIBUTING TO EMPLOYEES TO ACQUIRE DIFFERENT AREAS OF EXPERTISE



RELATED PARTY TRANSACTIONS

DenizBank carries out various banking transactions with its risk group (related parties) and these transactions are carried out for commercial purposes and at market prices. The shares of the transactions carried out with the risk group within the Bank’s financials are as follows:

| % - Consolidated                          | 31.12.2021 | 31.12.2022 |
|---|------------|------------|
| Share in cash loans and other receivables | 0.36%      | 0.08%      |
| Share in deposits and borrowings          | 9.18%      | 6.78%      |
| Share in non-cash loans                   | 0.09%      | 0.22%      |
|   |            |            |
| % - Unconsolidated                        | 31.12.2021 | 31.12.2022 |
| Share in cash loans and other receivables | 2.61%      | 2.57%      |
| Share in deposits and borrowings          | 13.24%     | 8.42%      |
| Share in non-cash loans                   | 0.46%      | 0.51%      |

Detailed information is available in Notes to the Independently Audited Financial Statements Section Five - Article VII.

SUPPORT SERVICES

| SUPPORT SERVICES PROVIDERS   | BUSINESS LINE                            |
|--|--|
| IRON MOUNTAIN ARŞİVLEME HİZMETLERİ A.Ş.  | ARCHIVE SERVICES                         |
| REISSWOLF DOKÜMAN YÖNETİMİ HİZMETLERİ A.Ş.                                     |  |
| 32BIT BİLGİSAYAR HİZMETLERİ SAN VE TİC. LTD. ŞTİ.                              |  |
| ACTIVE BİLGİSAYAR HİZ. VE TİC. LTD. ŞTİ.                                       |  |
| BGA BİLGİ GÜVENLİĞİ A.Ş.   |  |
| BİLİN YAZILIM VE BİLİŞİM DANIŞMANLIĞI A.Ş.                                     |  |
| CYBERWISE SİBER GÜVENLİK TİC. A.Ş.   |  |
| EKON YAZILIM VE TEKNOLOJİ A.Ş.   |  |
| FINEKSUS BİLİŞİM ÇÖZÜMLERİ TİC. A.Ş.   |  |
| INTERTECH BİLGİ İŞLEM VE PAZARLAMA TİC. A.Ş.                                   |  |
| İNFİNA YAZILIM A.Ş.  | INFORMATION SYSTEMS                      |
| MOBVEN TEKNOLOJİ A.Ş.  |  |
| NÖRD İNTERAKTİF MEDYA HİZMETLERİ LTD. ŞTİ.                                     |  |
| PİTON BİLGİSAYAR TEKNOLOJİLERİ EĞİTİM VE DAN. LTD. ŞTİ.                        |  |
| SİSTAŞ SAYISAL İLETİŞİM SAN. VE TİC. A.Ş.                                      |  |
| SUPERONLINE İLETİŞİM HİZMETLERİ A.Ş.   |  |
| ÜÇGEN OTOMASYON ELEKTRİK ELEKTR. BİLİŞİM SAN. VE TİC. LTD.                     |  |
| VERİ BİLGİ MERKEZİ BİLİŞİM HİZMETLERİ LİMİTED ŞİRKETİ (VBM)                    |  |
| VERİFONE ELEKTRONİK VE DANIŞMANLIK LTD. ŞTİ.                                   |  |
| VESLABS BİLİŞİM TEKNOLOJİLERİ TİC. A.Ş.  |  |
| ASSİSTA VDI DESTEK HİZMETLERİ  | INFORMATION SYSTEMS/OPERATIONAL SERVICES |
| CYBERWISE SİBER GÜVENLİK TİC. A.Ş. (BİZNET BİLİŞİM)                            |  |
| NEOHUB TEKNOLOJİ YAZILIM PAZARLAMA VE DANIŞMANLIK A.Ş.                         |  |
| DGPAYS BİLİŞİM HİZMETLERİ A.Ş.   |  |
| HUGİN YAZILIM TEKNOLOJİLERİ A.Ş.   |  |
| INGENİCO ÖDEME SIS. ÇÖZÜMLERİ A.Ş.   |  |
| KARBİL YAZILIM VE BİLİŞİM TEKN. TİC. A.Ş.                                      |  |
| MT BİLGİ TEKNOLOJİLERİ VE DIŞ TİC. A.Ş.  |  |
| R2 ELEKTRİK ELEKTRONİK VE BİLGİSAYAR TEKN. GIDA VE İHT. MAD. SAN. VE TİC. A.Ş. |  |
| MT VERA -KARBİL YAZILIM VE BİLİŞİM TEKN. TİC. A.Ş.                             |  |
| CPP SİGORTA ARACILIK HİZMETLERİ A.Ş.   | CALL CENTER/MARKETING                    |
| METİS BİLGİSAYAR SİSTEMLERİ SANAYİ VE TİCARET A.Ş.                             |  |
| WEBHELP ÇAĞRI MERKEZİ VE MÜŞTERİ HİZMETLERİ A.Ş.                               |  |
| BANTAŞ NAKİT VE KIYMETLİ MAL TAŞIMA VE GÜV. HİZ. A.Ş.                          |  |
| BRINK’S GÜVENLİK HİZMETLERİ A.Ş.   |  |
| EKOL GRUP KORUMA GÜVENLİK EĞİTİM HİZ. LTD. ŞTİ.                                |  |
| LOOMİS GÜVENLİK HİZMETLERİ A.Ş.  |  |
| SAFEPOINT GÜVENLİK SİSTEMLERİ A.Ş.   |  |
| 4A1B EĞİTİM HİZMETLERİ TİC. A.Ş.   |  |
| ABD EĞİTİM HİZMETLERİ TİC. LTD. ŞTİ.   | SECURITY                                 |
| ADABAY EĞİTİM VE YAY. HİZMETLERİ SAN. TİC. LTD. ŞTİ.                           |  |
| AUSTRIA CARD TURKEY KART OPERASYONLARI A.Ş.                                    |  |
| AVİ GAYRİMENKUL YATIRIM DEĞERLEME VE DAN. A.Ş.                                 |  |
| BBS DANIŞMANLIK GAYRİMENKUL VE EĞİTİM A.Ş.                                     |  |
| BERTA EĞİTİM HİZMETLERİ TİCARET LTD. ŞTİ.                                      |  |
| BEŞİKTAŞ FİNAL EĞİTİM KURUMLAR LTD. ŞTİ.                                       |  |
| BİLGİ ÇAĞIM ÖZEL EĞİTİM HİZMETLERİ TİC. LTD. ŞTİ.                              |  |
| BİLGİFEN EĞİTİM ÖĞRETİM YAYINCILIK HİZMETLERİ TİC. LTD. ŞTİ.                   |  |
| CANKURT İŞ SAĞLIĞI VE GÜVENLİĞİ HİZ. ORTAK SAĞ. VE GÜV. TİC. LTD. ŞTİ.         | OPERATIONAL SERVICES                     |
| CİHANGİR EĞİTİM İŞLETMELERİ VE TEKSTİL SAN. TİC. A.Ş.                          |  |
| CREDE DANIŞMANLIK VE DIŞ TİC. A.Ş.   |  |
| ÇAĞDAS NESİLLER ÖZEL EĞİTİM HİZ.   |  |
| ÇAĞRI ÖZEL EĞİTİM HİZ. VE İLT. TİC. LTD. ŞTİ.                                  |  |
| D FAST DAĞITIM HİZMETLERİ VE LOJİSTİK A.Ş. (HEPSİEXPRESS)                      |  |
| DENİZBANK AĞ   |  |
| DGPAYS BİLİŞİM HİZMETLERİ A.Ş.   |  |



SUPPORT SERVICES

|   |
|---|
| E-KART ELEKTRONİK KART SİSTEMLERİ SAN. VE TİC. A.Ş.                           |
| EKİNOKS ÖZEL EĞİTİM ÖĞR. HİZ. TİC. LTD. ŞTİ.                                  |
| ELER ÖZEL ÖĞRETİM DANIŞMANLIK REH. YAY. DAG. VE TİC. LTD. ŞTİ.                |
| EMR EĞİTİM HİZMETLERİ TİCARET LTD. ŞTİ.                                       |
| ENİS ALAGÖZ EĞİTİM HİZMETLERİ VE TİC. A.Ş.                                    |
| ETİSAN PROJE BİLGİ VE YAZILIM TEKNOLOJİLERİ SAN. TİC. A.Ş.                    |
| FLORYA ÖZEL EĞT. ÖGR. KUR. SOS. SPOR TUR. TES. İŞL. LTD. ŞTİ.                 |
| FU GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.                                       |
| GÜNEŞLİ SINAV EĞİTİM HİZMETLERİ TİC. LTD. ŞTİ.                                |
| GÜNEŞLİ SINAV EĞT. HİZ. TİC. LTD. ŞTİ.  |
| HAKAN VAROL (Mİ SHOP)   |
| HASAŞ İNŞAAT EĞİTİM SAĞ. GIDA (MEFKURE KOLEJİ)                                |
| HOBİM ARŞİVLEME VE BASIM HİZMETLERİ A.Ş.                                      |
| İNCEOĞLU DAYANAKLI TÜKETİM MALLARI HAYVANCILIK İNŞAAT SAN. TİC. LTD. ŞTİ.     |
| İPOTEKA GAYRİMENKUL YATIRIM DANIŞMANLIK A.Ş.                                  |
| İSTANBUL ALTIN RAFİNERİSİ A.Ş.  |
| İSTANBUL VADİ EĞİTİM ÖĞRETİM YAYINCILIK HİZMETLERİ TİC. VE LTD. ŞTİ.          |
| İSTİNYE OKULLARI EĞİTİM HİZMETLERİ A.Ş.                                       |
| İZZET SAKİN EĞİTİM YAYINCILIK HİZMETLERİ TİC. LTD. ŞTİ.                       |
| KARŞIYAKA UĞUR OKULLARI EĞT. HİZM. İNŞ. GIDA TUR. SAN. VE TİC. A.Ş.           |
| KESAN BAHÇESEHİR EĞİTİM KURUMLARI TİC. LTD. ŞTİ.                              |
| KURYE-NET MOTORLU KURyecİLİK VE DAĞITIM HİZMETLERİ A.Ş.                       |
| KÜLTEPE EĞİTİM VE DANIŞMANLIK HİZMETLERİ LTD. ŞTİ.                            |
| KVK TEKNİK SERVİS HİZ. TİC. A.Ş.  |
| MEDİA MARKT TURKEY TİC. LTD.  |
| MEK MODERN EĞİTİM KURUMLARI A.Ş.  |
| MOR ÖZEL EĞİTİM ÖĞRETİM HİZM. TİC. LTD. ŞTİ.                                  |
| MTM HOLOGRAFI GÜVENLİKLİ BASIM VE BİLİŞİM TEKN. SAN. VE TİC. A.Ş.             |
| OĞUZKAAN EĞİTİM HİZMETLERİ VE TİC. A.Ş.                                       |
| OKUMUŞ ÖZEL EĞİTİM HİZMETLERİ LTD. ŞTİ.                                       |
| OKYANUS EĞİTİM KURUMLARI A.Ş.   |
| ÖZEL İLGİ UĞUR EĞİTİM HİZMETLERİ LTD. ŞTİ.                                    |
| ÖZEL MUTLU EĞİTİM KURUMLARI TİC. LTD. ŞTİ.                                    |
| ÖZEL ÖZİLGİ UĞUR EĞİTİM HİZMETLERİ LTD. ŞTİ.                                  |
| ÖZSOY DAYANIKLI TÜK. MAL. SAN. TİC. LTD. ŞTİ.                                 |
| PLASTİK KART AKILLI KART İLETİŞİM SİS. SAN. VE TİC. A.Ş.                      |
| RİDVAN DEMİRTAŞ PROFİLO BAYISI  |
| ŞEHİR SINAV EĞİTİM HİZMETLERİ TİCARET LTD. ŞTİ.                               |
| SİSTEM KURYE HİZMETLERİ TAŞIMACILIK TİC. LTD. ŞTİ.                            |
| SYK EĞİTİM HİZMETLERİ VE TİC. A.Ş.  |
| ŞİŞLİ ATA EĞİTİM KURUMLARI TİC. LTD. ŞTİ.                                     |
| TAGAR TAPU GARANTİ HİZMETLERİ A.Ş.  |
| TARABYA AEC EĞİTİM VE YAYINCILIK HİZM. TİC. LTD. ŞTİ.                         |
| TULPAR ÖZEL EĞİTİM ÖĞRETİM VE DANIŞMANLIK HİZ. TİC. LTD. ŞTİ.                 |
| UĞURLU GELECEK ÖZEL EĞİTİM HİZ. LTD.  |
| UĞURLU SERVİS NAK.ÖZEL EĞT. DAN. TUR. VE TEM. HİZM. TİC. LTD. ŞTİ.            |
| ULUDAĞ KOLEJİ ÖZEL EĞİTİM KURUMLARI SAN. VE TİC. A.Ş.                         |
| VİZYON KOLEJİ YAY. EĞT. HİZ. A.Ş. (MERKEZ - ESENYURT KAMPÜSÜ)                 |
| YENİ UĞUR ÖZEL EĞİTİM HİZMETLERİ A.Ş.   |
| YİĞİT ÇETİN ÖZEL EĞİTİM KURUMLARI SAN.TİC. LTD. ŞTİ. (BURDUR BAHÇEHİR KOLEJİ) |
| ZETA HALKLA İLİŞKİLER DANIŞMANLIK   |
| İDA AKADEMİK EĞİTİM HİZMETLERİ TURİZM VE TİC. A.Ş.                            |
| VESTEL HAKKARİ ŞUBE ASMİNA TİCARET  |
| VESTEL BARIŞMAR   |
| VESTEL ZERA   |
| VESTEL AYSAN TİCARET  |
| VESTEL METİN GÜNEŞ  |
| VESTEL BAYRAKLI   |

OPERATIONAL SERVICES

|  |
|--|
| VESTEL ŞENTÜRK   |
| VESTEL ERPA  |
| VESTEL PARPAR  |
| VESTEL REÇBER  |
| VESTEL PİRİNÇ TİCARET  |
| VESTEL OCAK MOBİLYA  |
| VESTEL GÜRsoY DAYANIKLI TÜKETİM MALZEMELERİ  |
| VESTEL KARDELEN LİMİTED ŞİRKETİ  |
| VESTEL GÖZDE İNŞAAT TARIM VE HAYVANCILIK GIDA TEKSTİL                                    |
| VESTEL KORELİ LİMİTED ŞİRKETİ  |
| VESTEL KAPAN BEYAZ EŞYA MOBİLYA NAK. TAAH. VE TİC. LTD.                                  |
| VESTEL ERPA BEYAZ EŞYA ANONİM ŞİRKETİ  |
| VESTEL LİDER İLETİŞİM. LTD. ŞTİ.   |
| VESTEL MOTİF MOBİLYA DAY. TÜK. GIDA  |
| VESTEL YENİ ÇAĞ DTM  |
| VESTEL KONAKLI UYSALLAR HALI   |
| VESTEL ÜÇGÜN KOZA LTD. ŞTİ.  |
| VESTEL ZAMANTI HALICILIK TİCARET VE SANAYİ A.Ş.  |
| VESTEL HAKKI KARAKAŞ   |
| VESTEL ADAŞ ELEKTRONİK   |
| VESTEL NURİYE KÜÇÜK  |
| VESTEL ÖZVENUR   |
| VESTEL UZUN DAY. TÜKETİM MALLARI LTD.  |
| VESTEL ÖZ-DOU-SAN MOBİLYA  |
| VESTEL SARIÇELİK KARDEŞLER DAYANIKLI TÜKETİM MALLARI VE GIDA PAZ. SAN. VE TİC. LTD. ŞTİ. |
| VESTEL AHMET ŞAZI AKDAĞ HAS ELEKTRONİK TİCARET A.Ş.                                      |
| VESTEL SEHER YONAR   |
| VESTEL MUSTAFA ÇOBAN ELEKTRONİK  |
| VESTEL GASTRO LOJİSTİK   |
| VESTEL KÜLAHÇIOĞLU   |
| VESTEL SÖNMEZ İNŞ.   |
| VESTEL ODABAŞI   |
| VESTEL ÖZBAĞCILAR  |
| VESTEL ERCAN GÜNER   |
| VESTEL DURMAZ YAPI   |
| VESTEL İKİ GRUP  |
| VESTEL ALİRIZA TUNCEL  |
| VESTEL DELİHASANOĞLU BEYAZ EŞYA  |
| VESTEL MUASTAFA ALİ SELCİ ADI ORTAKLIĞI BEYAZ EŞYA                                       |
| VESTEL ORHAN KIZILDEMİR  |
| VESTEL YNS MOBİLYA   |
| VESTEL ÖZALP OTO   |
| VESTEL SULTAN MOBİLYA  |
| VESTEL SÜVARIOĞLU  |
| VESTEL CİHAT SARAÇ   |
| VESTEL MERT MUSTAFA GÖKTAŞ   |
| VESTEL OSMAN GÖKÇE   |
| VESTEL SERHATLAR A.Ş.  |
| ASSİST   |
| BESS TEKNOLOJİ   |
| CMC  |
| KARDELEN OKULLARI  |
| KOCATÜRK KOLEJİ  |
| VERİSOFT   |
| PAX TEKNOLOJİ VE PAZARLAMA A.Ş.  |
| İSTİKBAL MUHAMMED USLU   |
| 125 TÜRK TRAKTÖR DEALER  |

OPERATIONAL SERVICES



# AMENDMENTS TO THE ARTICLES OF ASSOCIATION

There is no amendment to Articles of Association in 2022.

# SHAREHOLDING STRUCTURE, PAID-IN CAPITAL AND CHANGES, SHARES HELD BY MANAGEMENT

DenizBank’s shareholding structure, and the shares held by ultimate controlling real person(s) as of 31 December 2022 are presented in the table. DenizBank’s shareholding structure does not contain any cross-shareholdings.

## Shares Held by Management

Executives from ENBD group; Saod Obaidalla, Ahmed Al Qassim, Salah Mohammed Amin and Mohammed Albastaki own 1 share each.

## DenizBank A.Ş. Shareholding Structure - 31.12.2022

| Shareholders                    | Nominal Value (TL)   | Share %        |
|---------------------------------|----------------------|----------------|
| Emirates NBD Bank P.J.S.C.      | 5,696,099,996        | 99.99999988%   |
| Investment Corporation of Dubai |                      | 55.7579%       |
| Capital Assets LLC              |                      | 5.3290%        |
| Free Float                      |                      | 38.9131%       |
| Others                          | 4                    | 0.00000007%    |
| <b>TOTAL</b>                    | <b>5,696,100,000</b> | <b>100.00%</b> |



# CHANGES IN THE MANAGEMENT, SHAREHOLDING STRUCTURE AND ACTIVITIES OF DFSG COMPANIES

In accordance with the decision of DenizBank Board of Directors dated 12 January 2022, it has been decided to appoint Burcu Çalıkılı as the member of the Board of Directors, due to the resignation of Board Member Mohamed Hadi Ahmed Abdulla Al Hussaini, in order to take up duty until the first General Assembly. Burcu Çalıkılı took the oath and started her duty as of 12 January 2022.

In accordance with the decision of DenizBank Board of Directors dated 13 January 2022, it has been decided to elect Hakan Ateş-the member of the Board of Directors and CEO, Derya Kumru-the member of the Board of Directors and Burcu Çalıkılı- the member of the Board of Directors, as the members of the Credit Committee and to elect Hesham Abdulla Al Qassim -the member of the Board of Directors and Jonathan Edward Morris-the member of the Board of Directors as the reserve members of the Credit Committee.

In accordance with the decision of DenizBank Board of Directors dated 1 February 2022, Cemil Cem Önenç, who has been serving as

the Executive Vice President of Private Banking and Investment Sales Group, has been appointed to replace the General Manager of DenizAsset Management Fatih Arabacıoğlu who decided to retire from his job. Within the Board decision, Oğuzhan Özark, who has been serving as the Executive Vice President of the Retail Banking Group, has been appointed as the Executive Vice President of the Consumer and Private Banking Group, assuming the responsibility of the Private Banking function along with his current position.

In accordance with the decision of DenizBank Board of Directors dated 1 February 2022, it has been decided to accept the resignations of Deniz Ülke Arıboğan and Nihat Sevinç dated 31 January 2022, to appoint Ahmed Mohammed Aqil Qassim Al Qassim as member of the Board of Directors in order to take up duty until the first General Assembly due to the resignation of Board Member (Vice Chairman of Board of Directors) Nihat Sevinç. Ahmed Mohammed Aqil Qassim Al Qassim took the oath and started his duty as of 10 February 2022.

In accordance with the decision of DenizBank Board of Directors dated 1 February 2022, it has been decided to elect Hesham Abdulla Al Qassim as the Chairman of the Board of Directors and Shayne Keith Nelson as the Vice Chairman of the Board of Directors subject to the distribution of duties among the members of the Board of Directors.

As a result of the Ordinary General Assembly Meeting of DenizBank held on 25 March 2022, the Board of Directors of the Bank decided to elect Hesham Abdulla Al Qassim as the Chairman of the Board of Directors and Shayne Keith Nelson as the Vice Chairman of the Board of Directors on 25 March 2022.

The 2% share of DenizBank Moscow, owned by DenizBank AG, a subsidiary of the Bank, was transferred to the Bank on 31 March 2022. In this context, the Bank's share in DenizBank Moscow's capital increased from 49% to 51%. The Board of Directors of DenizBank decided to purchase 49% of the shares of DenizBank Moscow, owned by DenizBank AG, dated 27 May 2022 and following the necessary approvals the payment of the shares

was made on 3 November 2022. The registration procedures regarding to the share transfer were completed on 9 November 2022 and the Bank's share in the capital of DenizBank Moscow has increased from 51% to 100%.

The Board of Directors of DenizBank resolved to increase the capital of its subsidiary fastPay Elektronik Para ve Ödeme Hizmetleri A.Ş. by TL 25 million in order to comply with the minimum equity requirement and to pay the Bank's capital commitments payable on 31 March 2022 before the registration of the capital increase by fully participating in the increased amount and the payment was made on 31 March 2022.

The Board of Directors of DenizBank decided at 12 May 2022 to sign a transfer agreement for the transfer of fastPay Application, including the existing fastPay users and other elements, present in the Bank's inventory, to Fastpay Elektronik Para ve Ödeme Hizmetleri A.Ş. as capital in kind for a consideration of TL 32.785.798,90, which is determined with the "Securities Valuation Report" conducted with the file numbered 2021/480 of 8<sup>th</sup>

Commercial Court of First Instance of İstanbul and within the relevant decision, the Transfer Agreement for the fastPay Application was signed on 12 May 2022.

Hayri Cansever, who served as Executive Vice President of the General Secretary and Foreign Subsidiaries Group at DenizBank, resigned from his position as the Executive Vice President at DenizBank A.Ş. in order to serve as a Senior Executive in DenizBank AG, a DenizBank subsidiary.

DenizBank received an approval from Banking Regulation and Supervision Agency on 28 June 2022 for the establishment of a branch bank in the Turkish Republic of Northern Cyprus (TRNC) and with the decision of the Board of Directors of DenizBank dated 30 June 2022, it was decided to open a branch to operate as a Branch Bank under the TRNC Banking Law. Within the scope of the relevant decision, an official application was made to the Central Bank of the TRNC on 5 August 2022 regarding the opening a branch.

With the decision of DenizBank Board of Directors dated 2 August 2022; Serkan Boran, the Large-Scale Loans Administrative and Legal Proceeding-2 Senior Vice President, was appointed as the Executive Vice President responsible for the Credit Follow-up Group and Rasim Orman, the Litigation and Proceedings Group Senior Vice President, was appointed as the Executive Vice President responsible for the General Secretariat and Litigations Group.



# IMPORTANT EVENTS OCCURRED AFTER THE END OF THE OPERATING YEAR

In accordance with the decision of the Board of Directors of DenizBank dated 2 January 2023, it has been decided to accept the resignation of Jonathan Edward MORRIS from the member of the Board of Directors dated 31 December 2022, and due to the resignation of Jonathan Edward MORRIS to appoint Aazar Ali KHWAJA as the member of the Board of Directors in order to take up duty until the first General Assembly.

The transfer of fastPay Application to Fastpay Elektronik Para ve Ödeme Hizmetleri A.Ş. has been completed on 12 January 2023.

With the decision of the Board of Directors of DenizBank dated 18 January 2023, it was decided to appoint Aazar Ali KHWAJA, the member of the Board of Directors, who took an oath on 18 January 2023, as the Reserve Member of the Credit Committee.

The Central Bank of the TRNC decided to give DenizBank permission to open a branch in the TRNC and the decision was published in the TRNC Official Gazette dated 17 February 2023.

# SUMMARY REPORT OF THE BOARD OF DIRECTORS PRESENTED TO THE GENERAL ASSEMBLY

Dear Shareholders,

DenizBank achieved successful financial and operational results in the 2022 operating period by maintaining its prudent growth in assets, loans, and deposits despite the difficulties faced following the global pandemic, the negative environment created by the adverse geopolitical developments, high inflation and tightening fiscal conditions.

In 2022, DenizBank gained a net profit of TL 17,326 million on a consolidated basis and TL 17,173 million on an unconsolidated basis. DenizBank's net interest income increased by 144% on a consolidated basis and by 153% on an unconsolidated basis when compared to the previous year. DenizBank's net fees, commissions, and banking service revenues increased by 59% on a consolidated basis and by 54% on an unconsolidated basis, as was the case across the sector. DenizBank's total operating income also increased by 149% and 155% on a consolidated and unconsolidated basis, respectively.

Celebrating its 25<sup>th</sup> year in the sector, DenizBank is the fifth largest private bank in Turkey in terms of consolidated asset size. In 2022, by analyzing developments correctly, DenizBank directed its resources to the real sector and contributed to the economy, and cautiously increased its assets, loans, deposits and shareholders' equity.

DenizBank's consolidated assets reached TL 625,001 million in 2022 with an increase of 58% compared to the previous year, and TL 526,295 million with an increase of 70% on an unconsolidated basis. DenizBank's consolidated shareholders' equity, including subordinated loans, grew by 76% reaching TL 69,425 million, with a consolidated capital adequacy ratio of 17.57%. On an unconsolidated basis, its shareholders' equity, including subordinated loans, was realized at the level of TL 69,072 million, and the capital adequacy ratio was 18.94%.

As an institution seeing banking as its mission and growing more powerful with the responsibility it feels against its country, in 2022, DenizBank continued to support all sectors of our economy, primarily SMEs, tourism, and agriculture. We take sustainability criteria as a guide in all DenizBank processes. The Bank is sensitively approaching the subject of reducing the indirect impacts on the environment and social life, especially through the loans we extend.

Within the year, DenizBank used the resources it provided from the international capital markets for financing the sustainable growth of SMEs, for their employment creation, for energy efficiency and renewable energy projects, supporting women entrepreneurs with limited access to funding, sustainability practices, and supporting the agriculture sector which is strategically important to us.

In 2022, DenizBank offered new financing opportunities to many sectors, including agriculture, tourism, energy, construction, infrastructure, health, municipalities, sports clubs, and education. By doing so, the Bank increased its consolidated loans to TL 342,781 million, with an increase of 52% compared to the end of 2021. On unconsolidated basis, loan size reached TL 273,839 million, with an increase of 64%.

DenizBank realized a loan/deposit ratio of 82% on an unconsolidated basis. DenizBank completed the year 2022 with 691 branches and more than 14 thousand employees. The customer number reached 17.3 million with an increase of 12%. In parallel with its extended customer base, DenizBank's consolidated customer deposits increased by 68%, reaching TL 416,969 million. On an unconsolidated basis, customer deposits increased by 94% to TL 331,937 million.

As a reflection of successful financial results, DFSG employees were paid an average of 2.97 monthly salaries as performance bonuses.



# SUMMARY REPORT OF THE BOARD OF DIRECTORS PRESENTED TO THE GENERAL ASSEMBLY

Within the framework of DenizBank’s mission to add new riches to the cultural and artistic life of our country; the Bank continued supporting the DenizBank First Script First Film Competition, which we started to contribute to the development of the cinema industry and “DenizBank Children’s Opera”, which is aiming to introduce opera to children. DenizBank extended our sponsorship in Euroleague Basketball for three more years. The Bank also took an important step by maintaining its sponsorship in İstanbul Wildcats -the first professional e-sports club of Türkiye- with the name DenizBank, which was previously sponsored by our mobile wallet application, fastPay.

In 2022, DenizBank has made significant progress in its technology and innovation-oriented works. NEOHUB, the new-generation subsidiary where banking knowledge and the power of technology and innovation studies are combined under one roof, has engaged in a number of projects in its short activity period.

In this period, when DenizBank celebrated its 25<sup>th</sup> anniversary and determined its communication motto as “Beyond is Deniz”, in line with the common corporate values adopted as part of the ENBD family and with the full support of ENBD, DenizBank will continue to work without compromising the principle of responsible banking and will continue to be the innovation leader in Türkiye and the global banking sector.

We would like to express our gratitude to our main shareholder, employees, customers, and all our social stakeholders for their unwavering support throughout the operating period of 2022.

Board of Directors

# DIVIDEND DISTRIBUTION POLICY

After deducting any sums to be paid or set aside by the Bank from the income calculated as at the end of the accounting period, such as the general expenditures and other depreciation costs, as well as the taxes, the remainder shall be the net profit. After deducting the losses for previous year, if any, the net profit shall be distributed as follows:

- 1) A portion of 5% (five percent) of this sum shall be set aside as general statutory reserves until it reaches twenty percent of the paid-in capital.
- 2) After reaching the limit referred to in the first paragraph:
  - a) A portion of the premium provided due to issue of new shares that is not spent for issue expenses, redemption reserves and charity purposes;
  - b) A portion remaining after subtracting the issue expenses of replacement shares from the amount paid for value of shares cancelled due to invalidation;

- c) The dividends that are not paid to the shareholders shall be allocated to the general statutory reserves.
- 3) If the general statutory reserves do not exceed half of the capital stock or issued capital, it shall be used only for making up for losses, maintaining business activities or preventing unemployment and taking measures to mitigate results thereof.

Unless (1) the discretionary legal reserves are duly allocated and (2) the dividends due to the shareholders are distributed in cash and/or as stock according to these Articles of Association, no decision may be taken by the General Assembly to allocate any additional legal reserves, or to defer any profits to the following accounting period, or to make any payments out of net profit to the members of the Board of Directors, officers and employees of the Bank, or any foundations established by the Bank for any purposes, or any other persons.

The day and manner of the annual dividend distribution to the shareholders shall be determined by the General Assembly subject to a proposal of the Board of Directors. Whenever the shares were issued and/or acquired by the shareholders, the annual dividends for the accounting period shall be distributed among the shareholders with respect to all shares issued by the Bank. The profits allocated, distributed or otherwise paid out according hereto shall not be recalled.



# DIVIDEND DISTRIBUTION PROPOSAL

At its meeting dated 09.03.2023, our Board of Directors took a decision on the following issues to submit them to the approval of the General Assembly;

Out of our Bank’s net profit of TL 17,173,013,992.42 accrued according to the 2022 balance sheet;

- to set aside TL 350,475,232.45 as legal reserves, that must be allocated until it reaches 20% of the paid-in capital in as per the Article 519/1 of the Turkish Commercial Code, and

- to set aside the remaining TL 16,822,538,759.97 as Extraordinary Reserves,

The revaluation of our Bank’s fixed assets (excluding assets to be disposed of) at the end of 2022, within the scope of repetitive Articles 298/ç and temporary 32 of the Tax Procedure Law No. 213,

To create records in special fund accounts to be created under the grand ledger account number of the Allocated Reserve Fund pursuant to the General Assembly Decision numbered 42002000 in our

Bank balance sheet by means of; bestowing shares from the reserves pursuant to the Communiqué Amending the Tax Procedure Law General Communiqué (Serial No: 537) (Serial No: 547) from the value increase amounting to TL 3,510,127,947.96 after the revaluation,

As long as the value increase amount of TL 3,510,127,947.96 is in the special fund accounts in the liabilities, to not include it in the profit distribution except for being added to the capital.

# DONATIONS MADE DURING THE YEAR

| INSTITUTION NAME                        | AMOUNT - TL |
|---|-------------|
| TÜRK EĞİTİM DERNEĞİ                     | 477,000     |
| TOPLUM GÖNÜLLÜLERİ VAKFI                | 350,000     |
| MARMARİS BELEDİYESİ                     | 50,000      |
| TÜRK EĞİTİM DERNEĞİ ANKARA KOLEJİ VAKFI | 37,023      |
| ARTVİN BELEDİYESİ                       | 25,000      |
| OTHER                                   | 5,800       |
| TOTAL                                   | 944,823     |



# INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE AND RISK MANAGEMENT SYSTEMS

At DenizBank, the activities, duties, and responsibilities of the internal audit, internal control, compliance and risk management functions have been segregated.

The Internal Audit Department, Internal Control Unit and Compliance Department and Risk Management Group perform these respective activities under the supervision of a Member of the Board of Directors, who is also a member of the Audit and Risk Committee. These activities are conducted pursuant to internationally accepted audit standards, domestic laws, rules and regulations, as well as the needs of the Bank and the Group.

## Internal Control Unit and Compliance Department

Reporting directly to the Board of Directors and Audit and Risk Committee, the Internal Control Unit and Compliance Department is in charge of making sure that the Group's activities are conducted efficiently and productively in compliance with national laws and in-house regulations as well as reducing operational and other risks; and ensuring the reliability and integrity of the accounting, financial reporting and IT systems.

Internal control and compliance efforts consist of control and reporting related activities performed independently at specified intervals by internal control and compliance staff at the Head Office and branches.

The aim is to assess the compliance, adequacy and efficiency of the Bank's operations. The units are also responsible for ensuring coordination with domestic and international subsidiaries regarding

internal control and compliance and routine report flow.

The Internal Control Unit and Compliance Department operates with two SVPs who report to the Head of Internal Control Unit and Compliance, and 103 staff members across nine units as of end-2022, pursuant to national laws, rules, regulations, communiqués, as well as in-house bylaws. The Audit and Risk Committee are informed on a quarterly basis about the activities, organization and the issues it works on of the Internal Control Unit and Compliance Department.

## Internal Control Activities

The Financial and Regulatory Reporting Control Department conducts the analysis of activities that have an impact on the Bank's balance sheet and profits/losses, in a breakdown of loans, deposits, accounting, transactions and customers. The control of legal reports sent to BRSA, CBRT and the Savings Deposit Insurance Fund of Turkey are made in terms of compliance with formulation and regulation.

The Branches Internal Control Department produces 6-monthly control plans and carries out control efforts across the branch network. Via both branch visits and from the center, the Branches Internal Control Department checks the compliance of transactions with applicable laws, procedures and in-house regulations. The Department also detects any deficiencies in the internal control function, shares its findings with the relevant branches and business lines, and follows up on future developments.

With the branch and private banking center controls carried out by the

Central Controls Department, DenizBank conducts daily, weekly, monthly, quarterly and semi-annual personnel, customer and private banking controls to identify possible fraud risks. Controls are carried out by examining the query scenario results prepared by the department. Deficiencies detected as a result of the controls are forwarded to the branches to be completed, and findings with suspicion of abuse are shared with the Internal Audit-Investigations and Interrogations Department.

Treasury Control Division controls the transactions of the Bank's Treasury Department and other departments related to treasury products so that they are not exposed to financial, operational and related legal risks. Controls help both preserve the Bank's value and build more sustainable relationships with customers and stakeholders.

Evaluating the effectiveness, adequacy and compatibility of internal controls regarding information systems and banking processes, the Control Assessment and IT Control Department prepares risk control matrices, conducts management statement tests, and follows the action plans in relation to the findings. In addition, the Department conducts information technology controls over IT activities that support the Bank's operations, communication channels, IT systems, and IT security policies. The Department also oversees the compatibility between IT security policies, standards and guides in line with the COBIT framework. In addition, the Department controls the compliance of transactions, communication channels, information systems, information security policies and IT security policies, standards and guidelines

for the execution of activities. Based on the Information Systems and Electronic Banking Services Regulation framework, IT controls are carried out through the Control Assessment and IT Control Department.

The Loans and Credit Cards Control Department performs periodic controls to ensure that the loan and credit card payment transactions undertaken by the Bank comply with applicable laws, rules, regulations and the Bank's internal procedures.

Legal Regulations Control Department checks whether the legal regulations are fulfilled correctly and completely by the Bank. The Department also controls fees from commercial customers, fees from financial consumers, and insurance processes.

## Compliance Activities

In 2022, the Compliance Group fulfilled its duties via the following departments:

- Corporate Compliance Department,
- Financial Sanctions Compliance Department
- Financial Crimes Control and Monitoring Department

Corporate Compliance Department is responsible for determining basic compliance rules, establishing/integrating relevant policies and procedures, coordinating the management of compliance risks, managing compliance monitoring plans, observing compliance with Group standards and local legislation, ensuring information flow and reporting order in terms of compliance in the subsidiary network, integrating existing compliance practices with

DenizBank subsidiaries and ensuring sustainability takes part in creating a harmony consciousness.

Corporate Compliance Department also provides reporting and coordination of the Internal Control Center and Compliance Department, carrying out administrative and organizational works, management of support activities for the Consumer Relations Coordination Officer, studies to increase the compliance, ethics and reputation awareness of the personnel (training, personnel statements, announcement etc.).

Financial Sanctions Compliance Division and Financial Crimes Control and Monitoring Division are responsible for compliance with laws and other legal regulations in both national and international arena in the fight against money laundering, financing of terrorism and other related crimes in order to fulfill the obligations determined by Law No. 5549 on Prevention of Laundering Proceeds of Crime and Law on Prevention of Financing of Terrorism No. 6415 and related regulations.

In this context, the Department carries out the following activities:

- Establishing and updating the Bank's policies and procedures,
- Evaluation of bank risks and taking necessary precautions,
- informing the top management regularly,
- monitoring and control of risk-based customer transactions,
- giving opinion/approval for risky customer, sector and country transactions,
- Identification of suspicious transactions, their follow-up, reporting to the public authority,

- correspondent bank controls with which correspondent relations are established,

- Evaluation of the provisions of the Bank's contracts with third parties on "Fight Against Money and Terrorism Financing" and "International Sanctions" in line with legal regulations and international standards,
- Providing training to bank personnel on "Prevention of Laundering Proceeds of Crime and Financing of Terrorism" via e-learning and Deniz TV.

In addition, control points are established to adapt to changing legislation and money laundering typologies, risk-reducing measures are taken, and monitoring and control improvements are made.

## Internal Audit Department

The auditors of the Internal Audit Department inspect the level of compliance of the Bank's operations with legal requirements, the Articles of Association, in-house regulations and banking principles.

The promotion of auditors is based on examination results and job performance. Recruited after a very rigorous selection process followed by an intensive training program, internal auditors conduct their work in an impartial, independent and meticulous fashion, in line with their professional code of ethics. Additionally, the Internal Audit Department actively informs and trains Bank personnel. In 2022, the Internal Audit Department staff administered 399 hours of training to 3,654 employees. As of the end of 2022, Internal Audit Department operates with 101 staff members.



# INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE AND RISK MANAGEMENT SYSTEMS

The Internal Audit Department performs its functions under the following five organizational categories;

### 1. Audits of Head Office Processes and Subsidiaries

The Department audits the processes of Head Office units annually, and the processes and activities of domestic and international subsidiaries in accordance with applicable laws, rules and regulations. In addition, the Department monitors its findings in line with an action plan, and analyzes relevant processes.

In this context, 51 audit activities were carried out in 2022.

### 2. Branch Audits

The Department conducts risk assessments of the branches, prepares annual branch audit plans, audits branch activities, and shares the findings with relevant branches and Head Office departments and monitors these findings.

In 2022, 280 branches and one regional office were audited in accordance with the audit plan.

### 3. Investigations and Inquiries

The Department conducts investigations and interrogations in accordance with regulations, prospectuses, the Bank's internal rules and legal requirements; prepares reports; and follows up the cases. Additionally, the Department provides training for employees in the early detection and prevention of fraud. In 2022, 2,710 Bank employees received 364 hours of training in this area.

### 4. Audit of Information Systems Processes

The Department conducts audits to ensure that DFSG's IT systems processes are structured to support the Bank's policies, and are managed in compliance with applicable laws, rules and regulations. 22 such audits were performed in 2022.

### 5. Audit Management Office

The Department's activities include making necessary plans and arrangements regarding all of DFSG's internal audit activities; contributing to the identification of the best audit tools and methods; generating relevant reports; preparing operational procedures; and updating existing procedures under the supervision of the Head of Internal Audit.

### Risk Management Group

DenizBank has a structured risk governance model to identify, measure, manage, control and report risks in order to make risk-based decisions and support surveillance in operational processes.

The establishment of the Bank's risk management system, taking into account regulations and best practices, is ultimately the responsibility of the Board of Directors.

The main duties and responsibilities of the Board of Directors regarding risk management are;

- Reviewing, approving and implementing policies on risk management,
- Approving the risk appetite in line with the Bank's business strategies and financial strength,

- Monitoring the effectiveness of the Bank's risk management system,
- Establishing and implementing the internal capital adequacy assessment process.

The Board of Directors carries out its oversight of the Bank-wide risk management processes through committees at the level of the Board of Directors. These roles are reduced to Executive Committees and related business and risk control units and spread throughout the organization.

The Risk Management Group carries out comprehensive risk management efforts, which play a critical role in the formulation of DenizBank's strategies. The Group is responsible for creating, auditing and reporting necessary policies and procedures to identify, measure, analyze and monitor risks, which are primarily real, or potential risks including the risk/return ratio of cash flows. These policies and procedures follow the principles set by the Bank's executive management and Risk Management Group and are approved by the Board of Directors. The Group is also responsible for coordinating efforts in line with the risk appetite statement.

Depending on the type and necessity of the process involved, the Risk Management Group submits reports to the Audit and Risk Committee, Assets and Liabilities Committee, Risk and Compliance Committee and Credit Committee. The Group also works in collaboration with the Internal Control Unit and Compliance Department, and the Internal Audit Department regarding both policies and practices.

Policy, procedure, limit and scenario analyzes regarding the work and operation of the Risk Management and Compliance Groups are discussed at the Risk and Compliance Committee. The Committee undertakes the review process before the policies are approved by the Board of Directors.

The Risk Management Group;

- Periodically reports significant risk analyses to the Audit and Risk Committee and the Assets and Liabilities Committee to provide guidance in setting and monitoring risk limits and developing risk management strategies.
- Credit risk management is performed through a holistic approach that incorporates modeling, validation, analysis, evaluation and monitoring processes. Credit risk-related processes are managed with the participation of the Corporate and Commercial Loans Group, Retail, SME, Agricultural Underwriting and IFRS Group, CRM and Change Management Group Credit Follow-Up and Risk Monitoring Group, Risk Management, Credit Committee, and Executive Credit Risk Committee.

While each business unit is responsible for managing its own operational risk, the Risk Management Group sets policies and monitors and reports activities in coordination with the Internal Control Unit and Compliance Department, and the Internal Audit Department. Assessments are made in the Audit and Risk Committee.

Risk management policies consist of risk identification, measurement and management processes. DenizBank conducts its banking activities by strictly adhering to

risk management policies that aim to analyze risks and manage them within acceptable limits.

Adopting this approach as a core operating principle across the organization, DenizBank also develops systems that comply with Basel Committee on Banking Supervision and Risk regulations, and other guiding international risk management principles.

In its Risk Appetite Statement, DenizBank specifies its risk limit setting, monitoring and reporting processes. The Risk Appetite Statement includes limits determined according to risk types, the actions to be taken in case each risk limit is exceeded, and explanations on decision-making departments and individuals. The document is normally reviewed at least once a year and comes into force upon the approval of the Board of Directors. Actual values regarding the metrics included in the Risk Appetite Statement are monitored at various intervals and reported monthly depending on the relevant risk.

DenizBank's practices on the basis of risk types are summarized below.

### Reputation Risk

All executives and employees of DFSG are responsible for the reputation risk identification process. The Reputation Risk Committee may appoint a person or a group of employees of the institution to coordinate the determination process.

In order to detect reputation risk events, publications in the printed media, keywords and social media publications and other sources are monitored. Each event is

recorded with a copy of the relevant publication.

During the determination process, potential imbalances between the perceptions of the stakeholders and the actual situation, changes in the perceptions and expectations of the stakeholders, issues that require internal coordination are taken into consideration, and potential risks are brought to the agenda of the Reputation Risk Committee.

### Environmental and Social Risk

DenizBank manages and monitors the environmental and social impacts of its product and service processes within the scope of the "Environmental Social Impacts Management Policy in Lending Processes". In lending processes, environmental and social risks are taken into account and effectively monitored.

Aiming to create added value for its stakeholders for a sustainable future, the Bank manages environmental and social risks associated with financing activities that may have negative consequences on the environment and society, with methodologies and procedures that include national and international practices.

### Market Risk

Market risk represents the possible loss of value that may occur due to movements in risk factors (such as exchange rate, interest rate, securities and commodity prices) in the value of financial positions held for trading purposes.

All financial market transactions at DenizBank are classified under trading or banking accounts in accordance with legal regulations and procedures approved by the Board of Directors.



# INTERNAL AUDIT, INTERNAL CONTROL, COMPLIANCE AND RISK MANAGEMENT SYSTEMS

Carrying out its trading activities in money and capital markets within the framework of its risk policy and limits, the Bank measures market risk with the internationally accepted Value at Risk (VaR) method, with its dynamic structure that allows it to adapt to changing market conditions.

VaR represents the loss that may occur in the portfolio value of the Bank and its financial subsidiaries in a certain time and confidence interval due to fluctuations in risk factors. VaR analysis is supported by scenario analysis and stress tests. The method used allows to adapt to changing market conditions while determining the risk level. The reliability of the model used in VaR calculation is periodically evaluated with retrospective tests and model validation.

In the management of market risk, risk measurements such as interest rate sensitivity, option sensitivities (delta, gamma, vega, rho, theta), daily and monthly loss amount, as well as value-at-risk measurements are also performed. The risk appetite for market risk is determined by the Board of Directors over risk limits and limit controls are monitored daily. In case of exceeding the limit, necessary actions are taken within the framework of the Risk Appetite Statement approved by the Board of Directors and the relevant policies.

### Credit Risk

Credit risk is managed through a well-defined governance structure supported by risk committees, forums, systems, policies, procedures and processes that provide a strong risk infrastructure and governance framework.

Credit allocation authorization limits; The Board of Directors, Credit Committee, Member of the Board of Directors, Senior Vice Presidents, Credit Regional Manager are determined on the basis of committees or titles. The risk level of credit products and portfolios is explained by the credit rating systems used.

DenizBank credit policy covers basic credit principles, lending guidelines and parameters, control, monitoring and IFRS-9 reporting requirements, problem loan identification, and management of high-risk borrowers. There are standard procedures created specifically for business lines in order to manage different segment, product and portfolio risk types at the Bank.

### Concentration Risk

The concentration of credit risks is monitored on a consolidated basis, taking into account the Bank's and DFSG activities in general. In this context, loans extended to risk groups in the Banking Law are evaluated together.

Risk metrics to be monitored for credit concentration risk are included in the Bank's Risk Appetite Statement. Metrics are monitored and reported monthly by the Risk Management Group.

### Model Risk

Model risk is the risk that arises due to the uncertainty in the model results, including the change in the risk model parameters over time.

Risk models; credit risk models such as probability of default, loss-on-default, loan conversion ratio; IFRS-9 models; It covers macroeconomic models and

market risk models used in Internal Capital Assessment Processes. The Bank has a Model Risk Policy to manage the development, approval, implementation, monitoring and use of models in this category.

The Model Risk Management and Validation Committee provides oversight over model risk. Under the chairmanship of the Board Member responsible for Internal Systems, the Committee meets at the times determined according to the model validation plan, at least four times a year, and evaluates the model risk based on the validation results presented by the Bank's Validation Department.

The committee is responsible for taking decisions such as starting or continuing the use of models, discontinuation, redevelopment.

### Liquidity Risk

Liquidity refers to the Bank's ability to fund increases in assets and fulfill obligations that come due. Liquidity risk is the risk that day-to-day operations and cash flows will not be fully met or that high costs will be incurred to meet obligations.

Liquidity adequacy is monitored within the limits determined by the Board of Directors in order to ensure that the Bank has sufficient liquidity and reserves under all circumstances in order to fulfill its responsibilities towards depositors and other counterparties with liabilities.

In addition to the generally accepted liquidity ratios, the adequacy of existing resources and reserve opportunities against the worst-case scenarios are also analyzed. While analyzing the liquidity adequacy, the negativities that may occur in both market conditions and customer behaviors are taken into account. Scenario assumptions and measures regarding the liquidity stress test are reviewed at least once a year and analyzes are repeated monthly on the determined scenarios. Liquidity indicators and limit compliance are monitored regularly.

### Interest Rate Risk

Interest rate risk refers to the loss of value that may occur in the income or capital of the Bank due to the effects of the movements in the interest rates on the positions in the banking accounts.

The structural interest rate risk that the Bank is exposed to due to its balance sheet structure is measured with interest rate sensitivity analyzes and monitored for use in decision-making processes.

The Bank's risk appetite for interest rate risk is determined by a limit structure approved by the Board of Directors. In this context, limits have been determined to limit the impact of interest movements on net present value and incomes. In case of exceeding the limit, necessary actions are taken in accordance with the Risk Appetite Statement approved by the Board of Directors.

### Operational Risk

Operational risk events that occur in the Bank and its subsidiaries are recorded in a way that includes the causes and effects of the events, the collections made and the measures to prevent the recurrence of the events.

Frequent or high-impact events are discussed with the Internal Control, the Board of Inspectors and the relevant departments of the risk, and corrective/preventive measures are implemented. Potential operational risks are identified through the collection of loss data throughout the year, scenario analysis, collection of external loss data, and Risk Control Self-Assessment. Within the scope of this study, the adequacy of existing risks and controls is reviewed, and new measures are taken when necessary.

The Risk and Compliance Committee, which convenes quarterly and chaired by the Board Member responsible for Internal Systems, evaluates the events and developments related to operational risk within the relevant periods and takes necessary decisions.

### New Product/Process Risk Assessment Process

In addition to the risks determined for existing products/processes, internal and external risk factors that may be encountered within the scope of creating new products and processes are determined, risk sources and scope are determined. It is ensured that the effects of the foreseen risks are reduced or eliminated with the actions taken and the controls provided before the product or process is put into practice.



# ASSESSMENTS OF AUDIT AND RISK COMMITTEES

DenizBank Audit and Risk Committee, structured in line with the provisions of the Banking Law No. 5411 and the Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process, reports to the Board of Directors. The Committee meets periodically on behalf of the Board of Directors and determines the Bank's audit policies.

Audit and Risk Committee is responsible for;

- Making sure that the internal audit, internal control and risk management systems of the Bank are efficient and sufficient, and that these systems and the accounting and reporting systems run within the framework of the Law and relevant regulations, and that the produced data remains integral,
- Carrying out preliminary assessment for the Board of Directors to choose independent audit firms as well as rating, valuation and support service providers,
- Regular monitoring of the activities of aforementioned institutions selected and contracted by the Board of Directors,
- Ensuring coordination, and making sure the internal audit activities of the companies subject to consolidation are carried out in a consolidated manner,
- Making sure the audit and control process is created in order to provide the necessary assurance regarding the adequacy and accuracy of Internal Capital Adequacy Assessment Process,
- Making sure the activities of the Bank are carried out in a complete and reliable manner and in compliance with the relevant

Law and regulations as well as the internal procedures.

The Audit and Risk Committee receives end-of-period reports on its activities from the control units (Internal Audit, Internal Control and Compliance, Risk Management) at the end of the period, evaluates the adequacy of the methods for identifying, controlling and monitoring the risks the Bank is exposed to, and reports the results to the Board of Directors. The Committee also presents its opinions and suggestions to the Board of Directors on matters it deems important.

The Audit and Risk Committee held four meetings in 2022 and carried out the following activities within its responsibility:

- The Audit Committee audited the Bank's financial statements and notes for 2021 year-end, and the first, second and third quarters of 2022 for compliance with the Bank's accounting principles and international accounting standards, as well as to confirm the accuracy of the information used. The results were reported to the Board of Directors along with the Audit Committee's own assessments.
- The Committee reviewed the internal audit plan for 2021 and submitted it to the Board of Directors for approval. The Committee also assessed and approved the quarterly reports which include important issues, findings and legislative amendments related to the period of the quarters and were received from the Internal Audit, Internal Control and Compliance, and Risk Management units.
- The Committee inspected the performance and objectivity of the

independent external auditors and monitored their work at all stages.

- The Audit and Risk Committee also performed a risk assessment related to the support services to be received by the Bank, and submitted its assessments and the risk management program in a report to the Board of Directors, complete with a list of these service providers.

The works of the units reporting to the Audit and Risk Committee at DenizBank for the year 2022 are given below:

## Internal Audit Department

Reporting directly to the Board of Directors, the Internal Audit Department ensures that internal audit activities are in line with applicable laws, rules and regulations and the Bank's strategies, policies, principles and targets.

The Internal Audit Department oversees the efficiency and adequacy of internal control and risk management systems. The Department also makes a risk assessment of the operations of the Bank and its subsidiaries. Efforts to efficiently manage operational risk account for a large portion of the audit activity.

In 2022, the Internal Audit Department also successfully audited the financial and IT systems of the Bank's entire domestic and overseas business lines and subsidiaries, both from the Head Office and on-site.

Operating with a staff of 101 employees, DenizBank's Internal Audit Department fulfills its responsibilities in an impartial and independent manner and reports

its findings to the Audit Committee. Aiming to establish a proactive audit structure, the Internal Audit Department runs its audit operations largely based on the results of risk assessments.

All activities listed in the 2022 Annual Audit Plan as scheduled are completed. In addition to such pre-planned audit activities, in 2022 the Department also carried out investigations and inquiries, participated in various projects and provided a range of consultancy services requested by the Bank's executive management, when deemed necessary.

All of the activities included in the 2022 Annual Audit Plan were completed in accordance with the plan. In addition to the planned audit activities, activities such as examination and investigation studies as needed, participation in various projects and carrying out some consultancy works upon the request of the senior management were also among the activities of the Board of Inspection for the year 2022.

## Internal Control Center and Compliance Department

Reporting directly to the Audit and Risk Committee, the Internal Control Center and Compliance Department carried out its 2021 activities with a staff of 103 employees.

The Internal Control Center and Compliance Department carried out the controls of branches, Head Office units and subsidiaries in 2022, from the head office and on-site, within the Bank's own internal control. The Internal Control Center and Compliance Department performed central and on-site controls of the branches, Head Office units and subsidiaries through the Bank's own internal control and reporting

software. Subsequently, the Department shared the findings of these controls with the relevant business lines and managers, and monitored the actions taken.

Online training seminars (including examinations) were held for all employees of the Bank and its subsidiaries on the prevention of money laundering and the financing of terrorism, ethical principles, fight against corruption, prevention of conflicts of interest, reinforcement of the compliance culture and IT security.

Using the Bank's internal tracking software, the Department performed controls pertaining to the laundering proceeds of crime and financing of terrorism, monitored relevant national and international legislation and regulations, and took measures necessary for compliance. In line with relevant BRSA regulations, the Department monitored, updated and tested processes related to the Management Declaration.

Work on the reviews of projects by the Bank and its subsidiaries as project stakeholder was carried out during the year. Opinions and approvals were provided on scope documents related to the new products and processes.

## Risk Management Center

The Risk Management Group is responsible for identifying and measuring risks; creating and implementing risk policies and procedures; analyzing, monitoring, reporting, investigating, confirming and auditing risks; and coordinating efforts under the risk appetite statement, in line with the principles approved by the Board of Directors.

The Group involved in the processes related to the design and development of credit risk models and controls the processes related to the assignment of credit risk ratings. Periodic model verification processes are carried out in order to keep the model risk that may arise from the design, development and implementation of risk measurement models under control.

The Risk Management Department coordinates the processes related to internal capital assessment and stress tests in line with legal regulations and the Bank's strategic plan.

The Internal Capital Assessment Process (İSEDES) Report prepared in 2022, the stress test report and the validation and audit report for İSEDES were submitted to the BRSA after the approval of the Board of Directors.

The Risk Appetite Statement was revised in 2022, and the development of risks during the year was monitored monthly and reported to the Audit and Risk Committee on quarterly basis.

In 2022, the effects of volatility in the markets on capital, economic value and income statement continued to be monitored through risk indicators. Efforts were made to improve processes and systems in order to calculate and effectively manage risks in a timely and accurate manner.

Occurring operational risk events were recorded regularly and reported to the managers of the relevant business lines. The implementation processes of the defined measures regarding the events with relatively high impact were followed.



# FIVE-YEAR SUMMARY

## FINANCIAL HIGHLIGHTS

| Summary Consolidated Financial Highlights (TL million) |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|
| Balance Sheet  | 2022      | 2021      | 2020      | 2019      | 2018      |
| Securities <sup>(1)</sup>                              | 98,397    | 37,438    | 28,317    | 21,454    | 14,667    |
| Net Loans <sup>(2)</sup>                               | 342,781   | 225,726   | 167,283   | 142,786   | 138,733   |
| Cash and Cash Equivalents, net                         | 145,042   | 106,173   | 53,505    | 43,634    | 34,755    |
| Total Assets   | 625,001   | 395,884   | 263,961   | 217,314   | 197,311   |
| Customer Deposits <sup>(3)</sup>                       | 416,969   | 248,509   | 167,467   | 154,459   | 137,264   |
| Time   | 267,151   | 154,293   | 115,918   | 118,622   | 107,075   |
| Demand   | 149,818   | 94,216    | 51,550    | 35,837    | 30,188    |
| Borrowings <sup>(4)</sup>                              | 50,582    | 48,856    | 25,986    | 15,187    | 16,362    |
| Securities Issued <sup>(4)</sup>                       | 8,799     | 10,394    | 3,169     | 4,215     | 3,988     |
| Sub-ordinated Loans                                    | 14,561    | 10,485    | 5,917     | 7,037     | 6,274     |
| Shareholders' Equity                                   | 54,863    | 29,048    | 23,027    | 17,749    | 15,505    |
| Paid-in Capital  | 5,696     | 5,696     | 5,696     | 3,316     | 3,316     |
| Non-cash Loans   | 91,000    | 67,092    | 42,825    | 34,473    | 33,678    |
|  |           |           |           |           |           |
| Income Statements                                      | 2022      | 2021      | 2020      | 2019      | 2018      |
| Interest Income  | 55,227    | 25,225    | 18,712    | 20,042    | 17,877    |
| Interest Expense                                       | -23,576   | -12,239   | -7,739    | -11,648   | -10,842   |
| Net Interest Income after Provisions                   | 20,228    | 5,117     | 3,337     | 2,156     | 4,136     |
| Non-interest Income                                    | 17,913    | 7,557     | 4,939     | 5,069     | 3,172     |
| Non-interest Expense                                   | -14,445   | -8,017    | -5,913    | -5,509    | -4,609    |
| Tax Expense  | -6,370    | -1,117    | -497      | -407      | -495      |
| Net Income   | 17,326    | 3,540     | 1,866     | 1,308     | 2,204     |
|  |           |           |           |           |           |
| Other Highlights                                       | 2022      | 2021      | 2020      | 2019      | 2018      |
| Number of Branches <sup>(5)</sup>                      | 691       | 712       | 730       | 751       | 754       |
| Number of Employees <sup>(6)</sup>                     | 14,137    | 12,995    | 12,834    | 13,231    | 12,728    |
| Number of ATMs   | 3,080     | 3,095     | 3,140     | 3,029     | 2,917     |
| Number of POS Terminals                                | 371,999   | 276,024   | 196,001   | 132,860   | 126,063   |
| Number of Credit Cards                                 | 6,602,453 | 5,878,884 | 5,255,685 | 4,865,643 | 4,431,557 |

All financial figures presented in this table are extracts from the audited consolidated financial statements prepared in accordance with accounting and valuation standards as described in the "Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents", dated 1 November 2006 which is published in the Official Gazette No.26333, Turkish Accounting Standards and Turkish Financial Reporting Standards.

<sup>(1)</sup> It is the sum of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost. 2018 figure has been made compatible with 2019 figure.

<sup>(2)</sup> Includes factoring and leasing receivables. 2018 figure has been made compatible with 2019 figure.

<sup>(3)</sup> Excludes bank deposits.

<sup>(4)</sup> Securities issued by Special Purpose Entity DFS Funding Corp. are reported under Securities Issued

<sup>(5)</sup> Includes subsidiaries' branches.

<sup>(6)</sup> Number of Employees of the subsidiaries that are consolidated.

| Summary Unconsolidated Financial Highlights (TL million) |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|
| Balance Sheet  | 2022      | 2021      | 2020      | 2019      | 2018      |
| Securities <sup>(1)</sup>                                | 90,035    | 31,699    | 21,268    | 17,812    | 14,201    |
| Net Loans <sup>(2)</sup>                                 | 273,839   | 167,433   | 120,907   | 96,955    | 86,852    |
| Cash and Cash Equivalents, net                           | 94,602    | 57,339    | 26,822    | 21,326    | 18,085    |
| Total Assets   | 526,295   | 308,719   | 199,256   | 156,478   | 137,658   |
| Customer Deposits <sup>(3)</sup>                         | 331,937   | 171,514   | 109,207   | 97,328    | 81,271    |
| Time   | 223,727   | 111,228   | 77,664    | 77,061    | 66,237    |
| Demand   | 108,209   | 60,286    | 31,544    | 20,268    | 15,034    |
| Borrowings   | 47,977    | 47,228    | 23,377    | 14,367    | 15,213    |
| Securities Issued  | 2,241     | 6,589     | 2,725     | 2,461     | 1,792     |
| Sub-ordinated Loans                                      | 14,561    | 10,485    | 5,917     | 7,037     | 6,274     |
| Shareholders' Equity                                     | 54,511    | 28,857    | 22,889    | 17,720    | 15,445    |
| Paid-in Capital  | 5,696     | 5,696     | 5,696     | 3,316     | 3,316     |
| Non-cash Loans   | 90,997    | 67,073    | 42,729    | 34,156    | 32,296    |
|  |           |           |           |           |           |
| Income Statements  | 2022      | 2021      | 2020      | 2019      | 2018      |
| Interest Income  | 50,169    | 22,333    | 15,840    | 16,868    | 14,657    |
| Interest Expense   | -21,672   | -11,078   | -6,755    | -10,415   | -9,659    |
| Net Interest Income after Provisions                     | 17,337    | 4,184     | 2,404     | 845       | 2,181     |
| Non-interest Income                                      | 14,287    | 6,187     | 4,280     | 4,732     | 2,754     |
| Non-interest Expense                                     | -12,914   | -7,030    | -5,183    | -4,888    | -4,084    |
| Profit from Investments Accounted Under Equity Method    | 3,889     | 1,073     | 591       | 789       | 1,440     |
| Tax Expense  | -5,427    | -868      | -298      | -141      | -109      |
| Net Income   | 17,173    | 3,547     | 1,793     | 1,336     | 2,183     |
|  |           |           |           |           |           |
| Other Highlights   | 2022      | 2021      | 2020      | 2019      | 2018      |
| Number of DenizBank Branches                             | 671       | 687       | 696       | 708       | 711       |
| Number of Employees                                      | 13,140    | 12,072    | 11,932    | 12,279    | 11,786    |
| Number of ATMs   | 3,080     | 3,095     | 3,140     | 3,029     | 2,917     |
| Number of POS Terminals                                  | 371,999   | 276,024   | 196,001   | 132,860   | 126,063   |
| Number of Credit Cards                                   | 6,602,453 | 5,878,884 | 5,255,685 | 4,865,643 | 4,431,557 |

All financial figures presented in this table are extracts from the audited unconsolidated financial statements prepared in accordance with accounting and valuation standards as described in the "Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents", dated 1 November 2006 which is published in the Official Gazette No.26333, Turkish Accounting Standards and Turkish Financial Reporting Standards.

<sup>(1)</sup> It is the sum of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortized cost. 2018 figure has been made compatible with 2019 figure.

<sup>(2)</sup> 2018 figure has been made compatible with 2019 figure.

<sup>(3)</sup> Excludes bank deposits.



## FIVE-YEAR SUMMARY FINANCIAL HIGHLIGHTS

### ASSESSMENT OF FINANCIAL POSITION

| Shareholders' Equity and Capital Adequacy (TL million) |                |        |        |
|--|----------------|--------|--------|
|  | Consolidated   |        |        |
|  | 2022           | 2021   | 2020   |
| Capital Adequacy Ratio (%)                             | 17.57          | 16.83  | 16.23  |
| Shareholders' Equity                                   | 54,863         | 29,048 | 23,027 |
| Return on Average Equity (%)                           | 42.39          | 13.94  | 8.87   |
| Non-performing Loans/Total Cash Loans Ratio (%)        | 4.74           | 6.62   | 7.02   |
| Shareholders' Equity and Capital Adequacy (TL million) |                |        |        |
|  | Unconsolidated |        |        |
|  | 2022           | 2021   | 2020   |
| Capital Adequacy Ratio (%)                             | 18.94          | 17.88  | 18.67  |
| Shareholders' Equity                                   | 54,511         | 28,857 | 22,889 |
| Return on Average Equity (%)                           | 42.27          | 14.07  | 8.55   |
| Non-performing Loans/Total Cash Loans Ratio (%)        | 5.54           | 8.04   | 8.86   |

## CAPITAL MARKET INSTRUMENTS ISSUED BY DFSG

| DenizBank    |      |                         |          |            |               |
|--------------|------|-------------------------|----------|------------|---------------|
| ISIN         | Type | Amount-TL               | Maturity | Issue Date | Maturity Date |
| TRFDZBK42261 | Bill | 595,000,000.00          | 82       | 21.01.2022 | 13.04.2022    |
| TRFDZBK42253 | Bill | 110,000,000.00          | 96       | 21.01.2022 | 27.04.2022    |
| TRFDZBK52252 | Bill | 293,000,000.00          | 98       | 4.02.2022  | 13.05.2022    |
| TRFDZBK62236 | Bill | 170,000,000.00          | 84       | 9.03.2022  | 1.06.2022     |
| TRFDZBK62244 | Bill | 455,000,000.00          | 98       | 11.03.2022 | 17.06.2022    |
| TRFDZBK72243 | Bill | 50,000,000.00           | 114      | 15.03.2022 | 7.07.2022     |
| TRFDZBK72250 | Bill | 200,000,000.00          | 107      | 22.03.2022 | 7.07.2022     |
| TRFDZBK72268 | Bill | 125,000,000.00          | 98       | 25.03.2022 | 1.07.2022     |
| TRFDZBK92217 | Bill | 100,000,000.00          | 161      | 1.04.2022  | 9.09.2022     |
| TRFDZBK92225 | Bill | 25,000,000.00           | 157      | 5.04.2022  | 9.09.2022     |
| TRFDZBK82218 | Bill | 100,000,000.00          | 112      | 13.04.2022 | 3.08.2022     |
| TRFDZBK82226 | Bill | 100,000,000.00          | 110      | 15.04.2022 | 3.08.2022     |
| TRFDZBK82234 | Bill | 105,000,000.00          | 98       | 27.04.2022 | 3.08.2022     |
| TRFDZBK82242 | Bill | 150,000,000.00          | 98       | 29.04.2022 | 5.08.2022     |
| TRFDZBK82259 | Bill | 100,000,000.00          | 91       | 6.05.2022  | 5.08.2022     |
| TRFDZBK82267 | Bill | 80,000,000.00           | 86       | 11.05.2022 | 5.08.2022     |
| TRFDZBK82283 | Bill | 101,000,000.00          | 91       | 1.06.2022  | 31.08.2022    |
| TRFDZBK82291 | Bill | 334,000,000.00          | 75       | 17.06.2022 | 31.08.2022    |
| TRFDZBK822A2 | Bill | 133,050,000.00          | 61       | 1.07.2022  | 31.08.2022    |
| TRFDZBK92233 | Bill | 600,000,000.00          | 71       | 7.07.2022  | 16.09.2022    |
| TRFDZBKK2214 | Bill | 210,000,000.00          | 91       | 5.08.2022  | 4.11.2022     |
| TRFDZBK82317 | Bill | 101,200,000.00          | 359      | 31.08.2022 | 25.08.2023    |
| <b>TOTAL</b> |      | <b>4,237,250,000.00</b> |          |            |               |

| DenizLeasing |      |                         |          |            |               |
|--------------|------|-------------------------|----------|------------|---------------|
| ISIN         | Type | Amount-TL               | Maturity | Issue Date | Maturity Date |
| TRFDNFK42219 | Bill | 100,000,000.00          | 84       | 12.01.2022 | 6.04.2022     |
| TRFDNFK52218 | Bill | 251,000,000.00          | 98       | 9.02.2022  | 18.05.2022    |
| TRFDNFK62217 | Bill | 250,000,000.00          | 100      | 2.03.2022  | 10.06.2022    |
| TRFDNFK62225 | Bill | 100,000,000.00          | 98       | 4.03.2022  | 10.06.2022    |
| TRFDNFK62233 | Bill | 250,000,000.00          | 91       | 30.03.2022 | 29.06.2022    |
| TRFDNFK72216 | Bill | 100,000,000.00          | 112      | 6.04.2022  | 27.07.2022    |
| TRFDNFK82223 | Bill | 200,000,000.00          | 86       | 18.05.2022 | 12.08.2022    |
| TRFDNFK82231 | Bill | 17,000,000.00           | 91       | 25.05.2022 | 24.08.2022    |
| TRFDNFK92248 | Bill | 100,000,000.00          | 91       | 3.06.2022  | 2.09.2022     |
| TRFDNFK82249 | Bill | 200,000,000.00          | 75       | 10.06.2022 | 24.08.2022    |
| TRFDNFK92255 | Bill | 100,000,000.00          | 91       | 15.06.2022 | 14.09.2022    |
| TRFDNFK92263 | Bill | 112,000,000.00          | 82       | 24.06.2022 | 14.09.2022    |
| TRFDNFK92271 | Bill | 250,000,000.00          | 91       | 29.06.2022 | 28.09.2022    |
| TRFDNFK82212 | Bill | 170,000,000.00          | 97       | 21.07.2022 | 26.10.2022    |
| TRFDNFK22310 | Bill | 320,000,000.00          | 177      | 24.08.2022 | 17.02.2023    |
| TRFDNFK22328 | Bill | 292,000,000.00          | 177      | 31.08.2022 | 24.02.2023    |
| TRFDNFK32319 | Bill | 314,000,000.00          | 182      | 2.09.2022  | 3.03.2023     |
| TRFDNFK32327 | Bill | 100,000,000.00          | 182      | 7.09.2022  | 8.03.2023     |
| TRFDNFK82216 | Bill | 236,000,000.00          | 91       | 14.09.2022 | 14.12.2022    |
| TRFDNFK82224 | Bill | 305,000,000.00          | 89       | 16.09.2022 | 14.12.2022    |
| TRFDNFK12311 | Bill | 100,000,000.00          | 100      | 28.09.2022 | 6.01.2023     |
| TRFDNFK12329 | Bill | 100,000,000.00          | 93       | 26.10.2022 | 27.01.2023    |
| TRFDNFK32335 | Bill | 184,000,000.00          | 91       | 9.12.2022  | 10.03.2023    |
| TRFDNFK52325 | Bill | 50,000,000.00           | 152      | 9.12.2022  | 10.05.2023    |
| TRFDNFK32343 | Bill | 345,000,000.00          | 91       | 14.12.2022 | 15.03.2023    |
| TRFDNFK32343 | Bill | 210,000,000.00          | 147      | 14.12.2022 | 10.05.2023    |
| <b>TOTAL</b> |      | <b>4,756,000,000.00</b> |          |            |               |



## CAPITAL MARKET INSTRUMENTS ISSUED BY DFSG

| DenizFactoring |      |                         |          |            |               |
|----------------|------|-------------------------|----------|------------|---------------|
| ISIN           | Type | Amount-TL               | Maturity | Issue Date | Maturity Date |
| TRFDZFK22256   | Bill | 100,000,000             | 50       | 6.01.2022  | 25.02.2022    |
| TRFDZFK42213   | Bill | 100,000,000             | 86       | 12.01.2022 | 8.04.2022     |
| TRFDZFK52212   | Bill | 250,000,000             | 98       | 2.02.2022  | 11.05.2022    |
| TRFDZFK62211   | Bill | 185,000,000             | 105      | 23.02.2022 | 8.06.2022     |
| TRFDZFK62229   | Bill | 75,000,000              | 103      | 25.02.2022 | 8.06.2022     |
| TRFDZFK72210   | Bill | 165,000,000             | 112      | 8.04.2022  | 29.07.2022    |
| TRFDZFK82219   | Bill | 50,000,000              | 113      | 17.05.2022 | 7.09.2022     |
| TRFDZFK92218   | Bill | 100,000,000             | 88       | 30.05.2022 | 26.08.2022    |
| TRFDZFK92226   | Bill | 224,000,000             | 91       | 8.06.2022  | 7.09.2022     |
| TRFDZFKK2210   | Bill | 232,000,000             | 96       | 29.07.2022 | 2.11.2022     |
| TRFDZFK12323   | Bill | 100,000,000             | 116      | 26.09.2022 | 20.01.2023    |
| TRFDZFK12315   | Bill | 215,000,000             | 72       | 2.11.2022  | 13.01.2023    |
| TRFDZFK12331   | Bill | 107,000,000             | 82       | 4.11.2022  | 25.01.2023    |
| TRFDZFK42312   | Bill | 50,000,000              | 153      | 10.11.2022 | 12.04.2023    |
| <b>TOTAL</b>   |      | <b>1,953,000,000.00</b> |          |            |               |

| DenizInvest  |      |                         |          |            |               |
|--------------|------|-------------------------|----------|------------|---------------|
| ISIN         | Type | Amount-TL               | Maturity | Issue Date | Maturity Date |
| TRFDNZY12310 | Bill | 150,000,000.00          | 149      | 22.08.2022 | 18.01.2023    |
| TRFDNZYA2216 | Bill | 145,000,000.00          | 104      | 9.09.2022  | 22.12.2022    |
| TRFDNZYA2224 | Bill | 100,000,000.00          | 94       | 13.09.2022 | 16.12.2022    |
| TRFDNZY12328 | Bill | 105,000,000.00          | 96       | 7.10.2022  | 11.01.2023    |
| TRFDNZY22319 | Bill | 180,000,000.00          | 91       | 16.11.2022 | 15.02.2023    |
| TRFDNZY22327 | Bill | 113,000,000.00          | 86       | 21.11.2022 | 15.02.2023    |
| TRFDNZY22335 | Bill | 52,000,000.00           | 91       | 23.11.2022 | 22.02.2023    |
| TRFDNZY32318 | Bill | 350,000,000.00          | 89       | 2.12.2022  | 1.03.2023     |
| TRFDNZY32334 | Bill | 141,000,000.00          | 98       | 16.12.2022 | 24.03.2023    |
| TRFDNZY32342 | Bill | 150,000,000.00          | 97       | 22.12.2022 | 29.03.2023    |
| <b>TOTAL</b> |      | <b>1,486,000,000.00</b> |          |            |               |

|              |                          |
|--------------|--------------------------|
| <b>TOTAL</b> | <b>12,432,250,000.00</b> |
|--------------|--------------------------|

| DenizBank -MTN |      |              |          |            |               |
|----------------|------|--------------|----------|------------|---------------|
| ISIN           | Type | Amount (OCY) | Currency | Issue Date | Maturity Date |
| XS2448189949   | Bill | 15,500,000   | GBP      | 24.02.2022 | 15.02.2023    |
| XS2463704275   | Bond | 8,000,000    | GBP      | 30.03.2022 | 30.03.2023    |
| XS2476109876   | Bond | 6,000,000    | GBP      | 13.05.2022 | 12.05.2023    |
| XS2484586826   | Bond | 20,153,000   | GBP      | 27.05.2022 | 30.05.2023    |
| XS2486272805   | Bill | 18,000,000   | GBP      | 27.05.2022 | 28.12.2022    |
| XS2525233834   | Bond | 20,000,000   | GBP      | 25.08.2022 | 29.08.2023    |
| XS2555208730   | Bond | 28,500,000   | EUR      | 11.11.2022 | 13.11.2023    |

## DENİZBANK RATINGS BY INTERNATIONAL RATING AGENCIES

| Moody's*   |           |
|--|-----------|
| Outlook  | Stable    |
| Long Term Foreign Currency Deposit                 | B3        |
| Short Term Foreign Currency Deposit                | Not Prime |
| Long Term Local Currency Deposit                   | B1        |
| Short Term Local Currency Deposit                  | Not Prime |
| Baseline Credit Assessment (BCA)                   | cad1      |
| Adjusted Baseline Credit Assessment (Adjusted BCA) | b1        |

\* As of 16 August 2022

| Fitch Ratings**                 |                  |
|---------------------------------|------------------|
| Outlook                         | Negative         |
| Long Term Foreign Currency IDR  | B-               |
| Short Term Foreign Currency IDR | B                |
| Long Term Local Curreny IDR     | B                |
| Short Term Local Currency IDR   | B                |
| Viability                       | b-               |
| Shareholder Support             | b-               |
| National                        | AA (tur)(Stable) |

IDR: Temerrüt Derecelendirmesi

\*\* As of 26 July 2022



**DENİZBANK ANONİM ŞİRKETİ**

**INDEPENDENT AUDITOR’S REPORT,  
UNCONSOLIDATED FINANCIAL STATEMENTS AND  
NOTES FOR THE YEAR ENDED 31 DECEMBER 2022**

(Convenience Translation of the Independent Auditor’s Report Originally Prepared and Issued in Turkish See Note 3.1.c)

I. Independent Auditor’s Report

II. Publicly Disclosed Unconsolidated Financial Report



(CONVENIENCE TRANSLATION OF INDEPENDENT  
AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)  
INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Denizbank AŞ.

A) Report on the Audit of the Unconsolidated Financial Statements

1) Qualified Opinion

We have audited the unconsolidated financial statements of Denizbank AŞ (the “Bank”), which comprise the unconsolidated balance sheet as at 31 December 2022, and the unconsolidated statement of income, unconsolidated statement of income and expense items accounted for under shareholders’ equity, unconsolidated statement of changes in shareholders’ equity and unconsolidated statement of cash flows for the year then ended and, notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements except for the effects of the matter described in the Basis for Qualified opinion paragraph, present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

The accompanying unconsolidated financial statements as at 31 December 2022 include a free provision amounting to TL 4.175.000 thousand, which has been recognized as an expense in the unconsolidated financial statements in the current period, provided by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. If the mentioned free provision were not provided, the other provisions would decrease by TL 4.175.000 thousand and profit before tax and equity would increase by TL 4.175.000 thousand for the period ended 31 December 2022.

We conducted our audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the *Code of Ethics for Independent Auditors* (“Code of Ethics”) published by the POA, together with the ethical requirements that are relevant to our audit of the unconsolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters   | How the matter was addressed in the audit  |
|---|--|
| <p><b><i>Impairment of loans in accordance with TFRS 9 Financial Assets</i></b></p> <p>Impairment of loans is a key area of judgment for the management. The Bank has the total loans amounting to TL 301.067.960 thousands, which comprise 57% of the Bank’s total assets in its unconsolidated financial statements and the total provision for impairment amounting to TL 27.228.661 as at 31 December 2022.</p> <p>As of 1 January 2018, the Bank has started to recognize provisions for impairment of loans in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750.</p> <p>In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies, the expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Bank exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans.</p> <p>In addition, the impairment of loans and receivables includes important estimates and assumptions about the effects of the COVID 19 pandemic.</p> <p>A significant part of the Bank’s corporate loan portfolio has been assessed individually. This situation requires significant judgments in the calculation of the expected loan loss provision.</p> | <p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Bank with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have assessed and analyzed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.</p> <p>We have performed loan review procedures on selected samples of loans and receivables by taking into account the effects of COVID 19 pandemic with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p>We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> <p>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p>We have tested whether the model is applied to appropriate groupings of assets which share credit risk characteristics.</p> |



| Key Audit Matters  | How the matter was addressed in the audit  |
|--|--|
| <p>Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans and receivables are presented in Section 5 Note I.d.</p> | <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p>Based on our discussions with the Bank management, we evaluated whether the key assumptions and other judgements, underlying the estimations of impairments were reasonable.</p> <p>We assessed expected credit losses determined based on individual assessment per Bank's policy by means of supporting data and evaluated appropriateness via discussions with management.</p> <p>Our specialists are involved in all procedures regarding assumptions of models and individual assessments.</p> <p>In order not to ignore the extraordinary situations that did not occur during the model's consideration periods, the affected portfolios were determined by the bank and all the studies related to the assumptions regarding the expected credit loss provisions were evaluated via discussions with the bank management.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the unconsolidated financial statements of the Bank with respect to loans and receivables and related impairment provisions.</p> |

| Key Audit Matters  | How the matter was addressed in the audit   |
|--|---|
| <p><b>Information Technologies Audit</b></p> <p>The Bank and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Bank and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Bank means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk-based scoping.</p> | <p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"><li>- We identified and tested the Banks' controls over information systems with risk-based approach as part of our audit procedures.</li><li>- Information generation comprise layers of information systems that are important for unconsolidated financial statements (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas:<ul style="list-style-type: none"><li>- Access Security</li><li>- Change Management</li><li>- Data Center and Network Operations</li></ul></li><li>- We selected high-risk areas as, log management for database and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner.</li><li>- We tested accesses management and log management controls underlying all applications that have direct or indirect impacts on financial data generation.</li><li>- Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.</li><li>- We also tested the completeness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.</li><li>- Finally, we understood and tested the controls over database, network, application and operating system layers of applications.</li></ul> |



**4) Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Regulations, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

**5) Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with the regulation on "Independent Auditing of Banks" published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**B) Other Responsibilities Arising From Regulatory Requirements**

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Bank's set of accounts for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Yaman Polat.

**Additional Paragraph for English Translation**

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

**DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.**  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Yaman Polat  
Partner

Istanbul, 13 February 2023

**DENİZBANK A.Ş.**

**UNCONSOLIDATED FINANCIAL REPORT  
AS OF 31 DECEMBER 2022**

Address of the Bank's Headquarters  
Büyükdere Caddesi No:141  
34394 -ESENTEPE/İSTANBUL  
Telephone and Fax Numbers  
Tel : 0.212.348 20 00  
Fax: 0.212.336 61 86  
Website of the Bank  
www.denizbank.com  
E-mail address of the Bank  
yatirimciiliskileri@denizbank.com

The unconsolidated financial report package prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- DISCLOSURES ON ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
- DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the "Regulation on Accounting Principles and Documentations", Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying unconsolidated financial statements are presented in **Thousands of Turkish Lira**.

13 February 2023



**HAKAN ELVERDİ**  
Senior Vice President  
Financial Reporting  
And Accounting



**RUSLAN ABİL**  
Executive Vice President  
Financial Affairs



**HAKAN ATEŞ**  
Member of Board of  
Directors and President and  
Chief Executive Officer



**HESHAM ABDULLA QASSIM  
ALQASSIM**  
Chairman of Board of  
Directors



**BJORN LENZMANN**  
Member of Board of  
Directors and Audit and  
Risk Committee



**AHMED MOHAMMED AQIL  
QASSIM ALQASSIM**  
Member of Board of  
Directors and Audit and  
Risk Committee

Contact information for questions on this financial report:

Name/Title : İmge İhtiyar/Department Head, International Reporting and Consolidation Department  
Tel No : 0 212 348 5997  
Fax No : 0 212 336 6186



## CONTENTS

|   | <u>PAGE</u> |
|---|-------------|
| <b>SECTION ONE</b>  |             |
| <b>General Information</b>  |             |
| I. History of the Bank including its incorporation date, initial status, amendments to legal status   | 199         |
| II. Capital structure of the Bank, shareholders holding directly or indirectly, individually or collectively, the management and supervision of the Bank changes in these matters during the year, if any and the explanation regarding the Group that the Bank is involved | 200         |
| III. Explanations regarding the chairman and the members of board of directors, members of audit committee, general manager and executive vice presidents, if any, their shareholdings and areas of responsibility in the Bank  | 201         |
| IV. Explanations regarding the persons and institutions that have qualified shares in the Bank  | 202         |
| V. Type of services of the Bank and summary information including the areas of activity   | 202         |
| VI. Existing or potential, actual and legal barriers to immediate transfer of capital or repayment of debts between the Bank and its subsidiaries   | 202         |
| <b>SECTION TWO</b>  |             |
| <b>Unconsolidated Financial Statements</b>  |             |
| I. Unconsolidated statement of financial position (balance sheet)   | 204         |
| II. Unconsolidated statement of off-balance sheet items   | 206         |
| III. Unconsolidated statement of profit or loss   | 208         |
| IV. Unconsolidated statement of profit or loss and other comprehensive income   | 209         |
| V. Unconsolidated statement of changes in shareholders' equity  | 210         |
| VI. Unconsolidated statement of cash flows  | 212         |
| VII. Unconsolidated profit distribution table   | 213         |
| <b>SECTION THREE</b>  |             |
| <b>Accounting Policies</b>  |             |
| I. Explanations on the presentation principles  | 214         |
| II. Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies   | 215         |
| III. Explanations on investments in associates, subsidiaries and joint ventures   | 216         |
| IV. Explanations on forward and option contracts and derivative instruments   | 216         |
| V. Explanations on interest income and expenses   | 217         |
| VI. Explanations on fee and commission income and expenses  | 217         |
| VII. Explanations on financial assets   | 217         |
| VIII. Explanations on expected credit loss  | 218         |
| IX. Explanations on offsetting financial instruments  | 223         |

|   | <u>PAGE</u> |
|---|-------------|
| X. Explanations on sale and repurchase agreements and transactions related to the lending of securities                       | 223         |
| XI. Explanations on non-current assets held for sale and from discontinued operations and liabilities related to these assets | 224         |
| XII. Explanations on goodwill and other intangible assets   | 224         |
| XIII. Explanations on tangible assets   | 225         |
| XIV. Explanations on investment property  | 225         |
| XV. Explanations on leasing transactions  | 225         |
| XVI. Explanations on provisions and contingent liabilities  | 225         |
| XVII. Explanations on obligations for employee benefits   | 226         |
| XVIII. Explanations on tax applications   | 226         |
| XIX. Additional explanations on borrowings  | 228         |
| XX. Explanations on issuance of share certificates  | 228         |
| XXI. Explanations on bill of guarantee and acceptances  | 228         |
| XXII. Explanations on government incentives   | 228         |
| XXIII. Explanations on segment reporting  | 228         |
| XXIV. Explanations on other matters   | 228         |
| XXV. Classifications  | 228         |
| <b>SECTION FOUR</b>   |             |
| <b>Information on Financial Structure and Risk Management</b>   |             |
| I. Explanations related to the unconsolidated shareholders' equity  | 229         |
| II. Explanations related to the credit risk   | 237         |
| III. Explanations related to the foreign currency exchange rate risk  | 254         |
| IV. Explanations related to the interest rate risk  | 257         |
| V. Position risk of equity shares arising from banking accounts   | 262         |
| VI. Explanations related to the liquidity risk  | 262         |
| VII. Explanations related to leverage ratio   | 267         |
| VIII. Explanations related to risk management   | 268         |
| IX. Explanations related to presentation of financial assets and liabilities at their fair value                              | 298         |
| X. Explanations related to transactions carried out on behalf and account of other parties and fiduciary transactions         | 301         |
| XI. Explanations related to hedging transactions  | 301         |
| XII. Explanations related to the segment reporting  | 302         |

## CONTENTS

|  | <b>PAGE</b> |
|--|-------------|
| <b>SECTION FIVE</b>  |             |
| <b>Disclosures and Footnotes to Unconsolidated Financial Statements</b>                                      |             |
| I. Explanations and disclosures related to assets  | 305         |
| II. Explanations and disclosures related to unconsolidated liabilities                                       | 321         |
| III. Explanations and disclosures related to off-balance sheet items   | 329         |
| IV. Explanations and disclosures related to statement of profit or loss                                      | 333         |
| V. Explanations related to statement of changes in shareholders' equity                                      | 337         |
| VI. Explanations related to statement of cash flows  | 338         |
| VII. Explanations and disclosures related to Bank's risk group   | 340         |
| VIII. Domestic, foreign and off-shore banking branches or associates and foreign representatives of the Bank | 341         |
| <b>SECTION SIX</b>   |             |
| <b>Other Disclosures and Footnotes</b>   |             |
| I. Other explanations related to Bank's operations   | 342         |
| <b>SECTION SEVEN</b>   |             |
| <b>Independent Auditor's Report</b>  |             |
| I. Matters to be disclosed related to Independent Auditor's Report   | 343         |
| II. Explanations and notes prepared by Independent Auditor   | 343         |

## DENİZBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### SECTION ONE

#### GENERAL INFORMATION

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

Denizbank A.Ş. ("the Bank") following the resolution of the High Council of Privatization numbered 97/5 and dated 20 March 1997 to privatize 100% of shares of Denizbank A.Ş., share sale agreement between Zorlu Holding A.Ş. and the Privatization Administration was signed on 29 May 1997 and the Bank started its activities on 25 August 1997 upon the receipt of its official authorisation. Bank's shares have been quoted on Borsa Istanbul ("BIST") on 1 October 2004.

Dexia Participation Belgique SA, owned 100% directly and indirectly by Dexia SA/NV, acquired 75% of the outstanding shares of the Bank from Zorlu Holding A.Ş. on 17 October 2006, and Dexia Participation Belgique SA's partnership share has reached 99,85% with subsequent acquisitions following the share transfer.

On 27 December 2012, 99,85% of the Bank's shares were transferred from Dexia Group to Sberbank of Russia ("Sberbank") with a total purchase price of TL 6,90 billion (Euro 2,98 billion).

On 22 May 2018, Emirates NBD Bank PJSC (Emirates NBD) and Sberbank of Russia (Sberbank) signed a definite contract regarding the sales of 99,85% share of the Bank held by Sberbank and with the "Renewed Contract" signed on 2 April 2019, the parties have reached an agreement to the amount of TL 15,48 billion within the rearranged framework regarding the total amount of the relevant shares based on the consolidated equity of the Bank amounting to TL 15,51 billion. Upon obtaining the approvals of the regulatory authorities of Turkey, Russia, United Arab Emirates and the other countries where the Bank operates, the share transfer was completed on 31 July 2019.

As of 31 July 2019, as a result of ENBD's acquisition of 99,85% of DenizBank's shares, obligations arose for ENBD to make mandatory tender offer (MTO) for the Bank as per the provisions of the Capital Markets Board's (CMB) Communiqué on Takeover Bids (II-26.1); and sell-out right; the Bank's shareholders other than ENBD got the right to sell their shares to ENBD as per the provisions of the CMB's Communiqué on Squeeze Out and Selling Rights (II-27.2).



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

Within the scope of the Communiqué on Squeeze Out and Selling Rights, the rights to sell were used by other shareholders within the three-month sell-out right-ending period between 1 August 2019 and 31 October 2019. Upon completion of the three-month sell-out right-ending period on 31 October 2019, ENBD applied to the Bank on 3 November 2019, requesting the exclusion of other shareholders, who did not use their right to sell. In this context, in the process of ENBD's exercising its right to squeeze out and removing it from the BIST; regarding the amendment of Article 6 of the Bank's articles of association and the capital decrease by canceling 1.426.214,154 public shares of other shareholders who do not use the Bank's right to sell, and making capital allocation to the ENBD simultaneously with the shares issued against these shares. Necessary regulatory approvals were obtained and were approved at the Extraordinary General Assembly Meeting held on 12 December 2019. The "Issuance Document" approved by the CMB with the decisions of the mentioned General Assembly Meeting was registered in the trade registry on 13 December 2019.

Within the scope of Central Registry Agency application, the shares of the shareholders other than the controlling shareholder were canceled, the newly issued shares were transferred to the controlling shareholder account and TL 21,2, which is the price determined in accordance with the CMB regulations, was paid to the shareholders on 13 December 2019. At the end of this transaction, the share of ENBD in the Bank has reached to 100%. Following the completion of the process, the Bank's shares were removed from the stock market as of 16 December 2019.

At the Board of Directors' meeting dated 9 January 2020, it has been decided to be submitted to the approval of the General Assembly for the increase of the full TL 3.316.100.000 paid-in capital of the Bank by full TL 2.380.000.000 in cash, and amending the Article 6 titled "Capital of the Bank" of the Articles of Association of the Bank. The amendment was approved in the Extraordinary General Assembly Meeting held on 3 February 2020. The total capital increase amounting to full TL 2.380.000.000 was paid in cash by ENBD before the registration of the capital increase.

### II. Capital structure of the Bank, shareholders holding directly or indirectly, individually or collectively, the management and supervision of the Bank changes in these matters during the year, if any and the explanation regarding the Group that the Bank is involved

| Name of the Shareholder | Current Period <sup>(*)</sup> |               | Prior Period <sup>(*)</sup> |               |
|-------------------------|-------------------------------|---------------|-----------------------------|---------------|
|                         | Amount (Full TL)              | Share (%)     | Amount (Full TL)            | Share (%)     |
| Emirates NBD Bank PJSC  | 5.696.099.996                 | 100,00        | 5.696.099.996               | 100,00        |
| Other                   | 4                             | --            | 4                           | --            |
| <b>Total</b>            | <b>5.696.100.000</b>          | <b>100,00</b> | <b>5.696.100.000</b>        | <b>100,00</b> |

(\*) Explanation is given in Section One, note I.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### III. Explanations regarding the chairman and the members of board of directors, members of audit committee, general manager and executive vice presidents, if any, their shareholdings and areas of responsibility in the Bank

| Name   | Title   | Shares owned (%) |
|--|---|------------------|
| <b>Chairman of the Board of Directors</b>      |   |                  |
| Hesham Abdulla Qassim Alqassim                 | Chairman  | --               |
| <b>Board of Directors <sup>(1)</sup></b>       |   |                  |
| Hakan Ateş                                     | Member and CEO  | --               |
| Ahmed Mohammed Aqil Qassim Alqassim            | Member  | 0.00000002       |
| Derya Kumru                                    | Member  | --               |
| Shayne Keith Nelson                            | Member  | --               |
| Tanju Kaya                                     | Member  | --               |
| Burcu Çalıkılı                                 | Member  | --               |
| Bjorn Lenzmann                                 | Member  | --               |
| <b>Audit Committee</b>                         |   |                  |
| Ahmed Mohammed Aqil Qassim Alqassim            | Member  | --               |
| Bjorn Lenzmann                                 | Member  | --               |
| <b>Executive Vice Presidents<sup>(3)</sup></b> |   |                  |
| Bora Böcügöz                                   | Treasury, Financial Institutions and Investment                                 | --               |
| Ruslan Abil                                    | Financial Affairs   | --               |
| Mustafa Özel                                   | Branch and Central Operations   | --               |
| Mehmet Aydoğdu                                 | Wholesale Banking   | --               |
| Cem Demirağ                                    | Head of Internal Control Unit and Compliance                                    | --               |
| Ali Murat Dizdar                               | Chief Legal Advisor   | --               |
| Ayşenur Hıçkiran                               | Retail Banking  | --               |
| Selim Efe Teoman                               | Corporate and Commercial Credits  | --               |
| Ramazan Işık                                   | Head of Internal Audit  | --               |
| Engin Eskiduman                                | SME Banking and Public Financing  | --               |
| Necip Yavuz Elkin                              | Human Resources and Deniz Academy   | --               |
| Burak Koçak                                    | Agricultural Banking  | --               |
| Oğuzhan Özark <sup>(2)</sup>                   | Individual and Private Banking  | --               |
| Sinan Yılmaz                                   | Head of Risk Management Group   | --               |
| Edip Kürşad Başer                              | Retail, SME, Agricultural Banking Credits Allocation and IFRS                   | --               |
| Verda Beril Yüzer Oğuz                         | Financial Institutions and Sustainability Coordination                          | --               |
| Umut Özdoğan                                   | Digital Transformation, Change Management and Non-Branch Channels               | --               |
| Savaş Çitak                                    | Project Finance, Financial Restructuring and Credits International Coordination | --               |
| Kishore Swayamberdud Bhat                      | Credit Allocation   | --               |
| Mustafa Okan Çetinkaya                         | Analytics, Data and Customer Value Management Policies                          | --               |
| Halit Cihan Tunçbilek                          | Payment Systems   | --               |
| Ali Rıza Aydın                                 | Information Security and Information Technologies Risk Management               | --               |
| Okan Aksu                                      | Treasury Group  | --               |
| Ümit Recep Uğur                                | Corporate and Commercial Banking Group  | --               |
| Serkan Boran <sup>(4)</sup>                    | Credit Follow-up  | --               |
| Rasim Orman <sup>(4)</sup>                     | Secretariat General and Litigations   | --               |

<sup>(1)</sup> Hakan Ateş, Hesham Abdulla Qassim Alqassim, Ahmed Mohammed Aqil Qassim Alqassim, Shayne Keith Nelson, Jonathan Edward Morris, Bjorn Lenzmann, Derya Kumru, Tanju Kaya and Burcu Çalıkılı have been appointed to Real Persons for the Member of the Board of Directors at the Ordinary General Assembly of the Bank held on 25 March 2022.

With the decision of the Bank dated 2 January 2023; as of 31 December 2022, it has been decided to accept the resignation of Jonathan Edward Morris from his position as a Member of the Board of Directors and to appoint Aazzar Ali Khwaja to serve his position until the first General Assembly.

<sup>(2)</sup> With the Bank's Board of Directors Decision dated 1 February 2022 The Bank's Executive Vice President responsible for Private Banking and Investment Sales Group, Cemil Cem Önenç, resigned on 31 January 2022 to serve as a senior manager in our subsidiaries. As of 1 February 2022, it has been decided to change the title of İzzet Oğuzhan Özark, Executive Vice President responsible for the Retail Banking Group of the Bank, to Executive Vice President responsible for the Retail and Private Banking Group.

<sup>(3)</sup> Hayri Cansever, who served as the Secretariat General and Deputy General Manager responsible for the Foreign Subsidiaries Group at the Bank, resigned from his position on 31 May 2022 to serve as a senior manager in the subsidiaries of the Bank.

<sup>(4)</sup> Serkan Boran was appointed as Executive Vice President responsible for Credit Follow-up Group and Rasim Orman as Executive Vice President responsible for Secretariat General and Litigations Group with the Board of Directors decision of the Bank dated 2 August 2022.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### IV. Explanations regarding the persons and institutions that have qualified shares in the Bank

| Commercial Title       | Share Amounts | Share Percentages | Paid-in Capital | Unpaid Capital |
|------------------------|---------------|-------------------|-----------------|----------------|
| Emirates NBD Bank PJSC | 5.696.100     | 100%              | 5.696.100       | --             |

ENBD is the controlling party of the Bank's capital having both direct and indirect qualified shares.

As of 31 December 2022 the capital structure of ENBD is as follows:

| Shareholders                    | Share Percentages |
|---------------------------------|-------------------|
| Investment Corporation of Dubai | 55,76%            |
| Capital Assets LLC              | 5,33%             |
| Publicly traded                 | 38,91%            |
| <b>Total</b>                    | <b>100,00%</b>    |

### V. Type of services of the Bank and summary information including the areas of activity

The Bank is a private sector deposit bank which provides banking services to its customers through 670 domestic branches and 1 foreign branch as of 31 December 2022.

Activities of the Bank as stated in the 3rd clause of the Articles of Association are as follows:

In accordance with the Banking Law and regulations;

- Performing all kinds of banking activities,
- Dealing with transactions on all kinds of capital market instruments within the limits set by the related regulations and Capital Market Law regulations,
- Participating, undertaking the management and performing control activities in domestic and foreign entities and banks, financial institutions and all kinds of investment partnerships by obtaining the permission of the Banking Regulation and Supervision Agency in accordance with the Banking Law, by purchasing its shares or share certificates,
- Conducting all kinds of insurance agency transactions in domestic and abroad and signing insurance agency agreements with insurance companies for this purpose.

Apart from the above-mentioned activities, in case different activities deemed advantageous and necessary for the Bank are to be undertaken in the future, they will be submitted to approval of the General Assembly based on Board of Director's decision and the Bank will be able to implement activities after the relevant decision is made by General Assembly.

### VI. Existing or potential, actual and legal barriers to immediate transfer of capital or repayment of debts between the Bank and its subsidiaries

None.

### SECTION TWO

#### UNCONSOLIDATED FINANCIAL STATEMENTS

- Unconsolidated Statement of Financial Position (Balance Sheet)
- Unconsolidated Statement of Off-Balance Sheet Items
- Unconsolidated Statement of Profit or Loss
- Unconsolidated Statement of Profit or Loss and Other Comprehensive Income
- Unconsolidated Statement of Changes in Shareholders' Equity
- Unconsolidated Statement of Cash Flows
- Unconsolidated Profit Distribution Table



UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(BALANCE SHEET) AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|                     | ASSETS   | Note    | Audited<br>CURRENT PERIOD<br>(31/12/2022) |                    |                    | Audited<br>PRIOR PERIOD<br>(31/12/2021) |                    |                    |
|---------------------|--|---------|---|--------------------|--------------------|---|--------------------|--------------------|
|                     |  |         | TL  | FC                 | Total              | TL                                      | FC                 | Total              |
|                     |  |         |   |                    |                    |   |                    |                    |
| <b>I.</b>           | <b>FINANCIAL ASSETS (Net)</b>  |         | <b>52.928.782</b>                         | <b>121.070.787</b> | <b>173.999.569</b> | <b>15.455.154</b>                       | <b>74.406.134</b>  | <b>89.861.288</b>  |
| <b>1.1</b>          | <b>Cash and Cash Equivalents</b>   |         | <b>9.700.546</b>                          | <b>84.901.026</b>  | <b>94.601.572</b>  | <b>4.712.773</b>                        | <b>52.626.612</b>  | <b>57.339.385</b>  |
| 1.1.1               | Cash and Balances with Central Bank  | (5.I.a) | 8.704.134                                 | 77.412.152         | 86.116.286         | 3.947.875                               | 47.260.522         | 51.208.397         |
| 1.1.2               | Banks  | (5.I.a) | 996.471                                   | 7.489.130          | 8.485.601          | 545.372                                 | 5.366.090          | 5.911.462          |
| 1.1.3               | Due From Money Markets   |         | -   | -                  | -                  | 219.738                                 | -                  | 219.738            |
| 1.1.4               | Expected Credit Loss (-)   |         | 59  | 256                | 315                | 212                                     | -                  | 212                |
| <b>1.2</b>          | <b>Financial Assets at Fair Value Through Profit or Loss</b>                 | (5.I.b) | <b>517.334</b>                            | <b>1.332.148</b>   | <b>1.849.482</b>   | <b>65.115</b>                           | <b>1.087.131</b>   | <b>1.152.246</b>   |
| 1.2.1               | Government Debt Securities   |         | 452.295                                   | 819.141            | 1.271.436          | 37.078                                  | 99.181             | 136.259            |
| 1.2.2               | Equity Instruments   |         | -   | 454.025            | 454.025            | -                                       | 390.932            | 390.932            |
| 1.2.3               | Other Financial Assets   |         | 65.039                                    | 58.982             | 124.021            | 28.037                                  | 597.018            | 625.055            |
| <b>1.3</b>          | <b>Financial Assets at Fair Value Through Other Comprehensive Income</b>     | (5.I.c) | <b>41.116.476</b>                         | <b>30.041.468</b>  | <b>71.157.944</b>  | <b>8.668.005</b>                        | <b>14.754.059</b>  | <b>23.422.064</b>  |
| 1.3.1               | Government Debt Securities   |         | 41.115.526                                | 30.041.468         | 71.156.994         | 8.667.539                               | 14.754.059         | 23.421.598         |
| 1.3.2               | Equity Instruments   |         | 950                                       | -                  | 950                | 466                                     | -                  | 466                |
| 1.3.3               | Other Financial Assets   |         | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>1.4</b>          | <b>Derivative Financial Assets</b>   |         | <b>1.594.426</b>                          | <b>4.796.145</b>   | <b>6.390.571</b>   | <b>2.009.261</b>                        | <b>5.938.332</b>   | <b>7.947.593</b>   |
| 1.4.1               | Derivative Financial Assets at Fair Value Through Profit or Loss             | (5.I.b) | 1.594.426                                 | 4.796.145          | 6.390.571          | 2.009.261                               | 5.938.332          | 7.947.593          |
| 1.4.2               | Derivative Financial Assets at Fair Value Through Other Comprehensive Income | (5.I.j) | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>II.</b>          | <b>OTHER FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>               |         | <b>198.007.638</b>                        | <b>92.856.865</b>  | <b>290.864.503</b> | <b>106.822.462</b>                      | <b>67.734.441</b>  | <b>174.556.903</b> |
| <b>2.1</b>          | <b>Loans</b>   | (5.I.d) | <b>202.982.205</b>                        | <b>98.085.755</b>  | <b>301.067.960</b> | <b>122.514.228</b>                      | <b>66.806.450</b>  | <b>189.320.678</b> |
| <b>2.2</b>          | <b>Lease Receivables</b>   | (5.I.i) | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| <b>2.3</b>          | <b>Factoring Receivables</b>   |         | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| <b>2.4</b>          | <b>Other Financial Assets Measured at Amortised Cost</b>                     | (5.I.e) | <b>11.146.415</b>                         | <b>5.880.981</b>   | <b>17.027.396</b>  | <b>1.531.183</b>                        | <b>5.593.638</b>   | <b>7.124.821</b>   |
| 2.4.1               | Government Debt Securities   |         | 11.146.415                                | 5.880.981          | 17.027.396         | 1.531.183                               | 5.593.638          | 7.124.821          |
| 2.4.2               | Other Financial Assets   |         | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>2.5</b>          | <b>Expected Credit Loss (-)</b>  |         | <b>16.120.982</b>                         | <b>11.109.871</b>  | <b>27.230.853</b>  | <b>17.222.949</b>                       | <b>4.665.647</b>   | <b>21.888.596</b>  |
| <b>III.</b>         | <b>NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>    | (5.I.o) | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| 3.1                 | Held for Sale  |         | -   | -                  | -                  | -                                       | -                  | -                  |
| 3.2                 | Discontinued Operations  |         | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>IV.</b>          | <b>EQUITY INVESTMENTS</b>  |         | <b>7.037.992</b>                          | <b>30.688.637</b>  | <b>37.726.629</b>  | <b>3.837.123</b>                        | <b>26.894.162</b>  | <b>30.731.285</b>  |
| <b>4.1</b>          | <b>Investments in Associates (Net)</b>                                       | (5.I.f) | <b>20.360</b>                             | <b>-</b>           | <b>20.360</b>      | <b>12.102</b>                           | <b>-</b>           | <b>12.102</b>      |
| 4.1.1               | Associates Valued Based on Equity Method                                     |         | -   | -                  | -                  | -                                       | -                  | -                  |
| 4.1.2               | Unconsolidated Associates  |         | 20.360                                    | -                  | 20.360             | 12.102                                  | -                  | 12.102             |
| <b>4.2</b>          | <b>Subsidiaries (Net)</b>  | (5.I.g) | <b>7.014.832</b>                          | <b>30.688.637</b>  | <b>37.703.469</b>  | <b>3.822.221</b>                        | <b>26.894.162</b>  | <b>30.716.383</b>  |
| 4.2.1               | Unconsolidated Financial Subsidiaries  |         | 4.341.535                                 | 30.688.637         | 35.030.172         | 2.436.944                               | 26.894.162         | 29.331.106         |
| 4.2.2               | Unconsolidated Non-Financial Subsidiaries                                    |         | 2.673.297                                 | -                  | 2.673.297          | 1.385.277                               | -                  | 1.385.277          |
| <b>4.3</b>          | <b>Joint Ventures (Net)</b>  | (5.I.h) | <b>2.800</b>                              | <b>-</b>           | <b>2.800</b>       | <b>2.800</b>                            | <b>-</b>           | <b>2.800</b>       |
| 4.3.1               | Joint Ventures Valued Based on Equity Method                                 |         | -   | -                  | -                  | -                                       | -                  | -                  |
| 4.3.2               | Unconsolidated Joint Ventures  |         | 2.800                                     | -                  | 2.800              | 2.800                                   | -                  | 2.800              |
| <b>V.</b>           | <b>PROPERTY AND EQUIPMENT (Net)</b>  | (5.I.k) | <b>1.468.748</b>                          | <b>245</b>         | <b>1.468.993</b>   | <b>1.144.457</b>                        | <b>723</b>         | <b>1.145.180</b>   |
| <b>VI.</b>          | <b>INTANGIBLE ASSETS (Net)</b>   | (5.I.l) | <b>1.293.730</b>                          | <b>-</b>           | <b>1.293.730</b>   | <b>491.153</b>                          | <b>-</b>           | <b>491.153</b>     |
| 6.1                 | Goodwill   |         | -   | -                  | -                  | -                                       | -                  | -                  |
| 6.2                 | Other  |         | 1.293.730                                 | -                  | 1.293.730          | 491.153                                 | -                  | 491.153            |
| <b>VII.</b>         | <b>INVESTMENT PROPERTIES (Net)</b>   | (5.I.m) | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| <b>VIII.</b>        | <b>CURRENT TAX ASSET</b>   |         | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>389.296</b>                          | <b>-</b>           | <b>389.296</b>     |
| <b>IX.</b>          | <b>DEFERRED TAX ASSET</b>  | (5.I.n) | <b>4.140.119</b>                          | <b>-</b>           | <b>4.140.119</b>   | <b>2.978.527</b>                        | <b>-</b>           | <b>2.978.527</b>   |
| <b>X.</b>           | <b>OTHER ASSETS (Net)</b>  | (5.I.p) | <b>13.980.558</b>                         | <b>2.820.648</b>   | <b>16.801.206</b>  | <b>5.838.180</b>                        | <b>2.727.652</b>   | <b>8.565.832</b>   |
| <b>TOTAL ASSETS</b> |  |         | <b>278.857.567</b>                        | <b>247.437.182</b> | <b>526.294.749</b> | <b>136.956.352</b>                      | <b>171.763.112</b> | <b>308.719.464</b> |

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

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(BALANCE SHEET) AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|                          | LIABILITIES  | Note     | Audited<br>CURRENT PERIOD<br>(31/12/2022) |                    |                    | Audited<br>PRIOR PERIOD<br>(31/12/2021) |                    |                    |
|--------------------------|--|----------|---|--------------------|--------------------|---|--------------------|--------------------|
|                          |  |          | TL  | FC                 | Total              | TL                                      | FC                 | Total              |
|                          |  |          |   |                    |                    |   |                    |                    |
| <b>I.</b>                | <b>DEPOSITS</b>  | (5.II.a) | <b>167.552.873</b>                        | <b>186.048.227</b> | <b>353.601.100</b> | <b>57.070.298</b>                       | <b>129.770.954</b> | <b>186.841.252</b> |
| <b>II.</b>               | <b>FUNDS BORROWED</b>  | (5.II.c) | <b>632.882</b>                            | <b>47.344.577</b>  | <b>47.977.459</b>  | <b>518.067</b>                          | <b>46.710.232</b>  | <b>47.228.299</b>  |
| <b>III.</b>              | <b>DUE TO MONEY MARKETS</b>  |          | <b>87.602</b>                             | <b>12.429.682</b>  | <b>12.517.284</b>  | <b>863.626</b>                          | <b>6.916.888</b>   | <b>7.780.514</b>   |
| <b>IV.</b>               | <b>SECURITIES ISSUED (Net)</b>   | (5.II.d) | <b>65.023</b>                             | <b>2.175.711</b>   | <b>2.240.734</b>   | <b>3.979.038</b>                        | <b>2.609.796</b>   | <b>6.588.834</b>   |
| 4.1                      | Bills  |          | 65.023                                    | 494.857            | 559.880            | 3.387.685                               | 2.609.796          | 5.997.481          |
| 4.2                      | Assets Backed Securities   |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 4.3                      | Bonds  |          | -   | 1.680.854          | 1.680.854          | 591.353                                 | -                  | 591.353            |
| <b>V.</b>                | <b>FUNDS</b>   |          | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| 5.1                      | Borrower Funds   |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 5.2                      | Other  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>VI.</b>               | <b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>                      |          | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| <b>VII.</b>              | <b>DERIVATIVE FINANCIAL LIABILITIES</b>  |          | <b>254.381</b>                            | <b>3.269.256</b>   | <b>3.523.637</b>   | <b>1.245.505</b>                        | <b>2.204.088</b>   | <b>3.449.593</b>   |
| 7.1                      | Derivative Financial Liabilities at Fair Value Through Profit or Loss                  | (5.II.b) | 254.381                                   | 3.269.256          | 3.523.637          | 1.245.505                               | 2.204.088          | 3.449.593          |
| 7.2                      | Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income      | (5.II.g) | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>VIII.</b>             | <b>FACTORING LIABILITIES</b>   |          | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| <b>IX.</b>               | <b>LEASE LIABILITIES</b>   | (5.II.f) | <b>787.991</b>                            | <b>2.308</b>       | <b>790.299</b>     | <b>686.616</b>                          | <b>4.729</b>       | <b>691.345</b>     |
| <b>X.</b>                | <b>PROVISIONS</b>  | (5.II.h) | <b>7.786.496</b>                          | <b>2.232.900</b>   | <b>10.019.396</b>  | <b>3.004.964</b>                        | <b>253.115</b>     | <b>3.258.079</b>   |
| 10.1                     | Restructuring Provisions   |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 10.2                     | Reserve for Employee Benefits  |          | 1.465.297                                 | -                  | 1.465.297          | 678.712                                 | -                  | 678.712            |
| 10.3                     | Insurance for Technical Provision (Net)  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 10.4                     | Other Provisions   |          | 6.321.199                                 | 2.232.900          | 8.554.099          | 2.326.252                               | 253.115            | 2.579.367          |
| <b>XI.</b>               | <b>CURRENT TAX LIABILITY</b>   | (5.II.i) | <b>2.985.921</b>                          | <b>-</b>           | <b>2.985.921</b>   | <b>349.429</b>                          | <b>-</b>           | <b>349.429</b>     |
| <b>XII.</b>              | <b>DEFERRED TAX LIABILITIES</b>  | (5.II.i) | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| <b>XIII.</b>             | <b>NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>         | (5.II.j) | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| 13.1                     | Held for Sale  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 13.2                     | Discontinued Operations  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>XIV.</b>              | <b>SUBORDINATED DEBT INSTRUMENTS</b>   |          | <b>-</b>                                  | <b>14.561.492</b>  | <b>14.561.492</b>  | <b>-</b>                                | <b>10.484.778</b>  | <b>10.484.778</b>  |
| 14.1                     | Loans  | (5.II.k) | -   | 14.561.492         | 14.561.492         | -                                       | 10.484.778         | 10.484.778         |
| 14.2                     | Other Debt Instruments   |          | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>XV.</b>               | <b>OTHER LIABILITIES</b>   | (5.II.e) | <b>16.639.306</b>                         | <b>6.927.523</b>   | <b>23.566.829</b>  | <b>8.012.275</b>                        | <b>5.178.151</b>   | <b>13.190.426</b>  |
| <b>XVI.</b>              | <b>SHAREHOLDERS' EQUITY</b>  | (5.II.l) | <b>56.751.880</b>                         | <b>(2.241.282)</b> | <b>54.510.598</b>  | <b>30.194.353</b>                       | <b>(1.337.438)</b> | <b>28.856.915</b>  |
| 16.1                     | Paid-in Capital  |          | 5.696.100                                 | -                  | 5.696.100          | 5.696.100                               | -                  | 5.696.100          |
| 16.2                     | Capital Reserves   |          | 1.007                                     | -                  | 1.007              | 77.068                                  | -                  | 77.068             |
| 16.2.1                   | Share Premium  |          | 15  | -                  | 15                 | 15                                      | -                  | 15                 |
| 16.2.2                   | Share Cancellation Profits   |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 16.2.3                   | Other Capital Reserves   |          | 992                                       | -                  | 992                | 77.053                                  | -                  | 77.053             |
| 16.3                     | Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss |          | 2.208.248                                 | -                  | 2.208.248          | 1.092.545                               | -                  | 1.092.545          |
| 16.4                     | Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss     |          | 13.733.067                                | (2.241.282)        | 11.491.785         | 5.464.471                               | (1.337.438)        | 4.127.033          |
| 16.5                     | Profit Reserves  |          | 16.695.172                                | -                  | 16.695.172         | 13.071.979                              | -                  | 13.071.979         |
| 16.5.1                   | Legal Reserves   |          | 788.745                                   | -                  | 788.745            | 611.399                                 | -                  | 611.399            |
| 16.5.2                   | Status Reserves  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 16.5.3                   | Extraordinary Reserves   |          | 15.906.427                                | -                  | 15.906.427         | 12.460.580                              | -                  | 12.460.580         |
| 16.5.4                   | Other Profit Reserves  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 16.6                     | Income or (Loss)   |          | 18.418.286                                | -                  | 18.418.286         | 4.792.190                               | -                  | 4.792.190          |
| 16.6.1                   | Prior Periods' Income or (Loss)  |          | 1.245.272                                 | -                  | 1.245.272          | 1.245.272                               | -                  | 1.245.272          |
| 16.6.2                   | Current Period Income or (Loss)  |          | 17.173.014                                | -                  | 17.173.014         | 3.546.918                               | -                  | 3.546.918          |
| 16.7                     | Minority Shares  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>TOTAL LIABILITIES</b> |  |          | <b>253.544.355</b>                        | <b>272.750.394</b> | <b>526.294.749</b> | <b>105.924.171</b>                      | <b>202.795.293</b> | <b>308.719.464</b> |

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

UNCONSOLIDATED STATEMENT OF  
OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|  |           | Audited            |                    |                    | Audited            |                    |                    |
|--|-----------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  |           | CURRENT PERIOD     |                    |                    | PRIOR PERIOD       |                    |                    |
|  |           | (31/12/2022)       |                    |                    | (31/12/2021)       |                    |                    |
|  | Note      | TL                 | FC                 | Total              | TL                 | FC                 | Total              |
| <b>A. COMMITMENTS AND CONTINGENCIES (I+II+III)</b>                   |           | <b>280.463.285</b> | <b>418.835.089</b> | <b>699.298.374</b> | <b>143.379.342</b> | <b>359.979.286</b> | <b>503.358.628</b> |
| <b>I. GUARANTEES AND WARRANTIES</b>                                  | (5.III.a) | <b>38.247.155</b>  | <b>52.749.483</b>  | <b>90.996.638</b>  | <b>15.548.597</b>  | <b>51.524.327</b>  | <b>67.072.924</b>  |
| 1.1. Letters of Guarantee  |           | 32.689.207         | 33.978.377         | 66.667.584         | 15.308.343         | 33.749.005         | 49.057.348         |
| 1.1.1. Guarantees Subject to Public Procurement Law                  |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.1.2. Guarantees Given for Foreign Trade Operations                 |           | 79.021             | 285.484            | 364.505            | 79.021             | 211.237            | 290.258            |
| 1.1.3. Other Letters of Guarantee                                    |           | 32.610.186         | 33.692.893         | 66.303.079         | 15.229.322         | 33.537.768         | 48.767.090         |
| 1.2. Bank Loans  |           | 149.232            | 593.707            | 742.939            | 16.000             | 95.075             | 111.075            |
| 1.2.1. Import Acceptances  |           | 149.232            | 593.707            | 742.939            | 16.000             | 95.075             | 111.075            |
| 1.2.2. Other Bank Acceptances  |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.3. Letters of Credit   |           | 39.625             | 15.709.285         | 15.748.910         | -                  | 13.493.179         | 13.493.179         |
| 1.3.1. Documentary Letters of Credit                                 |           | 39.625             | 9.286.411          | 9.326.036          | -                  | 9.463.797          | 9.463.797          |
| 1.3.2. Other Letters of Credit                                       |           | -                  | 6.422.874          | 6.422.874          | -                  | 4.029.382          | 4.029.382          |
| 1.4. Guaranteed Refinancing  |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.5. Endorsements  |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.5.1. Endorsements to Central Bank of the Republic of Turkey        |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.5.2. Other Endorsements  |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.6. Purchase Guarantees on Marketable Security Issuance             |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.7. Factoring Guarantees  |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.8. Other Guarantees  |           | 5.369.091          | 2.468.114          | 7.837.205          | 224.254            | 4.187.068          | 4.411.322          |
| 1.9. Other Sureties  |           | -                  | -                  | -                  | -                  | -                  | -                  |
| <b>II. COMMITMENTS</b>   | (5.III.a) | <b>122.289.222</b> | <b>11.171.715</b>  | <b>133.460.937</b> | <b>70.588.756</b>  | <b>9.525.221</b>   | <b>80.113.977</b>  |
| 2.1. Irrevocable Commitments   |           | 120.498.509        | 11.171.715         | 131.670.224        | 69.817.191         | 9.525.221          | 79.342.412         |
| 2.1.1. Forward Asset Purchase Commitments                            |           | 1.796.399          | 5.210.052          | 7.006.451          | 2.797.300          | 5.298.071          | 8.095.371          |
| 2.1.2. Forward Deposit Purchase and Sale Commitments                 |           | -                  | 2.990.235          | 2.990.235          | -                  | -                  | -                  |
| 2.1.3. Capital Commitments to Subsidiaries and Associates            |           | 35.625             | -                  | 35.625             | -                  | -                  | -                  |
| 2.1.4. Loan Granting Commitments                                     |           | 30.474.774         | -                  | 30.474.774         | 21.028.309         | -                  | 21.028.309         |
| 2.1.5. Securities Underwriting Commitments                           |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 2.1.6. Payment Commitments for Reserve Deposits                      |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 2.1.7. Payment Commitments for Cheques                               |           | 6.613.792          | -                  | 6.613.792          | 3.369.216          | -                  | 3.369.216          |
| 2.1.8. Tax and Fund Liabilities from Export Commitments              |           | 2.396              | -                  | 2.396              | 2.210              | -                  | 2.210              |
| 2.1.9. Commitments for Credit Card Expenditure Limits                |           | 80.333.770         | -                  | 80.333.770         | 42.095.217         | -                  | 42.095.217         |
| 2.1.10. Commitments for Credit Cards and Banking Services Promotions |           | 14.925             | -                  | 14.925             | 10.334             | -                  | 10.334             |
| 2.1.11. Receivables from Short Sale Commitments                      |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 2.1.12. Payables for Short Sale Commitments                          |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 2.1.13. Other Irrevocable Commitments                                |           | 1.226.828          | 2.971.428          | 4.198.256          | 514.605            | 4.227.150          | 4.741.755          |
| 2.2. Revocable Commitments   |           | 1.790.713          | -                  | 1.790.713          | 771.565            | -                  | 771.565            |
| 2.2.1. Revocable Loan Granting Commitments                           |           | 1.790.154          | -                  | 1.790.154          | 771.006            | -                  | 771.006            |
| 2.2.2. Other Revocable Commitments                                   |           | 559                | -                  | 559                | 559                | -                  | 559                |
| <b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>                         | (5.III.b) | <b>119.926.908</b> | <b>354.913.891</b> | <b>474.840.799</b> | <b>57.241.989</b>  | <b>298.929.738</b> | <b>356.171.727</b> |
| 3.1. Derivative Financial Instruments Held for Risk Management       |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 3.1.1. Fair Value Risk Hedging Transactions                          |           | -                  | -                  | -                  | -                  | -                  | -                  |

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

UNCONSOLIDATED STATEMENT OF  
OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|  |      | Audited              |                      |                      | Audited              |                    |                      |
|--|------|----------------------|----------------------|----------------------|----------------------|--------------------|----------------------|
|  |      | CURRENT PERIOD       |                      |                      | PRIOR PERIOD         |                    |                      |
|  |      | (31/12/2022)         |                      |                      | (31/12/2021)         |                    |                      |
|  | Note | TL                   | FC                   | Total                | TL                   | FC                 | Total                |
| 3.1.2. Cash Flow Risk Hedging Transactions                       |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.1.3. Net Foreign Investment Risk Hedging Transactions          |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.2. Transactions for Trading                                    |      | 119.926.908          | 354.913.891          | 474.840.799          | 57.241.989           | 298.929.738        | 356.171.727          |
| 3.2.1. Forward Foreign Currency Buy/Sell Transactions            |      | 6.103.344            | 21.673.840           | 27.777.184           | 6.900.113            | 31.266.921         | 38.167.034           |
| 3.2.1.1. Forward Foreign Currency Transactions-Buy               |      | 5.709.163            | 8.569.449            | 14.278.612           | 5.122.714            | 14.099.446         | 19.222.160           |
| 3.2.1.2. Forward Foreign Currency Transactions-Sell              |      | 394.181              | 13.104.391           | 13.498.572           | 1.777.399            | 17.167.475         | 18.944.874           |
| 3.2.2. Currency and Interest Rate Swaps                          |      | 51.865.343           | 245.652.053          | 297.517.396          | 49.284.624           | 251.225.845        | 300.510.469          |
| 3.2.2.1. Currency Swap-Buy                                       |      | 3.001.613            | 91.263.589           | 94.265.202           | 1.881.834            | 105.553.432        | 107.435.266          |
| 3.2.2.2. Currency Swap-Sell                                      |      | 43.503.730           | 59.230.776           | 102.734.506          | 41.042.790           | 70.072.016         | 111.114.806          |
| 3.2.2.3. Interest Rate Swap-Buy                                  |      | 2.680.000            | 47.578.845           | 50.258.845           | 3.180.000            | 37.800.199         | 40.980.199           |
| 3.2.2.4. Interest Rate Swap-Sell                                 |      | 2.680.000            | 47.578.843           | 50.258.843           | 3.180.000            | 37.800.198         | 40.980.198           |
| 3.2.3. Currency, Interest Rate and Marketable Securities Options |      | 61.074.042           | 69.191.428           | 130.265.470          | 912.955              | 5.043.004          | 5.955.959            |
| 3.2.3.1. Currency Call Options                                   |      | 41.117.590           | 23.187.598           | 64.305.188           | 423.349              | 1.946.178          | 2.369.527            |
| 3.2.3.2. Currency Put Options                                    |      | 19.956.452           | 44.428.252           | 64.384.704           | 489.606              | 1.832.922          | 2.322.528            |
| 3.2.3.3. Interest Rate Call Options                              |      | -                    | 787.789              | 787.789              | -                    | 631.952            | 631.952              |
| 3.2.3.4. Interest Rate Put Options                               |      | -                    | 787.789              | 787.789              | -                    | 631.952            | 631.952              |
| 3.2.3.5. Marketable Securities Call Options                      |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.2.3.6. Marketable Securities Put Options                       |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.2.4. Currency Futures  |      | 884.179              | 864.404              | 1.748.583            | 144.297              | 151.404            | 295.701              |
| 3.2.4.1. Currency Futures-Buy                                    |      | -                    | 864.404              | 864.404              | -                    | 151.404            | 151.404              |
| 3.2.4.2. Currency Futures-Sell                                   |      | 884.179              | -                    | 884.179              | 144.297              | -                  | 144.297              |
| 3.2.5. Interest Rate Buy/Sell Futures                            |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.2.5.1. Interest Rate Futures-Buy                               |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.2.5.2. Interest Rate Futures-Sell                              |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.2.6. Other   |      | -                    | 17.532.166           | 17.532.166           | -                    | 11.242.564         | 11.242.564           |
| <b>B. CUSTODY AND PLEDGED ASSETS (IV+V+VI)</b>                   |      | <b>1.625.727.024</b> | <b>751.477.770</b>   | <b>2.377.204.794</b> | <b>932.440.697</b>   | <b>502.673.634</b> | <b>1.435.114.331</b> |
| <b>IV. CUSTODIES</b>   |      | <b>46.528.922</b>    | <b>61.325.854</b>    | <b>107.854.776</b>   | <b>30.521.372</b>    | <b>37.952.259</b>  | <b>68.473.631</b>    |
| 4.1. Assets Under Management                                     |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 4.2. Custody Marketable Securities                               |      | 43.686.166           | 55.589.317           | 99.275.483           | 29.384.862           | 32.744.424         | 62.129.286           |
| 4.3. Cheques in Collection Process                               |      | 1.448.622            | 2.521.413            | 3.970.035            | 83.403               | 3.045.144          | 3.128.547            |
| 4.4. Commercial Notes in Collection Process                      |      | 1.394.134            | 306.323              | 1.700.457            | 1.053.107            | 122.050            | 1.175.157            |
| 4.5. Other Assets in Collection Process                          |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 4.6. Underwritten Securities                                     |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 4.7. Other Custodies   |      | -                    | 2.908.801            | 2.908.801            | -                    | 2.040.641          | 2.040.641            |
| 4.8. Custodians  |      | -                    | -                    | -                    | -                    | -                  | -                    |
| <b>V. PLEDGED ASSETS</b>   |      | <b>1.577.686.677</b> | <b>687.366.645</b>   | <b>2.265.053.322</b> | <b>900.678.137</b>   | <b>462.223.503</b> | <b>1.362.901.640</b> |
| 5.1. Marketable Securities                                       |      | 4.184.842            | 228.915              | 4.413.757            | 3.975.123            | 72.002             | 4.047.125            |
| 5.2. Collateral Notes  |      | 977.706.210          | 272.272.517          | 1.249.978.727        | 533.553.514          | 188.100.808        | 721.654.322          |
| 5.3. Commodity   |      | 34.485.125           | 46.047.323           | 80.532.448           | 24.060.966           | 30.189.746         | 54.250.712           |
| 5.4. Warranty  |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 5.5. Land and Buildings  |      | 458.370.813          | 283.546.044          | 741.916.857          | 227.879.527          | 188.570.003        | 416.449.530          |
| 5.6. Other Pledged Assets  |      | 102.939.687          | 85.271.846           | 188.211.533          | 111.209.007          | 55.290.944         | 166.499.951          |
| 5.7. Pledges   |      | -                    | -                    | -                    | -                    | -                  | -                    |
| <b>VI. ACCEPTED BILL GUARANTEES AND SURETIES</b>                 |      | <b>1.511.425</b>     | <b>2.785.271</b>     | <b>4.296.696</b>     | <b>1.241.188</b>     | <b>2.497.872</b>   | <b>3.739.060</b>     |
| <b>TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)</b>                    |      | <b>1.906.190.309</b> | <b>1.170.312.859</b> | <b>3.076.503.168</b> | <b>1.075.820.039</b> | <b>862.652.920</b> | <b>1.938.472.959</b> |

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



UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|                     |  |          | Audited<br>CURRENT PERIOD<br>(01/01-31/12/2022) | Audited<br>PRIOR PERIOD<br>(01/01-31/12/2021) |
|---------------------|--|----------|---|---|
| INCOME AND EXPENSES |  | Note     |   |   |
| I.                  | INTEREST INCOME  | (5.IV.a) | 50.169.476                                      | 22.332.644                                    |
| 1.1                 | Interest on Loans  |          | 36.782.715                                      | 19.667.494                                    |
| 1.2                 | Interest on Reserve Requirements   |          | 96.849  | 333.512                                       |
| 1.3                 | Interest on Banks  |          | 274.685   | 102.286                                       |
| 1.4                 | Interest on Money Market Transactions  |          | 158.113   | 37.518  |
| 1.5                 | Interest on Marketable Securities Portfolio  |          | 12.606.573                                      | 1.943.661                                     |
| 1.5.1               | Fair Value Through Profit or Loss  |          | 140.873   | 22.430  |
| 1.5.2               | Fair Value Through Other Comprehensive Income                                      |          | 9.871.636                                       | 1.503.850                                     |
| 1.5.3               | Measured at Amortized Cost   |          | 2.594.064                                       | 417.381                                       |
| 1.6                 | Financial Lease Interest Income  |          | -   | -   |
| 1.7                 | Other Interest Income  |          | 250.541   | 248.173                                       |
| II.                 | INTEREST EXPENSE (-)   | (5.IV.b) | 21.672.247                                      | 11.077.518                                    |
| 2.1                 | Interest on Deposits   |          | 16.783.531                                      | 8.154.288                                     |
| 2.2                 | Interest on Funds Borrowed   |          | 3.618.237                                       | 1.686.134                                     |
| 2.3                 | Interest Expense on Money Market Transactions                                      |          | 606.586   | 406.768                                       |
| 2.4                 | Interest on Securities Issued  |          | 393.909   | 593.296                                       |
| 2.5                 | Interest on Leases   |          | 170.084   | 137.206                                       |
| 2.6                 | Other Interest Expenses  |          | 99.900  | 99.826  |
| III.                | NET INTEREST INCOME (I - II)   |          | 28.497.229                                      | 11.255.126                                    |
| IV.                 | NET FEES AND COMMISSIONS INCOME  |          | 5.857.377                                       | 3.805.002                                     |
| 4.1                 | Fees and Commissions Received  |          | 9.048.726                                       | 5.693.949                                     |
| 4.1.1               | Non-Cash Loans   |          | 722.523   | 491.080                                       |
| 4.1.2               | Other  | (5.IV.m) | 8.326.203                                       | 5.202.869                                     |
| 4.2                 | Fees and Commissions paid (-)  |          | 3.191.349                                       | 1.888.947                                     |
| 4.2.1               | Non-Cash Loans   |          | 2.360   | 4.667   |
| 4.2.2               | Other  | (5.IV.m) | 3.188.989                                       | 1.884.280                                     |
| V                   | DIVIDEND INCOME  | (5.IV.c) | 38.419  | 3.392   |
| VI.                 | TRADING INCOME/LOSS (Net)  | (5.IV.d) | 4.245.948                                       | 92.466  |
| 6.1                 | Trading Gains/(Losses) on Securities   |          | 243.046   | 231.551                                       |
| 6.2                 | Gains/(Losses) on Derivate Financial Transactions                                  |          | 11.325.327                                      | 13.002.270                                    |
| 6.3                 | Foreign Exchange Gains/(Losses)  |          | (7.322.425)                                     | (13.141.355)                                  |
| VII.                | OTHER OPERATING INCOME   | (5.IV.e) | 954.270   | 397.399                                       |
| VIII.               | GROSS OPERATING INCOME (III+IV+V+VI+VII)   |          | 39.593.243                                      | 15.553.385                                    |
| IX.                 | EXPECTED CREDIT LOSS (-)   | (5.IV.f) | 6.720.700                                       | 6.784.205                                     |
| X.                  | OTHER PROVISION EXPENSES (-)   | (5.IV.f) | 4.439.571                                       | 286.592                                       |
| XI.                 | PERSONNEL EXPENSE (-)  | (5.IV.g) | 4.166.352                                       | 2.153.438                                     |
| XII.                | OTHER OPERATING EXPENSES (-)   | (5.IV.g) | 5.556.161                                       | 2.987.285                                     |
| XIII.               | NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)                                       |          | 18.710.459                                      | 3.341.865                                     |
| XIV.                | INCOME AFTER MERGER  |          | -   | -   |
| XV.                 | INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD |          | 3.889.319                                       | 1.073.421                                     |
| XVI.                | INCOME/(LOSS) ON NET MONETARY POSITION   |          | -   | -   |
| XVII.               | PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)                    | (5.IV.i) | 22.599.778                                      | 4.415.286                                     |
| XVIII.              | TAX PROVISIONS FOR CONTINUED OPERATIONS (±)  | (5.IV.j) | (5.426.764)                                     | (868.368)                                     |
| 18.1                | Current Tax Provision  |          | (6.270.673)                                     | (182.533)                                     |
| 18.2                | Deferred Tax Income Effect (+)   |          | (9.028.869)                                     | (6.978.470)                                   |
| 18.3                | Deferred Tax Expense Effect (-)  |          | 9.872.778                                       | 6.292.635                                     |
| XIX.                | CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)                  | (5.IV.k) | 17.173.014                                      | 3.546.918                                     |
| XX.                 | INCOME FROM DISCONTINUED OPERATIONS  |          | -   | -   |
| 20.1                | Income from Non-Current Assets Held for Sale                                       |          | -   | -   |
| 20.2                | Profit from Sales of Associates, Subsidiaries and Joint Ventures                   |          | -   | -   |
| 20.3                | Income from Other Discontinued Operations  |          | -   | -   |
| XXI.                | EXPENSES FOR DISCONTINUED OPERATIONS (-)   |          | -   | -   |
| 21.1                | Expenses for Non-current Assets Held for Sale                                      |          | -   | -   |
| 21.2                | Loss from Sales of Associates, Subsidiaries and Joint Ventures                     |          | -   | -   |
| 21.3                | Expenses for Other Discontinued Operations   |          | -   | -   |
| XXII.               | PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)                       |          | -   | -   |
| XXIII.              | TAX PROVISION FOR DISCONTINUED OPERATIONS (±)                                      |          | -   | -   |
| 23.1                | Current Tax Provision  |          | -   | -   |
| 23.2                | Deferred Tax Expense Effect (+)  |          | -   | -   |
| 23.3                | Deferred Tax Income Effect (-)   |          | -   | -   |
| XXIV.               | PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XXII±XXIII)                   |          | -   | -   |
| XXV.                | NET PROFIT/(LOSS) (XIX+XXIV)   | (5.IV.l) | 17.173.014                                      | 3.546.918                                     |
|                     | Profit/(Loss) Per Share (full TRY)   |          | 3,01  | 0,62  |

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|       |   |  | Audited<br>CURRENT PERIOD<br>(01/01-31/12/2022) | Audited<br>PRIOR PERIOD<br>(01/01-31/12/2021) |
|-------|---|--|---|---|
| I.    | CURRENT PERIOD INCOME/LOSS  |  | 17.173.014                                      | 3.546.918                                     |
| II.   | OTHER COMPREHENSIVE INCOME  |  | 8.480.455                                       | 2.421.245                                     |
| 2.1   | Not Reclassified Through Profit or Loss   |  | 1.115.703                                       | 676.453                                       |
| 2.1.1 | Property and Equipment Revaluation Increase/Decrease  |  | 166.678   | 131.269                                       |
| 2.1.2 | Intangible Assets Revaluation Increase/Decrease   |  | --  | --  |
| 2.1.3 | Defined Benefit Pension Plan Remeasurement Gain/Loss  |  | (420.567)                                       | 4.605   |
| 2.1.4 | Other Comprehensive Income Items Not Reclassified Through Profit or Loss  |  | 1.288.020                                       | 566.122                                       |
| 2.1.5 | Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss   |  | 81.572  | (25.543)                                      |
| 2.2   | Reclassified Through Profit or Loss   |  | 7.364.752                                       | 1.744.792                                     |
| 2.2.1 | Foreign Currency Translation Differences  |  | 4.202.349                                       | 11.104.491                                    |
| 2.2.2 | Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income |  | 5.967.964                                       | (1.768.925)                                   |
| 2.2.3 | Cash Flow Hedge Income/Loss   |  | 9.033   | 24.303  |
| 2.2.4 | Foreign Net Investment Hedge Income/Loss  |  | (3.042.832)                                     | (10.029.238)                                  |
| 2.2.5 | Other Comprehensive Income Items Reclassified Through Profit or Loss  |  | --  | --  |
| 2.2.6 | Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss   |  | 228.238   | 2.414.161                                     |
| III.  | TOTAL COMPREHENSIVE INCOME (I+II)   |  | 25.653.469                                      | 5.968.163                                     |

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

# UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Accumulated Other Comprehensive Income or<br>Expense Not Reclassified through Profit or Loss  |                    |                   |                                  |                              |  |   |           |  |  | Accumulated Other Comprehensive Income or<br>Expense Reclassified through Profit or Loss  |   |              |  |  |   |                    |                 |            |  |
|---|--------------------|-------------------|----------------------------------|------------------------------|--|---|-----------|--|--|---|---|--------------|--|--|---|--------------------|-----------------|------------|--|
| Other(Shares of Investments<br>Valued by Equity Method in Other<br>Comprehensive Income Not<br>Classified Through Profit or Loss<br>and Other Accumulated Amounts of<br>Other Comprehensive Income Items<br>Not Reclassified Through Other<br>Profit or Loss) |                    |                   |                                  |                              |  |   |           |  |  | Other (Cash Flow Hedge Gain/Loss,<br>Shares of Investments Valued by<br>Equity Method in Other Comprehensive<br>Income Classified Through Profit or<br>Loss and Other Accumulated Amounts<br>of Other Comprehensive Income Items<br>Reclassified Through Other<br>Profit or Loss) |   |              |  |  |   |                    |                 |            |  |
| Audited<br>CHANGES IN SHAREHOLDERS'<br>EQUITY ITEMS   | Paid in<br>Capital | Share<br>Premiums | Share<br>Cancellation<br>Profits | Other<br>capital<br>reserves | Accumulated<br>Revaluation<br>Increase/<br>Decrease of<br>Fixed Assets | Accumulated<br>Remeasurement<br>Gain/Loss of<br>Defined Benefit<br>Pension Plan |           |  |  | Foreign<br>Currency<br>Translation<br>Differences   | Accumulated Revaluation and/or<br>Remeasurement Gain/Loss of the<br>Financial Assets at Fair Value<br>Through Other<br>Comprehensive Income |              | Prior<br>Period<br>Profit or<br>(Loss) | Current<br>Period<br>Profit or<br>(Loss) | Total<br>Equity<br>Expect<br>Minority<br>Shares | Minority<br>Shares | Total<br>Equity |            |  |
| PRIOR PERIOD<br>01/01-31/12/2021  |                    |                   |                                  |                              |  |   |           |  |  |   |   |              |  |  |   |                    |                 |            |  |
| I. Prior Period End Balance   | 5.696.100          | 15                | --                               | 77.053                       | 103.562  | (133.415)   | 445.945   |  |  | 9.115.564   | 189.878   | (6.923.201)  | 11.278.754                             | 1.245.272                                | 1.793.225                                       | 22.888.752         | --              | 22.888.752 |  |
| II. Corrections and Accounting<br>Policy Changes Made According<br>to TAS 8   | (5.V.c)            | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| 2.1 Effects of Corrections  | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| 2.2 Effects of the Changes in<br>Accounting Policies  | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| III. Adjusted Beginning Balance (I+II)  | 5.696.100          | 15                | --                               | 77.053                       | 103.562  | (133.415)   | 445.945   |  |  | 9.115.564   | 189.878   | (6.923.201)  | 11.278.754                             | 1.245.272                                | 1.793.225                                       | 22.888.752         | --              | 22.888.752 |  |
| IV. Total Comprehensive Income  | (5.V.e)            | --                | --                               | --                           | 106.596  | 3.735   | 566.122   |  |  | 11.104.491  | (1.355.542)   | (8.004.157)  | --                                     | --                                       | 3.546.918                                       | 5.968.163          | --              | 5.968.163  |  |
| V. Capital Increase by Cash   | (5.V.a)            | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| VI. Capital Increase by Internal<br>Sources   | (5.V.a)            | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| VII. Paid in Capital Inflation<br>Adjustment Difference   | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| VIII. Convertible Bonds to Share  | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| IX. Subordinated Debt Instruments   | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| X. Increase/Decrease by Other<br>Changes  | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| XI. Profit Distribution   | (5.V.d)            | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | 1.793.225                              | --                                       | (1.793.225)                                     | --                 | --              | --         |  |
| 11.1 Dividends Paid   | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| 11.2 Transfers to Reserves  | (5.V.f)            | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | 1.793.225    | --                                     | (1.793.225)                              | --  | --                 | --              | --         |  |
| 11.3 Other  | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| Period End Balance<br>(III+IV+.....+X+XI)   |                    |                   |                                  |                              |  |   |           |  |  |   |   |              |  |  |   |                    |                 |            |  |
|   | 5.696.100          | 15                | --                               | 77.053                       | 210.158  | (129.680)   | 1.012.067 |  |  | 20.220.055  | (1.165.664)   | (14.927.358) | 13.071.979                             | 1.245.272                                | 3.546.918                                       | 28.856.915         | --              | 28.856.915 |  |
| CURRENT PERIOD<br>01/01-31/12/2022  |                    |                   |                                  |                              |  |   |           |  |  |   |   |              |  |  |   |                    |                 |            |  |
| I. Prior Period End Balance   | 5.696.100          | 15                | --                               | 77.053                       | 210.158  | (129.680)   | 1.012.067 |  |  | 20.220.055  | (1.165.664)   | (14.927.358) | 13.071.979                             | 1.245.272                                | 3.546.918                                       | 28.856.915         | --              | 28.856.915 |  |
| II. Corrections and Accounting<br>Policy Changes Made According<br>to TAS 8   | (5.V.c)            | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| 2.1 Effects of Corrections  | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| 2.2 Effects of the Changes in<br>Accounting Policies  | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| III. Adjusted Beginning Balance (I+II)  | 5.696.100          | 15                | --                               | 77.053                       | 210.158  | (129.680)   | 1.012.067 |  |  | 20.220.055  | (1.165.664)   | (14.927.358) | 13.071.979                             | 1.245.272                                | 3.546.918                                       | 28.856.915         | --              | 28.856.915 |  |
| IV. Total Comprehensive Income  | (5.V.e)            | --                | --                               | --                           | 135.237  | (307.714)   | 1.288.180 |  |  | 4.202.349   | 4.505.411   | (1.343.008)  | --                                     | --                                       | 17.173.014                                      | 25.653.469         | --              | 25.653.469 |  |
| V. Capital Increase by Cash   | (5.V.a)            | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| VI. Capital Increase by Internal<br>Sources   | (5.V.a)            | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| VII. Paid in Capital Inflation<br>Adjustment Difference   | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| VIII. Convertible Bonds to Share  | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| IX. Subordinated Debt Instruments   | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| X. Increase/Decrease by Other<br>Changes  | --                 | --                | --                               | 214                          | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | 214                | --              | 214        |  |
| XI. Profit Distribution   | (5.V.d)            | --                | --                               | (76.275)                     | --   | --  | --        |  |  | --  | --  | --           | 3.623.193                              | --                                       | (3.546.918)                                     | --                 | --              | --         |  |
| 11.1 Dividends Paid   | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| 11.2 Transfers to Reserves  | (5.V.f)            | --                | --                               | (76.275)                     | --   | --  | --        |  |  | --  | --  | 3.623.193    | --                                     | (3.546.918)                              | --  | --                 | --              | --         |  |
| 11.3 Other  | --                 | --                | --                               | --                           | --   | --  | --        |  |  | --  | --  | --           | --                                     | --                                       | --  | --                 | --              | --         |  |
| Period End Balance<br>(III+IV+.....+X+XI)   |                    |                   |                                  |                              |  |   |           |  |  |   |   |              |  |  |   |                    |                 |            |  |
|   | 5.696.100          | 15                | --                               | 992                          | 345.395  | (437.394)   | 2.300.247 |  |  | 24.422.404  | 3.339.747   | (16.270.366) | 16.695.172                             | 1.245.272                                | 17.173.014                                      | 54.510.598         | --              | 54.510.598 |  |

(\*) Includes the amounts recognised due to the associates and subsidiaries within the scope of TAS 27.

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



# UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|  |  | Audited             |                     |
|--|--|---------------------|---------------------|
|  |  | CURRENT PERIOD      | PRIOR PERIOD        |
|  |  | (01/01-31/12/2022)  | (01/01-31/12/2021)  |
|  | Footnote   |                     |                     |
| <b>A. CASH FLOWS FROM BANKING OPERATIONS</b>   |  |                     |                     |
| <b>1.1</b>                                     | <b>Operating profit before changes in operating assets and liabilities (+)</b>                       | <b>29.970.349</b>   | <b>5.904.809</b>    |
| 1.1.1  | Interest received (+)  | 42.371.585          | 21.460.117          |
| 1.1.2  | Interest paid (-)  | 19.047.654          | 10.623.646          |
| 1.1.3  | Dividends received (+)   | 38.419              | 153.692             |
| 1.1.4  | Fees and commissions received (+)  | 9.048.726           | 5.601.508           |
| 1.1.5  | Other income (+)   | 1.990.003           | 137.616             |
| 1.1.6  | Collections from previously written off loans and other receivables (+)                              | 6.596.917           | 4.026.551           |
| 1.1.7  | Cash payments to personnel and service suppliers (-)   | 3.782.961           | 1.990.931           |
| 1.1.8  | Taxes paid (-)   | 4.298.318           | 580.152             |
| 1.1.9  | Other (+/-)  | (5.VI.c)            | (12.279.946)        |
| <b>1.2</b>                                     | <b>Changes in operating assets and liabilities subject to banking operations</b>                     | <b>23.469.878</b>   | <b>4.379.170</b>    |
| 1.2.1  | Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)               | (1.202.571)         | (376.527)           |
| 1.2.2  | Net (increase) decrease in due from banks (+/-)  | (953.408)           | 81.856              |
| 1.2.3  | Net (increase) decrease in loans   | (109.468.819)       | (41.880.863)        |
| 1.2.4  | Net (increase) decrease in other assets (+/-)  | (21.621.065)        | (15.418.712)        |
| 1.2.5  | Net increase (decrease) in bank deposits (+/-)   | 6.286.370           | 1.160.387           |
| 1.2.6  | Net increase (decrease) in other deposits (+/-)  | 151.412.542         | 51.766.141          |
| 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 (+/-)  | (15.885.907)        | 3.516.459           |
| 1.2.9  | Net increase (decrease) in matured payables (+/-)  | -                   | -                   |
| 1.2.10   | Net increase (decrease) in other liabilities (+/-)   | (5.VI.c)            | 5.530.429           |
| <b>I.</b>                                      | <b>Net cash provided from banking operations(+/-)</b>  | <b>53.440.227</b>   | <b>10.283.979</b>   |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b> |  |                     |                     |
| <b>II.</b>                                     | <b>Net cash provided from/used in investing activities(+/-)</b>                                      | <b>(30.320.734)</b> | <b>(10.014.229)</b> |
| 2.1  | Cash paid for the purchase of associates, subsidiaries and joint ventures (-)                        | 482.522             | 4.000               |
| 2.2  | Cash obtained from the sale of associates, subsidiaries and joint ventures (+)                       | -                   | -                   |
| 2.3  | Cash paid for the purchase of tangible and intangible asset (-)                                      | 377.561             | 2.127.186           |
| 2.4  | Cash obtained from the sale of tangible and intangible asset (+)                                     | 1.876.920           | 382.907             |
| 2.5  | Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)  | 35.311.943          | 15.931.741          |
| 2.6  | Cash obtained from the sale of financial assets at fair value through other comprehensive income (+) | 5.361.977           | 6.421.852           |
| 2.7  | Cash paid for the purchase of financial assets at amortised cost (-)                                 | 8.953.350           | -                   |
| 2.8  | Cash obtained from sale of financial assets at amortised cost (+)                                    | -                   | -                   |
| 2.9  | Other (+/-)  | 7.565.745           | 1.243.939           |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b> |  |                     |                     |
| <b>III.</b>                                    | <b>Net cash flows from financing activities (+/-)</b>  | <b>(10.601.453)</b> | <b>5.796.713</b>    |
| 3.1  | Cash obtained from funds borrowed and securities issued (+)  | 32.995.218          | 42.276.781          |
| 3.2  | Cash outflow from funds borrowed and securities issued (-)   | 43.161.284          | 36.186.472          |
| 3.3  | Equity instruments issued (+)  | -                   | -                   |
| 3.4  | Dividends paid (-)   | -                   | -                   |
| 3.5  | Payments for lease liabilities (-)   | 435.387             | 293.596             |
| 3.6  | Other (+/-)  | -                   | -                   |
| <b>IV.</b>                                     | <b>Effect of change in foreign exchange rate on cash and cash equivalents(+/-)</b>                   | <b>(5.VI.c)</b>     | <b>10.807.573</b>   |
| <b>V.</b>                                      | <b>Net increase in cash and cash equivalents</b>   | <b>(5.VI.c)</b>     | <b>15.127.729</b>   |
| <b>VI.</b>                                     | <b>Cash and cash equivalents at the beginning of the period (+)</b>                                  | <b>(5.VI.a)</b>     | <b>31.796.237</b>   |
| <b>VII.</b>                                    | <b>Cash and Cash Equivalents at the End of the Period</b>  | <b>(5.VI.a)</b>     | <b>31.796.237</b>   |

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

# UNCONSOLIDATED PROFIT DISTRIBUTION TABLE FOR THE PERIOD ENDED 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|  |  | Audited                       |                             |
|--|--|-------------------------------|-----------------------------|
|  |  | CURRENT PERIOD <sup>(3)</sup> | PRIOR PERIOD <sup>(3)</sup> |
|  |  | (01/01-31/12/2022)            | (01/01-31/12/2021)          |
| <b>I. DISTRIBUTION OF CURRENT YEAR INCOME <sup>(1)</sup></b> |  |                               |                             |
| 1.1  | CURRENT YEAR INCOME  | 22.599.778                    | 4.415.286                   |
| 1.2  | TAXES AND DUTIES PAYABLE (-)                                     | (5.426.764)                   | (868.368)                   |
| 1.2.1  | Corporate Tax (Income Tax)                                       | (6.270.673)                   | (182.533)                   |
| 1.2.2  | Income withholding tax   | -                             | -                           |
| 1.2.3  | Other taxes and duties <sup>(2)</sup>                            | 843.909                       | (685.835)                   |
| <b>A.</b>  | <b>NET INCOME FOR THE YEAR (1.1-1.2)</b>                         | <b>17.173.014</b>             | <b>3.546.918</b>            |
| 1.3  | PRIOR YEAR LOSSES (-)  | -                             | -                           |
| 1.4  | FIRST LEGAL RESERVES (-)   | -                             | 177.346                     |
| 1.5  | OTHER STATUTORY RESERVES (-)                                     | -                             | -                           |
| <b>B.</b>  | <b>NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]</b> | <b>17.173.014</b>             | <b>3.369.572</b>            |
| 1.6  | FIRST DIVIDEND TO SHAREHOLDERS (-)                               | -                             | -                           |
| 1.6.1  | To owner of ordinary shares                                      | -                             | -                           |
| 1.6.2  | To owner of preferred shares                                     | -                             | -                           |
| 1.6.3  | To owner of preferred shares (preem private rights)              | -                             | -                           |
| 1.6.4  | To profit sharing bonds  | -                             | -                           |
| 1.6.5  | To holders of profit or loss sharing certificates                | -                             | -                           |
| 1.7  | DIVIDENDS TO PERSONNEL (-)                                       | -                             | -                           |
| 1.8  | DIVIDENDS TO BOARD OF DIRECTORS (-)                              | -                             | -                           |
| 1.9  | SECOND DIVIDEND TO SHAREHOLDERS (-)                              | -                             | -                           |
| 1.9.1  | To owner of ordinary shares                                      | -                             | -                           |
| 1.9.2  | To owner of preferred shares                                     | -                             | -                           |
| 1.9.3  | To owner of preferred shares (preem private rights)              | -                             | -                           |
| 1.9.4  | To profit sharing bonds  | -                             | -                           |
| 1.9.5  | To holders of profit or loss sharing certificates                | -                             | -                           |
| 1.10   | SECOND LEGAL RESERVES (-)  | -                             | -                           |
| 1.11   | STATUTORY RESERVES (-)   | -                             | -                           |
| 1.12   | GENERAL RESERVES   | -                             | 3.369.572                   |
| 1.13   | OTHER RESERVES   | -                             | -                           |
| 1.14   | SPECIAL FUNDS  | -                             | -                           |
| <b>II. DISTRIBUTION OF RESERVES</b>                          |  |                               |                             |
| 2.1  | APPROPRIATED RESERVES  | -                             | -                           |
| 2.2  | SECOND LEGAL RESERVES (-)  | -                             | -                           |
| 2.3  | DIVIDENDS TO SHAREHOLDERS (-)                                    | -                             | -                           |
| 2.3.1  | To owner of ordinary shares                                      | -                             | -                           |
| 2.3.2  | To owner of preferred shares                                     | -                             | -                           |
| 2.3.3  | To owner of preferred shares (preem private rights)              | -                             | -                           |
| 2.3.4  | To profit sharing bonds  | -                             | -                           |
| 2.3.5  | To holders of profit or loss sharing certificates                | -                             | -                           |
| 2.4  | DIVIDENDS TO PERSONNEL (-)                                       | -                             | -                           |
| 2.5  | DIVIDENDS TO BOARD OF DIRECTORS (-)                              | -                             | -                           |
| <b>III. EARNINGS PER SHARE</b>                               |  |                               |                             |
| 3.1  | TO OWNERS OF ORDINARY SHARES                                     | 0,030                         | 0,006                       |
| 3.2  | TO OWNERS OF ORDINARY SHARES (%)                                 | 3,01                          | 0,62                        |
| 3.3  | TO OWNERS OF PRIVILAGED SHARES                                   | -                             | -                           |
| 3.4  | TO OWNERS OF PRIVILAGED SHARES (%)                               | -                             | -                           |
| <b>IV. DIVIDEND PER SHARE</b>                                |  |                               |                             |
| 4.1  | TO OWNERS OF ORDINARY SHARES                                     | -                             | -                           |
| 4.2  | TO OWNERS OF ORDINARY SHARES (%)                                 | -                             | -                           |
| 4.3  | TO OWNERS OF PRIVILAGED SHARES                                   | -                             | -                           |
| 4.4  | TO OWNERS OF PRIVILAGED SHARES (%)                               | -                             | -                           |

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

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### SECTION THREE

#### ACCOUNTING POLICIES

##### I. Explanations on the presentation principles

###### a. Preparation of the unconsolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks

Unconsolidated financial statements have been prepared in accordance with the regulations, communiqués, explanations and circulars published with respect to accounting and financial reporting principles by the Banking Regulation and Supervision Agency ("BRSA") within the framework of the provisions of the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks published in the Official Gazette no. 26333 dated 1 November 2006 in relation with the Banking Law no. 5411, as well as the Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") enforced by the Public Oversight Accounting and Auditing Standards Authority ("POA") (hereinafter collectively referred to as "BRSA Accounting and Financial Reporting Legislation"). The form and contents of the unconsolidated financial statements which have been prepared and which will be disclosed to public have been prepared in accordance with the "Communiqué on the Financial Statements and Related Explanations and Footnotes to be Announced to Public by the Banks" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks" as well as the communiqués that introduce amendments and additions to these. Bank keeps its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Code of Commerce and Turkish Tax legislation.

Unconsolidated financial statements have been prepared based on historical cost principle, except for the financial assets and liabilities measured at their fair values.

The amounts in the unconsolidated financial statements and explanations and footnotes relating to these statements have been expressed in Thousands of Turkish Lira unless otherwise stated.

In the preparation of unconsolidated financial statements according to TAS, the management of the Bank should make assumptions and estimations regarding the assets and liabilities in the balance sheet and the contingent issues as of the balance sheet date. These assumptions and estimations include the fair value calculations and impairment of financial assets and are reviewed regularly, necessary corrections are made and the effects of these corrections are reflected in the statement of profit or loss. The assumptions and estimations used are explained in the related footnotes.

###### b. Accounting policies and changes in the presentation of financial statements

Accounting policies and valuation principles used in the preparation of the unconsolidated financial statements are determined in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by BRSA, and in cases where a specific regulation is not made, TAS/TFRS (hereinafter collectively referred to as "BRSA Accounting and Financial Reporting Legislation") put into effect by POA shall be valid.

POA made an announcement on 20 January 2022 regarding the application of TAS 29, "Financial Reporting in Hyperinflationary Economies" (IAS 29 Financial Reporting in Hyperinflationary Economies) for entities adopting Turkish Financial Reporting Standards ("TFRS") for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying unconsolidated financial statements dated 31 December 2022 in accordance with TAS 29.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

Within the scope of the Benchmark Interest Rate Reform process, which continues on a global basis, the Bank has transactions in loans, securities, borrowing and derivative instruments. The required infrastructure developments for each product have been started in our bank in 2021, and developments for products that have a significant weight in the Bank's balance sheet have been completed and started to be used. On the other hand, it should be noted that a significant part of the current transactions are indexed to EURIBOR and USD LIBOR reference interest rates, EURIBOR will be continued to be used after the transition, and USD LIBOR rates will be continued to be published in Overnight, 1M, 3M, 6M and 1Y grades until 2023/June. It is not expected that there will be an issue in the conversion process of existing transactions.

Provisions for foreign currency financial assets started to be recognized in foreign currency accounts on 31 December 2022. The effect of foreign exchange difference accounted for in Expected Loss Provisions related to this application is TL 2.501.061 and shown in Expected Loss Provisions. (31 December 2021: TL 3.109.801)

###### c. Additional paragraph for convenience translation:

The differences between the standards set out by BRSA Accounting and Financial Reporting Legislation and the accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

### II. Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies

#### a. Strategy for the use of financial instruments

Bank's external sources of funds are comprised of deposits with various maturity periods, and external borrowings. Funds provided are generally fixed rate and are interested in high yield financial assets. The majority of the funds are allocated to high yield, fixed or floating interest instruments, such as Turkish Lira and foreign currency Government debt securities and eurobonds in order to diversify the assets and support liquidity as well as being allocated to loans with a selective approach. The liquidity structure that ensures meeting all liabilities falling due, is formed by keeping sufficient levels of cash and cash equivalents by diversifying the sources of funds. The Bank assesses the maturity structure of the sources, and the maturity structure and yield of assets at market conditions and adopts a high yield policy in long-term assets.

Bank carries risks within pre-determined risk limits in short-term currency, interest and price movements in money and capital markets and due to changes in market conditions. These positions are closely monitored by the Risk Management System of the Bank and the necessary precautions are taken if the limits are exceeded or should there be a change in the market environment. In order to avoid interest rate risk, assets and liabilities with fixed and floating interests are monitored, taking the maturity structure into consideration. The asset-liability balance is monitored on a daily basis in accordance with the maturity structure and foreign currency type. The risks associated with short-term positions are hedged through derivatives such as forwards, swaps and options.

#### b. Transactions denominated in foreign currencies

##### Foreign currency exchange rates used in converting transactions denominated in foreign currencies and their presentation in the financial statements

The Bank recognises the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates" and the foreign exchange gains and losses arising from transactions that are completed as of the end of the period are converted to TL by using historical foreign currency exchange rates. As at the end of the reporting dates, balances of the foreign currency denominated assets and liabilities are converted into TL by using foreign currency exchange rates of the Bank and the resulting exchange differences are recorded as foreign exchange gains and losses.



NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

The Bank's foreign currency exchange rates used in valuations as of the period ends are as follows:

|           | 31 December 2022 | 31 December 2021 |
|-----------|------------------|------------------|
| US Dollar | TL 18,6983       | TL 13,3290       |
| Euro      | TL 19,9349       | TL 15,0867       |

**Foreign exchange gains and losses included in the net profit and loss**

As of 31 December 2022, net foreign exchange loss included in the statement of profit or loss amounts to TL 7.322.425 (1 January - 31 December 2021: TL 13.141.355 net foreign exchange loss).

**Total amount of valuation fund arising from foreign currency exchange rate differences**

The foreign exchange differences of TL 618.747 (31 December 2021: TL 451.067), arising from the translation of the financial statements of Bahrain branch of the Bank to Turkish Lira in accordance with TAS 21, and TL 23.803.657 (31 December 2021: TL 19.768.988), arising from the accounting of the Bank's foreign currency subsidiaries Denizbank AG, JSC Denizbank and Eurodeniz with equity method, has been recorded under "Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss".

The Bank applies net investment hedge accounting as of 1 July 2015 in order to hedge exchange difference sourcing from equity method implementation for its net investment at a total amount of Euro 1.349 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the exchange rate of these financial liabilities is recognised in hedge funds account under equity.

**III. Explanations on investments in associates, subsidiaries and joint ventures**

Financial subsidiaries are recognised in accordance with equity method in the framework of TAS 28 Communique on Investments in Associates and Joint Ventures with respect to amendment in TAS 27 Communique on Separate Financial Statements in unconsolidated financial statements.

Equity method is the accounting treatment which prescribes to increase or decrease the book value of share included in subsidiary as quota per participant from change amount occurring in period in the shareholder's equity of the participated partnership and to deduct/set off dividends received from participated associate from the amended value of the associate.

Accordance with the TAS 27, in the unconsolidated financial statements, associates, jointly controlled entities and non-financial subsidiaries are recognised at cost, after deducting the provision for impairment, if any. However, in accordance with the "TFRS 9 Financial Instruments" standard (TFRS 9), which is effective as at 1 January 2018, the Bank has started to recognise "Intertech", its unconsolidated and non-financial subsidiary, at fair value.

**IV. Explanations on forward and option contracts and derivative instruments**

Bank's derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and foreign currency forward contracts.

In accordance with TFRS 9, forward foreign currency purchase/sale contracts, swaps, options and futures are classified as "Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss". Derivative transactions are recorded with their fair values at contract date. Also, the notional amounts of liabilities and assets arising from the derivative transactions are recorded in off-balance sheet items at their contractual amounts.

Derivative transactions are valued at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss" items of the unconsolidated balance sheet depending on the positive or negative fair value amounts. Gains and losses arising from the change in the fair value are recognised in the statement of profit or loss. Fair value of derivatives are calculated either by marking the fair values in the market or by using the discounted cash flow model.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

**V. Explanations on interest income and expenses**

Interest income and expenses are recognised by applying the effective interest method. Bank accrues interest based on expected cash flows for its non-performing loans.

**VI. Explanations on fee and commission income and expenses**

Fee and commission income and expenses are recognised on an accrual basis or via effective interest method and in accordance with TFRS 15 "Revenue from Customer Contracts Standard" and with their nature, other than the fee and commission incomes in respect of certain banking transactions which are recognized as income as they are collected. Incomes gained through contracts or through services related to transactions such as the purchase or sale of assets for a third real or legal person are recognised as income at the time of collection.

**VII. Explanations on financial assets**

Bank classifies and recognises its financial assets as "Financial Assets at Fair Value through Profit/Loss", "Financial Assets at Fair Value through Other Comprehensive Income" or "Financial Assets measured at amortised cost". These financial assets are recognised or derecognised in accordance with the "Recognition and Derecognition from Financial Statements" under the third section of TFRS 9 regarding the classification and measurement of financial instruments, published in the Official Gazette dated 19 January 2017 and numbered 29953 by POA. Financial assets are measured at their fair values at initial recognition in the financial statements. In the initial measurement of financial assets other than "Financial Assets at Fair Value through Profit/Loss", transaction costs are added to the fair value or deducted from the fair value.

Bank includes a financial asset in the statement of financial position only when it becomes a party to the contractual terms of the financial instrument. During the initial recognition of a financial asset the business model determined by the Bank management and the nature of the contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Bank management is changed, all affected financial assets are reclassified and reclassification is applied prospectively. In such cases, no adjustments are made to the gain, loss or interest previously recognised in the financial statements.

**a. Financial assets at fair value through profit or loss**

"Financial assets at fair value through profit or loss" are financial assets other than those are managed with business model that aims 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 if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets the fair value through profit or loss are initially recognised at fair value and remeasured at their fair value after initial recognition. All gain and loss arising from these valuations are reflected in the statement of profit or loss.

**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 those are solely payments of principal and interest at certain dates are classified as fair value through other comprehensive income.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

Financial assets at fair value through other comprehensive income are recognised by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. "Unrealised gains and losses" arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Other Accumulated Comprehensive Income or Expense to be Reclassified through Profit or Loss" under shareholders' equity. When these securities are collected or disposed, the accumulated fair value differences reflected in the equity are reflected to the statement of profit or loss.

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, the entity may make an irrevocable decision to present subsequent changes in the fair value of the investment in an equity instrument that is not held for trading purposes under the other comprehensive income. If this decision is made, dividends received from such investment are recognised under profit or loss in the financial statements. If the investment in equity instrument is disposed of, profit or loss will be recognized under other comprehensive income.

### c. Financial assets measured at amortised cost

When the financial assets are held under business model aimed to collect contractual cash flows and contractual terms of the financial assets include solely payments of principal and interest in certain dates, the financial asset is classified as financial assets measured at amortised cost.

Financial assets measured at amortised cost are initially recognised at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognised at amortised cost by using "effective interest rate (internal rate of return) method" following their recognition. Interest income obtained from financial assets measured at amortised cost is accounted in the statement of profit or loss.

Bank's portfolio of financial assets at fair value through other comprehensive income and the financial assets measured at amortised cost includes CPI indexed government bonds with a maturity of 5 - 10 years and which the real coupon rates of 6 months are fixed throughout the maturity. As stated by the undersecretariat of Treasury in CPI indexed investor guide, the reference indexes used in the calculation of the actual coupon payment amounts of these securities are formed according to the CPI indexes of two months prior to the coupon payment date.

### VIII. Explanations on expected credit loss

As of 1 January 2018, the Bank allocates provision for expected credit loss on financial assets measured at amortised cost and measured at fair value through other comprehensive income, also loan commitments and non-cash loans that are not carried at fair value through profit or loss in accordance with TFRS 9 'Financial Instruments' standard requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750.

The provision for expected credit loss is weighted according to the probabilities determined by taking into consideration possible results and reflects the time value of money as an unbiased amount, past events, current conditions and forecasts of future economic conditions as reasonable and supportable information that can be obtained without incurring excessive cost or effort at the reporting date.

According to TFRS 9, it is evaluated whether there is a significant increase in credit risk at each reporting date after the initial recognition of each financial instrument for which impairment is required to be evaluated.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

The provision for expected credit loss calculation is performed to estimate the loss that the financial instrument will incur in the case of default.

Financial instruments are allocated to one of the following stages due to the deterioration in loan quality at initial recognition:

**Stage 1:** Financial instruments for which a 12-month provision for expected credit loss is calculated and no significant increase in credit risk is detected;

**Stage 2:** Financial instruments with a significant increase in credit risk and the provision for expected credit loss calculated for lifetime;

**Stage 3:** Impaired, non-performing (defaulted) loans.

### Significant increase in credit risk

Qualitative and quantitative evaluations are made in determining the significant increase in credit risk.

*Qualitative evaluation:*

If any of the following conditions are met as a result of qualitative evaluation, the relevant financial asset is classified as Stage 2 (significant increase in credit risk).

As of the reporting date,

- Lifetime expected credit losses are applied on an account basis for customers whose delay reaches 30 days. The Bank does not enforce this estimate only when it has positive, reasonable and supportable information about the customer repayment.
- In case a loan is restructured, it is monitored in Stage 2 during the monitoring period specified in the relevant regulations starting from the date of structuring. At the end of the monitoring period, if there is no significant deterioration in the loan, the transaction can be moved back to Stage 1.
- Existence of indemnified non-cash loans are considered as a significant risk increase.

*Quantitative evaluation:*

The significant increase in credit risk is quantitatively based on comparing the probability of default calculated at the opening of the loan with the probability of default on the same reporting date.

As of the reporting period ended on 31 December 2022, the effects of COVID-19 on financial results and asset quality have been evaluated and reflected to the calculation of the expected loan loss provisions in the light of the information and developments with maximum effort. In this process, the Bank reviewed the cash flow expectations and scenario weights for its commercial and corporate loans, that evaluated individually, and reflected the related effects to the expected credit loss with the best estimation approach. At the same time, the Bank has reflected the possible effects of COVID-19 in the estimates and assumptions used in the preparation of the financial statements.

The financial instruments in Stage 1 are financial instruments that has been recognised for the first time in the financial statements or do not have a significant increase in the credit risk after the initial recognition in the financial statements. For these instruments, credit risk impairment provision is calculated as the provision for expected credit loss for 12-month default risk from the reporting date.

After the initial recognition, if a significant increase is observed in the credit risk and result of the provision for credit risk impairment for the financial instruments mentioned in Stage 2 is calculated as the provision for expected credit loss over the default risk through the remaining life from the reporting date.

Financial instruments in Stage 3 are assumed to be defaulted and therefore impaired. For such financial instruments, provision is calculated based on the expected lifetime credit loss.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

Loans belonging to customers included in the scope of the “Financial Restructuring Framework Agreement” are classified regardless of the past due days criterion.

The provision for expected credit loss is calculated either as collectively or individually.

Financial instruments bearing common credit risk characteristics are grouped for provision for expected credit loss calculated collectively.

In the Bank, grouping of credit risks according to common characteristics was made according to their ‘risk segments’. The standards for the classification of credit risks by risk segments have been prepared in accordance with the Basel II recommendations for the assessment of capital adequacy based on credit risk in the context of the standard internal rating-based approach (“IRB”). The purpose of classifying credit risks according to risk segments is to determine the approach for analyzing and evaluating credit risk for the relevant risk segment.

The credit risk classification is as follows:

- Segment classification for non-retail loans are made based on all risks of the counterparty and the loan products requested by the counterparty, at the counterparty level and it is ensured that a counterparty is classified in a single risk segment;
- Segment classification for retail loans is based on both product level and counterparty characteristics. This means that counterparty’s credit risks can be classified into different risk segments.

The main groupings on the basis of risk segment for the calculation of provision for expected credit loss are as follows:

- Corporate/Commercial loans
- Medium enterprises (ME) loans
- Small enterprises (SE) loans
- Agricultural loans
- Consumer loans
- Mortgage loans
- Vehicle loans
- Overdraft
- Credit cards
- Loans granted to local governments
- Project financing loans
- Central administrations
- Banks

The provision for expected credit loss assessed collectively are calculated by using the components such as exposure at default (EAD), probability of default (PD), loss given default (LGD) and effective interest rate of the loan.

### Exposure at default

The amount of default is the expected economic receivable amount at the time of default.

In order to calculate the provision for expected credit loss, the EAD value of each loan is calculated by discounting the expected principal and interest payments from the future dates to the reporting date using the effective interest rate. The loan conversion rate is also applied to the EAD value.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### Probability of default

Probability of default indicates the probability of default of the borrower within a certain period of time.

There are two types of PD values calculated in accordance with TFRS 9 requirements:

- 12-month PD: Estimation of the probability of default within 12 months after the reporting date of the financial instrument.
- Lifetime default probability: Estimation of the probability of default over the remaining life of the financial instrument.

The credit ratings, which are the outputs of the internal rating systems used by the Bank in the loan allocation processes are used to classify customers in the calculation of provision for expected credit loss.

Internal rating systems used for non-retail customers are mainly divided into Corporate/Commercial, ME, SE and Agriculture model groups. Internal ratings in the Corporate/Commercial and ME model groups take into account the qualitative evaluation elements along with the quantitative characteristics of the customer such as indebtedness, liquidity and size. Internal ratings in the SE and Agriculture model groups reflect behavioural information, such as the trend of the customer’s total limit utilisation rate within the banking sector, overdraft product life at the Bank, or the recent frequency of delays in loan payments.

Internal rating systems for individual customers also differ at the level of Consumer, Mortgage, Vehicle Loans, Overdraft and Credit Card product groups. In order to generate these scores, behavioural data such as customer’s trend in limit utilisation rate in the Bank and sector, frequency of current delays, cross-product ownership and payment routine of other products are used.

In the first step, the outputs of internal rating systems for PD calculations in accordance with TFRS 9 are grouped on the basis of risk segments according to common characteristics of credit risks. Retrospective historical default data of these groups have been prepared. In order to generate reasonable and valid accumulated default rates, a bucket generation analysis has been performed for the default data obtained from the model.

PD curves have been generated by regression method using the suitable statistical distribution from the data obtained for the buckets generated. The resulting PD values have been converted into ‘point-in-time’ PD values in accordance with TFRS 9 since they represent PD values ‘throughout the life cycle’. In the last step, prospective macroeconomic expectations have been reflected in the PD.

For credit risk groups those do not have sufficient historical default data, external default statistics or minimum PD rates in Basel documentation are used.

Internal validation of the process described above was carried out at the end of 2022.

### Loss given default

Loss given default define the economic loss to be incurred by the debtor in case of default, proportionally.

For the purpose of calculating the provision for expected credit loss, two types of LGD rate are calculated: LGD ratio for the unsecured credit risk and LGD ratio for the secured credit risk.

LGD ratio for unsecured credit risk is calculated by using the Bank’s collection data in the previous periods and is grouped on the basis of risk segments according to the common characteristics of credit risks.

The following TFRS 9 requirements have been taken into consideration for the LGD ratio calculation for unsecured credit risk:

- Long-term LGD is used (excluding regression effect is excluded)
- Conservative approach is excluded, if any
- Indirect costs are excluded, if any
- The figures obtained are discounted by the effective interest rate

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

The LGD ratio for secured loan risk is calculated by considering the collateral structure for each loan. To calculate this ratio, the consideration rates and liquidation periods for each type of collateral and effective interest rates of the loan to which the collateral belongs are used are determined by the Bank for each type of collateral. Historical data have been used to determine the relevant consideration rates and liquidation periods; if these data are not available, the best estimates are used.

For unsecured credit risk groups that do not have sufficient historical collection data, the standard rate in Basel documentation is used.

Internal validation of the process described above was carried out at the end of 2022.

### Effective interest rate

The effective interest rate is the discount rate that equals the future expected cash payments and collections those are expected to occur over the expected life of the financial asset or liability to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

### Discrete (individual) assessment

In addition to the provision for expected credit loss collectively calculated, a provision for expected credit loss based on the individual evaluation of the financial instruments exceeding a certain risk or within the scope determined by the Bank management are calculated. The calculation has been performed using at least two scenarios for each financial instrument in accordance with the discounted cash flow method in accordance with the "Guidelines on the Calculation of Provision for Expected Credit Loss under TFRS 9" announced by BRSA to banks on 26 February 2018 and the internal policies. The final provision for expected credit loss of the financial instrument is calculated by weighing the provision for expected credit loss calculated for the related scenarios with the probability of occurrence of these scenarios.

Apart from the expected loan loss provisions, the affected portfolios are determined and additional expected loan loss provisions are calculated in order not to ignore the extraordinary situations that did not occur during the consideration periods of the Bank's model.

### Low credit risk

In accordance with TFRS 9, the financial instrument's credit risk is considered to be low given the fact that the default risk of the financial instrument is low, the borrower has a strong structure to meet the contractual cash flow obligations in the short term, and the negative changes in the economic conditions and operating conditions in the longer term reduce the borrower's ability to fulfil the contractual cash flow obligations, but this is not considered to be happening in a large context.

It has not been concluded that financial instruments have a low credit risk only if the risk of loss of the financial instruments is considered low because of the value of the collateral and if the credit risk of the related financial instrument is not considered low without this collateral.

Furthermore, it is not considered that the financial instruments have low credit risk just because the establishment has less risk than other financial instruments or the credit risk of the region in which it operates.

In the case of low risk determination of any financial instrument and also assuming that the loan risk does not increase significantly after the first recognition in the financial statements, the relevant financial instrument is evaluated in Stage 1.

Financial instruments considered as having low credit risk under TFRS 9 are as below:

- Receivables from CBRT.
- Risks where the counterparty is the Republic of Turkey's Treasury
- Loans granted to subsidiaries of the main shareholder
- Transactions with banks with AAA rating

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### Forward macroeconomic information

The Bank uses models to reflect macroeconomic expectations in the assessment of significant increase in credit risk and expected credit loss calculation. These models differ according to risk segments and products. In forward-looking expectations, three different scenarios as base, pessimistic and optimistic are taken into account in proportion to their assigned realization probabilities. For periods beyond the macroeconomic forecast length, the long-term average of default is included in the calculation.

Macroeconomic variables considered in the models used; Gross Domestic Product (GDP) growth rate, unemployment rate, 3-month Treasury bill yield rate, 5-year CDS Premium, USDTRY and EURTRY parities. Models are reviewed annually, renewed for segments deemed necessary and subjected to validation process.

As of December 2022, the Bank has reflected its future expectations to the expected credit loss calculation in the financial statements, with the current economic conditions taking into account possible different scenarios and management evaluation. The work carried out will be reviewed periodically in the future and updated according to expectations.

### Participation of senior management in TFRS 9 processes

Within the scope of the internal systems, risk management, corporate governance and regulations on the classification of loans and reliable loan risk applications issued in accordance with Banking Law No. 5411 and pursuant to the Article 20 of the "Regulation on Procedures and Principles Regarding Classification of Loans and Provisions to be Reserved" published in the Official Gazette dated 22 June 2016 and No. 29750, 'TFRS 9 Management Committee' has been established in accordance with the "Guidelines on the the Calculation of Provision for Expected Credit Loss under TFRS 9" ('Good Practice Guide') prepared by BRSA.

In accordance with TFRS 9, the Committee is responsible for the control of the classification and measurement of financial instruments, the approval of business models, and the control of an adequate calculation of the provision for expected credit loss. Committee is also responsible for controlling the establishment and maintenance of the Bank's current policies and processes in accordance with TFRS 9 and related good practice guidelines.

The Committee is responsible for ensuring that the provision for expected credit loss are based on reliable and robust methods, that these methods are documented, developed, timely updated and are properly accounted.

The members of the Committee are Executive Board Member responsible for Loans, Assistant General Manager responsible for Financial Affairs, Assistant General Managers responsible for the duties of the Board Member responsible for loans and Assistant General Manager responsible for Risk.

### IX. Explanations on offsetting financial instruments

Financial assets and liabilities are presented on a net basis on the balance sheet when the Bank has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

### X. Explanations on sale and repurchase agreements and transactions related to the lending of securities

Government bonds and treasury bills sold to customers under repurchase agreements are classified under "Financial Assets at Fair Value through Profit or Loss", "Financial Assets at Fair Value through Other Comprehensive Income" and "Financial Assets Measured at Amortised Cost" according to the purpose of retaining the asset in the accompanying balance sheet and are subjected to valuation as per the valuation principles of the relevant portfolio. Funds obtained from repurchase agreements are presented in the liabilities of the balance sheet in "Receivables from money market" line. The accrual amounts corresponding to the period is calculated for the part of the difference between the sales and repurchase prices determined by the relevant repo agreements. Accrued interest expenses calculated for funds obtained from repurchase agreements are presented in "Due to money markets" account in liability part of the balance sheet.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

Securities purchased with resale commitments are presented under “Due from money markets” line in the balance sheet. The accrual amounts for the corresponding part to the period of the resale and repurchase price difference determined in reverse repurchase agreements are calculated using the effective interest method. The Bank has no securities which are subject to borrowing activities.

### XI. Explanations on non-current assets held for sale and from discontinued operations and liabilities related to these assets

Non-current asset held-for-sale consist of tangible assets acquired with respect to non-performing loans, and are recognised in the financial statements in accordance with “TFRS 5 Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations”.

A discontinued operation is a part of a bank that is either disposed of or classified as held for sale. It refers to a separate main line of business or geographical region of activities. It is part of the sale of a separate main line of business or geographical area of activities under a coordinated plan alone or a subsidiary acquired exclusively with a view to resale.

As 31 December 2022 and 31 December 2021, the Bank does not have non-current assets held for sale and discontinued operations.

### XII. Explanations on goodwill and other intangible assets

#### a. Goodwill

Goodwill represents the excess of the total acquisition costs over the shares owned in the net assets of the acquired company at the date of acquisition. The “net goodwill” resulted from the acquisition of the investment and to be included in the balance sheet, is calculated based on the financial statements of the investee company as adjusted according to the required accounting principles. Assets of the acquired company which are not presented on financial statements but separated from goodwill at fair values of tangible assets (credit card brand value, customer portfolio etc.) and/or contingent liabilities to financial statements in process of acquisition.

In accordance with “TFRS 3 - Business Combinations”, the goodwill is not amortised, instead it is annually tested for impairment or more frequently when changes in circumstances indicate impairment according to “Turkish Accounting Standard 36 (TAS 36) - Impairment of Assets”.

#### b. Other intangible assets

Intangible assets are initially recognised in accordance with TAS 38 “Intangible Fixed Assets” at the cost value including acquisition costs and other direct expenses necessary to make the asset usable. Intangible assets are valued at amounts remaining after deducting accumulated depreciation and any accumulated impairment losses from the cost value in the period following their recognition.

Intangible fixed assets consist of software programs, license rights, data/telephone lines and the customer portfolio values of credit cards and individual loans.

Intangible fixed assets acquired before 1 January 2003 and after 31 December 2006 are amortised according to straight-line method, whereas those received between these dates are amortised according to declining balance method. The useful life of the assets is determined by assessing the expected useful life of the asset, technical, technological or other types of obsolescence and maintenance costs necessary to obtain the expected economic benefit from the asset.

Maintenance costs related to the computer software currently in use are expensed in the period in which they occur.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### XIII. Explanations on tangible assets

Bank has passed to revaluation model from cost model in the framework of TAS 16 “Tangible Fixed Assets” in valuation of properties in use as of 31 December 2016, while it tracks all of its remaining tangible fixed assets by cost model in accordance with TAS 16. Positive differences between property value in expertise reports prepared by licensed valuation firms and net carrying amount of the related property are recorded under equity accounts while negative differences are posted to the statement of profit or loss.

|                          | Estimated Economic Life (Year) | Depreciation Rate |
|--------------------------|--------------------------------|-------------------|
| <b>Movables</b>          |                                |                   |
| - Office machinery       | 4 Years                        | 10% - 50%         |
| - Furniture and fixtures | 5 Years                        | 10% - 50%         |
| - Motor vehicles         | 5 Years                        | 20% - 50%         |
| - Other equipment        | 10 Years                       | 2,50% - 50%       |
| <b>Real estate</b>       | 50 Years                       | 2% - 3,03%        |

Maintenance and repair costs incurred for a tangible asset are recognised as expense. The capital expenditures which expand the capacity of the tangible asset or increase the future benefit of the asset are capitalized on the cost of the tangible asset.

There are no pledges, mortgages and other measures or commitments given for the purchase of tangible fixed assets.

### XIV. Explanations on investment property

None.

### XV. Explanations on leasing transactions

The term of financial leasing contracts is mostly 4 years. Fixed assets acquired through financial leasing are classified as tangible assets and depreciated in line with the related fixed assets group. The obligations arising from the lease contracts are presented under “Financial Lease Liabilities” under liabilities. Interest expenses and foreign exchange differences related to leasing activities are reflected to the statement of profit or loss.

With the “TFRS 16 Leases” standard effective from 1 January 2019, the difference between operating leases and financial leases has been eliminated and the leasing transactions have been presented under “Liabilities from Leasing Operations”.

On 5 June 2020, Public Oversight Accounting and Auditing Standards Authority (“POA”) has changed to TFRS 16 “Leases” standard by publishing Privileges Granted in Lease Payments - “Amendments to TFRS 16 Leases” concerning Covid-19. With this change, tenants are exempted from whether there has been a change in the rental privileges in lease payments due to Covid-19. This change did not have a significant impact on the financial status or performance of the Bank.

### XVI. Explanations on provisions and contingent liabilities

Specific and general provisions for loans and other receivables as well as the provisions and contingent liabilities other than the provisions for possible risks are recognised in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets” standard; provisions are recognised immediately when they arise as a result of past events and Bank estimates the amount of the liability and reflects this amount in the financial statements. It is considered “Contingent” in cases where the amount of the obligation cannot be estimated. For contingent liabilities; if the probability of the realisation of the condition is higher than the probability of non-realisation and can be measured reliably, a provision is recognised; and where they are not able to be measured reliably or there is no probability of realisation of the condition or less than the probability of non-realisation, such liabilities are disclosed in the footnotes.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### XVII. Explanations on obligations for employee benefits

The Bank recognises employee benefits in accordance with TAS 19 “Employee Benefits” standard.

The Bank in accordance with existing legislation in Turkey, is liable to pay retirement and notice payments to each employee whose employment is terminated due to reasons other than resignation or misconduct. Except to this extents, the Bank is liable to pay severance payment to each employee whose employment is terminated due to retirement, death, military service and to female employees following their marriage within one year leave the job of their own accords pursuant to Article 14 of the Labour Law.

In accordance with TAS 19, Bank recognises provision by estimating the present value of the probable future obligation of severance pay. Actuarial gains and losses arising after 1 January 2013 are accounted for under equity in accordance with revised TAS 19.

Bank has recognised vacation pay liability amount which is calculated from unused vacation to financial statement as a provision.

### XVIII. Explanations on tax applications

#### a. Current tax

By amending the first paragraph of Article 32 of the Corporate Tax Law numbered 5520 with the 25th article of the Law numbered 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810, the corporate tax rate has been determined as 25% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies.

With Tax Procedure Law Circular/115, the deadlines for some tax returns to be submitted as of 1 April 2019 have been extended until a new determination is made. With the said circular, the corporation tax declaration can be declared from the first day of the fourth month to the evening of the last day following the month in which the relevant accounting period is closed.

The provision for corporate tax for the period is reflected as the “Current Tax Liability” in the liabilities and “Current Tax Provision” in the statement of profit or loss.

In accordance with the Corporate Tax Law, carry forward tax losses shown on the declaration can be deducted from the corporate tax base for up to five years. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Besides institutions reside in Turkey, dividends paid to the offices or the institutions earning through their permanent representatives in Turkey are not subject to withholding tax. According to the decision no. 4936 of the Presidential Decision published in the Official Gazette no. 31697 dated 22 December 2021, article 94 of the Income Tax Law No. 193 and certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. In this respect, the withholding tax rate applied to the dividend payments made to non-resident companies, tax-exempt narrow and full taxpayer institutions/real persons, limited and full taxpayer real persons, excluding non-residents who earn income through a workplace or their permanent representative in Turkey is 10%. While applying the withholding tax rates on dividend payments to the foreign based institutions and the real persons, the withholding tax rates covered in the related Avoidance of Double Taxation Treaty are taken into account. Addition of profit to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Current tax effects related to transactions recognised directly in equity are also recognised in equity.

Within the scope of the temporary article 32 added to the Tax Procedure Law No. 213 with Article 52 of the Law No. 7338, the fixed assets in the Bank’s balance sheet have been revalued in terms of tax legislation. A tax of 2% has been paid on the capital gains resulting from the mentioned valuation.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### b. Deferred tax

The Bank calculates and recognises deferred tax in accordance with TAS 12 “Income Taxes” for the temporary differences between the accounting policies and valuation principles applied and the tax basis determined in accordance with the tax legislation.

Deferred tax assets and liabilities of the Bank have been netted in the unconsolidated balance sheet. As a result of netting, as of 31 December 2022 deferred tax assets of TL 4.140.119 (31 December 2021: TL 2.978.527) have been recognised in the accompanying financial statements.

The deferred tax liability is calculated for all taxable temporary differences whereas deferred tax assets arising from deductible temporary differences are calculated provided that it is highly likely to benefit from these differences in the future by generating taxable profit.

Deferred taxes directly related to equity items are recognised and offset in related equity accounts.

In deferred tax calculations, 25% rate is used for corporations in Turkey (31 December 2021: 23% and 20%).

### c. Transfer pricing

In the framework of the provisions on “Disguised Profit Distribution Through Transfer Pricing” regulated under article 13 of Corporate Tax Law no. 5520, pursuant to the Corporate Tax Law General Communiqué no. 1, which became effective upon its promulgation in the Official Gazette dated 3 April 2007 and numbered 26482, Corporate Tax Law General Communiqué no. 3, which became effective upon its promulgation in the Official Gazette dated 20 November 2008 and numbered 27060, Council of Ministers Decree no. 2007/12888, which became effective upon its promulgation in the Official Gazette dated 6 December 2007 and numbered 26722, Council of Minister Decree no. 2008/13490, which became effective upon its promulgation in the Official Gazette dated 13 April 2008 and numbered 26846, “General Communiqué No. 1 on Disguised Profit Distribution Through Transfer Pricing”, which became effective upon its promulgation in the Official Gazette dated 18 November 2007 and numbered 26704 and “General Communiqué No. 2 on Disguised Profit Distribution Through Transfer Pricing”, which became effective upon its promulgation in the Official Gazette dated 22 April 2008 and numbered 26855, “General Communiqué No. 3 on Disguised Profit Distribution Through Transfer Pricing”, which became effective upon its promulgation in the Official Gazette dated 7 December 2017 and numbered 30263 and the Communiqué on the Amendment of the “General Communiqué on Disguised Profit Distribution through Transfer Pricing” no. 1, which became effective after being published in the Official Gazette dated 01 September 2020 and numbered 31231, profits shall be deemed to have been wholly or partially distributed in a disguised manner through transfer pricing if companies engage in the sales or purchases of goods or services with related parties at prices or amounts defined contrary to the arm’s length principle. Buying, selling, manufacturing and construction operations and services, renting and leasing transactions, borrowing or lending money, bonuses, wages and similar payments are deemed as purchase of goods and services in any case and under any condition.

Corporate taxpayers are obliged to fill in the “The Form on Transfer Pricing, Controlled Foreign Corporation and Thin Capital” regarding the purchases or sales of goods or services they perform with related parties during a fiscal period and submit it to their tax office in the attachment of the corporate tax return.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

The taxpayers registered in the Large Taxpayers Tax Administration (Büyük Mükellefler Vergi Dairesi Başkanlığı) must prepare the "Annual Transfer Pricing Report" in line with the designated format for their domestic and cross-border transactions performed with related parties during a fiscal period until the filing deadline of the corporate tax return, and if requested after the expiration of this period, they must submit the report to the Administration or those authorized to conduct tax inspection. The organizational structure of corporate taxpayers, who are affiliated to the multinational business group and whose asset size in the balance sheet and net sales amount in the income statement are both TL 500 million and above, which are attached to the corporate tax declaration for the previous accounting period, the definition of the business activities, the intangible rights they have, it is obligatory to prepare the general report containing the financial transactions of the group and the financial and tax status of the group for the previous year until the end of the current year and submit it to the Administration or those authorized to conduct tax inspections, if requested. According to the consolidated financial statements of the previous accounting period from the reported accounting period, total consolidated group income of EUR 750 million and over multinational enterprises resident group in Turkey ultimate parent company or proxy business, the reported accounting period's income until the end of twelfth month, before tax it prepares a country-based report including profit/loss, accrued and paid corporate tax, capital, previous year profits, number of employees and tangible assets other than cash and cash equivalents, and submits it to the Administration electronically.

### XIX. Additional explanations on borrowings

Borrowings are initially recognised at cost representing their fair value and remeasured at amortised cost based on the internal rate of return at next periods. Foreign currency borrowings have been translated using the foreign currency buying rates of the Bank at the balance sheet date. Interest expense incurred for the period has been recognised in the accompanying financial statements.

General hedging techniques are used for borrowings against liquidity and currency risks. The Bank, if required, borrows funds from domestic and foreign institutions. The Bank also borrows funds in the forms of syndication loans and securitization loans from foreign institutions.

### XX. Explanations on issuance of share certificates

In 2022 and 2021, the Bank does not have issuance of share certificates.

### XXI. Explanations on bill of guarantee and acceptances

Bill of guarantee and acceptances are followed-up as off-balance sheet liabilities as possible debts and commitments. Cash transactions regarding guarantee and acceptances are realised simultaneously with the customer payments.

As of the balance sheet date, there are no bill of guarantee and acceptances shown as liability against assets.

### XXII. Explanations on government incentives

As of the balance sheet date, Bank does not have any government incentives used.

### XXIII. Explanations on segment reporting

Segment reporting is presented in Section Four, note XII.

### XXIV. Explanations on other matters

None.

### XXV. Classifications

None.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### SECTION FOUR

### INFORMATION ON UNCONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

#### I. Explanations related to the unconsolidated shareholders' equity

Capital and capital adequacy ratio are calculated in accordance with the "Regulation on Equities of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

The current period equity of the Bank amounts to TL 73.901.223 (31 December 2021: TL 41.757.473) while its capital adequacy standard ratio is 18,94% as of 31 December 2021 (31 December 2021: 17,88%).

As a result of the volatility in the financial markets arising from COVID-19 pandemic, the BRSA issued a press release on 23 March 2020, announcing measures, which will remain in effect until 31 December 2020. With the regulation numbered 9312 dated 8 December 2020, and extended until 30 September 2021 were extended until a contrary Board Decision is taken with the regulation numbered 9795 dated 19 September 2021. Accordingly;

- In the calculation of the amount subject to credit risk, in accordance with the "Regulation on Assessment and Evaluation of the Capital Adequacy of Banks"; it can be used the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date, when determining the amounts of monetary assets and non-monetary assets, other than items in foreign currency measured in historical cost, in accordance with Turkish Accounting Standards and the relevant special provision amounts. Pursuant to the Decision of the BRSA dated 28.04.2022 and numbered 10188; until a contrary Board Decision is taken, it was decided to use the Central Bank foreign exchange buying rate as of 31.12.2021.

With the regulation numbered 9624 dated 17 June 2021 as of 23 March 2020, if the net valuation differences of the securities in the portfolio of "Financial Assets at Fair Value Through Other Comprehensive Income" are negative, these differences will not be taken into account in the amount of equity to be used for capital adequacy ratio, which will be calculated in accordance with the "Regulation on Equities of Banks". With the regulation dated 21 December 2021 and numbered 9996, in case the net valuation differences of the securities acquired before 21 December 2021 in the portfolio of "Financial Assets at Fair Value Through Other Comprehensive Income" are negative, these differences may not be taken into account in the equity amount.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### a. Components of equity items

|   | Current Period<br>31 December 2022 | Prior Period<br>31 December 2021 |
|---|------------------------------------|----------------------------------|
| <b>COMMON EQUITY TIER I CAPITAL</b>   |                                    |                                  |
| Paid-in capital following all debts in terms of claim in liquidation of the Bank  | 5.696.100                          | 5.696.100                        |
| Share issue premiums  | 15                                 | 15                               |
| Reserves  | 16.695.172                         | 13.071.979                       |
| Gains recognised in equity as per TAS <sup>(1)</sup>  | 16.463.437                         | 7.009.095                        |
| Profit  | 18.418.286                         | 4.792.190                        |
| Current Period Profit   | 17.173.014                         | 3.546.918                        |
| Prior Period Profit   | 1.245.272                          | 1.245.272                        |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period  | 992                                | 778                              |
| <b>Common Equity Tier I Capital Before Deductions</b>   | <b>57.274.002</b>                  | <b>30.570.157</b>                |
| <b>Deductions from Common Equity Tier I Capital</b>   |                                    |                                  |
| Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks   | --                                 | --                               |
| Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS   | 791.614                            | 248.019                          |
| Improvement costs for operating leasing   | 102.640                            | 69.091                           |
| Goodwill (net of related tax liability)   | --                                 | --                               |
| Other intangibles other than mortgage-servicing rights (net of related tax liability)   | 1.293.730                          | 491.153                          |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)   | --                                 | --                               |
| Differences are not recognised 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  | --                                 | --                               |
| Unrealised gains and losses due to changes in own credit risk on fair valued liabilities  | --                                 | --                               |
| Defined-benefit pension fund net assets   | --                                 | --                               |
| Direct and indirect investments of the Bank in its own Common Equity  | --                                 | --                               |
| Shares obtained contrary to the 4th clause of the 56th Article of the Law   | --                                 | --                               |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank | --                                 | --                               |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | --                                 | --                               |
| Portion of mortgage servicing rights exceeding 10% of the Common Equity   | --                                 | --                               |
| Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity  | --                                 | 517.702                          |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

|   | Current Period<br>31 December 2022 | Prior Period<br>31 December 2021 |
|---|------------------------------------|----------------------------------|
| 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 the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital                         | --                                 | --                               |
| Excess amount arising from mortgage servicing rights  | --                                 | --                               |
| Excess amount arising from deferred tax assets based on temporary differences   | --                                 | --                               |
| Other items to be defined by the BRSA   | --                                 | --                               |
| Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital   | --                                 | --                               |
| <b>Total Deductions From Common Equity Tier I Capital</b>   | <b>2.187.984</b>                   | <b>1.325.965</b>                 |
| <b>Total Common Equity Tier I Capital</b>   | <b>55.086.018</b>                  | <b>29.244.192</b>                |
| <b>ADDITIONAL TIER I CAPITAL</b>  |                                    |                                  |
| Preferred Stock not Included in Common Equity and the Related Share Premiums  | --                                 | --                               |
| Debt instruments and premiums approved by BRSA  | --                                 | --                               |
| Debt instruments and premiums approved by BRSA (Temporary Article 4)  | --                                 | --                               |
| <b>Additional Tier I Capital before Deductions</b>  | <b>--</b>                          | <b>--</b>                        |
| <b>Deductions from Additional Tier I Capital</b>  |                                    |                                  |
| 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 Consolidated 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 Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital -  | --                                 | --                               |
| Other items to be defined by the BRSA   | --                                 | --                               |
| <b>Transition from the Core Capital to Continue to deduce Components</b>  | --                                 | --                               |
| Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | --                                 | --                               |
| Net deferred tax asset/liability which is not deducted from Common Equity Tier I 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 (-)  | --                                 | --                               |
| <b>Total Deductions From Additional Tier I Capital</b>  | <b>--</b>                          | <b>--</b>                        |
| <b>Total Additional Tier I Capital</b>  | <b>--</b>                          | <b>--</b>                        |
| <b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>  | <b>55.086.018</b>                  | <b>29.244.192</b>                |



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

|   | Current Period<br>31 December 2022 | Prior Period<br>31 December 2021 |
|---|------------------------------------|----------------------------------|
| <b>TIER II CAPITAL</b>  |                                    |                                  |
| Debt instruments and share issue premiums deemed suitable by the BRSA   | 14.446.409                         | 10.398.821                       |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)   | --                                 | --                               |
| Provisions (Article 8 of the Regulation on the Equity of Banks)   | 4.468.525                          | 2.627.677                        |
| <b>Tier II Capital Before Deduction</b>   | <b>18.914.934</b>                  | <b>13.026.498</b>                |
| <b>Deductions From Tier II Capital</b>  |                                    |                                  |
| Direct and indirect investments of the Bank on its own Tier II Capital (-)  | 50.485                             | 435.858                          |
| Investments of Bank to Banks that invest on Bank's Tier II and components of equity issued by financial institutions with the conditions declared in Article 8.   | --                                 | --                               |
| Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank   | --                                 | --                               |
| Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank   | --                                 | --                               |
| Other items to be defined by the BRSA (-)   | --                                 | --                               |
| <b>Total Deductions from Tier II Capital</b>  | <b>50.485</b>                      | <b>435.858</b>                   |
| <b>Total Tier II Capital</b>  | <b>18.864.449</b>                  | <b>12.590.640</b>                |
| <b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>  | <b>73.950.467</b>                  | <b>41.834.832</b>                |
| <b>Deductions from Total Capital</b>  |                                    |                                  |
| Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law  | --                                 | --                               |
| Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years   | --                                 | --                               |
| Other items to be defined by the BRSA   | 49.244                             | 77.359                           |
| <b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>   |                                    |                                  |
| The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I of the issued common share capital of the entity which will not be 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, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be 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, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds   | --                                 | --                               |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

|  | Current Period<br>31 December 2022 | Prior Period<br>31 December 2021 |
|--|------------------------------------|----------------------------------|
| <b>TOTAL CAPITAL</b>   |                                    |                                  |
| Total Capital ((The sum of Tier I Capital and Tier II Capital)   | 73.901.223                         | 41.757.473                       |
| Total risk weighted amounts  | 390.230.567                        | 233.602.452                      |
| <b>CAPITAL ADEQUACY RATIOS</b>   |                                    |                                  |
| Core Capital Adequacy Ratio (%)  | 14,12                              | 12,52                            |
| Tier I Capital Adequacy Ratio (%)  | 14,12                              | 12,52                            |
| Capital Adequacy Ratio (%)   | 18,94                              | 17,88                            |
| <b>BUFFERS</b>   |                                    |                                  |
| Total additional Common Equity Tier I Capital requirement ratio  | 2,743                              | 2,868                            |
| Bank specific total common equity tier I capital ratio (%)   | 2,500                              | 2,500                            |
| Capital conservation buffer requirement (%)  | 0,243                              | 0,368                            |
| Systemic significant bank buffer ratio (%)   | --                                 | --                               |
| The ratio of Additional Common 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 (%)                | 2,230                              | 1,576                            |
| <b>Amounts below the Excess Limits as per the Deduction Principles</b>   |                                    |                                  |
| Portion of the total of net long positions of investments in equity items of Consolidated 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 | --                                 | --                               |
| Portion of the total of investments in equity items of Consolidated 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                       | --                                 | --                               |
| Amount arising from mortgage-servicing rights  | --                                 | --                               |
| Amount arising from deferred tax assets based on temporary differences   | --                                 | --                               |
| <b>Limits related to provisions considered in Tier II calculation</b>  |                                    |                                  |
| General provisions for standard based receivables (before one hundred twenty five in ten thousand limitation)  | 14.972.015                         | 11.913.016                       |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used   | 4.468.525                          | 2.627.677                        |
| 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   | --                                 | --                               |
| <b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>   | <b>--</b>                          | <b>--</b>                        |
| Upper limit for Additional Tier I Capital subjected to temporary Article 4   | --                                 | --                               |
| Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4  | --                                 | --                               |
| Upper limit for Additional Tier II Capital subjected to temporary Article 4 <sup>(2)</sup>   | --                                 | --                               |
| Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4   | --                                 | --                               |

<sup>(1)</sup> As of May 2018, the difference between the provision for expected credit loss calculated in accordance with TFRS 9 and the total provision amount calculated before the application of TFRS 9 has been recorded in "Prior Years' Profit and Loss" account. Therefore, in accordance with Provisional Article 5 of the "Regulation on Equity of Banks", this amount has been shown as net in the calculation of equity by adding 20% of the portion after deduction of the tax amount resulting from the difference as of 31 December 2021, there is no as of 31 December 2022.

<sup>(2)</sup> There are no loans included in Tier II capital related to "Temporary Article 4".

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### b. Information on debt instruments included in the calculation of equity

| Issuer  | ENBD PJSC  | ENBD PJSC  | ENBD PJSC   | ENBD PJSC   |
|---|--|--|---|---|
| Unique identifier (eg CUSIP, ISIN)  | Subordinated Loans   | Subordinated Loans   | Subordinated Loans  | Subordinated Loans  |
| Governing law(s) of the instrument  | "Regulations on Banks' Equity " dated 5 September 2013.  | "Regulations on Banks' Equity " dated 5 September 2013.  | "Regulations on Banks' Equity " dated 5 September 2013.   | "Regulations on Banks' Equity " dated 1 November 2006.  |
| <b>Regulatory treatment</b>   |  |  |   |   |
| Subject to 10% deduction as of 1/1/2015   | Not Deducted   | Not Deducted   | Not Deducted  | Not Deducted  |
| Eligible at solo/group/group&solo   | Eligible   | Eligible   | Eligible  | Eligible  |
| Instrument type   | Loan   | Loan   | Loan  | Loan  |
| Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date) | 2292   | 2805   | 5609  | 3740  |
| Par value of instrument (Currency in mil)   | 2292   | 2805   | 5609  | 3740  |
| Accounting classification   | 3470102  | 3470102  | 3470102   | 3470102   |
| Original date of issuance   | 30/09/2014   | 30/04/2014   | 31/01/2014  | 30/09/2013  |
| Perpetual or dated  | Dated  | Dated  | Dated   | Dated   |
| Original maturity date  | 15 years   | 15 years   | 15 years  | 15 years  |
| Issuer call subject to prior supervisory approval   | Yes  | Yes  | Yes   | Yes   |
| Optional call date, contingent call dates and redemption amount                             | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given. |
| Subsequent call dates, if applicable  | None.  | None.  | None.   | None.   |
| <b>Coupons/Dividends</b>  |  |  |   |   |
| Fixed or floating dividend/coupon   | Fixed  | Fixed  | Fixed   | Fixed   |
| Coupon rate and any related index   | First five year 6,2%, after irs +5,64  | First five year 7,93%, after irs +6,12   | 7,50%   | 7,49%   |
| Existence of a dividend stopper   | None.  | None.  | None.   | None.   |
| Fully discretionary, partially discretionary or mandatory                                   | --   | --   | --  | --  |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

|   |   |   |   |   |
|---|---|---|---|---|
| Existence of step up or other incentive to redeem             | None.   | None.   | None.   | None.   |
| Noncumulative or cumulative                                   | --  | --  | --  | --  |
| <b>Convertible or non-convertible</b>                         |   |   |   |   |
| If convertible, conversion trigger (s)                        | May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. | May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. | May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. | May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. |
| If convertible, fully or partially                            | Convertible fully.  | Convertible fully.  | Convertible fully.  | Convertible fully.  |
| If convertible, conversion rate                               | --  | --  | --  | --  |
| If convertible, mandatory or optional conversion              | --  | --  | --  | --  |
| If convertible, specify instrument type convertible into      | --  | --  | --  | --  |
| If convertible, specify issuer of instrument it converts into | --  | --  | --  | --  |
| <b>Write-down feature</b>                                     |   |   |   |   |
| If write-down, write-down trigger(s)                          | None.   | None.   | None.   | None.   |
| If write-down, full or partial                                | --  | --  | --  | --  |
| If write-down, permanent or temporary                         | --  | --  | --  | --  |
| If temporary write-down, description of write-up mechanism    | --  | --  | --  | --  |



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants. | In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants. | In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants. | Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts. |
|---|--|--|--|--|
| Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not   | Possessed for Article 8.   | Possessed for Article 8.   | Possessed for Article 8.   | Possessed for Article 8.   |
| According to article 7 and 8 of Banks' shareholders equity law that are not possessed                         | --   | --   | --   | --   |

**c.** Main differences between "Equity" amount mentioned in the prior tables' equity statements and "Equity" amount in balance sheet arise from stage 1 and stage 2 loss provisions. The portion of main amount to credit risk of stage 1 and stage 2 loss provisions up to 1,25% considered as supplementary capital in the calculation of "Equity" amount included in equity statement as result of deductions mentioned in scope of Regulation on Equity of Banks. Additionally, Losses reflected to equity are determined through excluding losses sourcing from cash flow hedge reflected in equity in accordance with TAS which are subjects of discount from Core Capital. On the other hand, leasehold improvement costs monitored under Plant, Property and Equipment in balance sheet, intangible assets and deferred tax liabilities related to intangible assets, net carrying value of properties acquired in return for receivables and kept for over three years and certain other accounts determined by the Board are taken into consideration in the calculation as assets deducted from capital.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### II. Explanations related to the credit risk

#### a. Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals

Credit risk is the risk and losses likely to incur due to the counterparties of the Bank not meeting in full or in part their commitments arising from the contracts.

Credit risk limits of the customers are allocated based on the customers' financial strength and the credit requirement, within the credit authorization limits of the branches, the credit evaluation group, the regional directorates, the executive vice presidents responsible from loans, the general manager, the credit committee and the Board of Directors; on condition that they are in compliance with the related regulations.

Credit risk limits are determined for debtors or group of debtors. Credit risk limits of the debtors, group of debtors and sectors are monitored on a monthly basis.

#### Information on determination and distribution of risk limits for daily transactions, monitoring of risk concentrations related to off-balance sheet items per customer and dealer basis

Risk limits and allocations relating to daily transactions are monitored on a daily basis. Off-balance sheet risk concentrations are monitored by on-site and off-site investigations.

Information on periodical analysis of creditworthiness of loans and other receivables per legislation, inspection of account vouchers taken against new loans, if not inspected, the reasons for it, credit limit renewals, collaterals against loans and other receivables

The Bank targets a healthy loan portfolio and in order to meet its target there are process instructions, follow-up and control procedures, close monitoring procedures and risk classifications for loans in accordance with the banking legislation.

In order to prevent the loans becoming non-performing either due to cyclical changes or structural problems, the potential problematic customers are determined through the analysis of early warning signals, and the probable performance problems are aimed to be resolved at an early stage.

It is preferred to obtain highly liquid collaterals such as bank guarantees, real estate and ship mortgages, pledges on securities and deposits, bills of exchange and sureties of the persons and companies.

#### Explanations related to the definitions of the loans, which have been overdue and impaired, value adjustments and provisions

Explanation is given in Section Four, note VIII-c-4-i.

#### Methods and approaches to valuation adjustments and provisions

Explanation is given in Section Three, note VIII.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### Total amount of exposures after offsetting transactions but before applying credit risk reductions and the average exposure amounts that are classified in different risk groups and types

| Risk classifications   | Current Period <sup>(*)</sup> | Average <sup>(**)</sup> |
|--|-------------------------------|-------------------------|
| 1 Receivables from central governments and Central Banks                       | 146.302.862                   | 116.689.210             |
| 2 Receivables from regional or local governments                               | 3.019.473                     | 3.151.227               |
| 3 Receivables from administrative bodies and non-commercial enterprises        | --                            | --                      |
| 4 Receivables from multilateral development banks                              | --                            | --                      |
| 5 Receivables from international organizations                                 | --                            | --                      |
| 6 Receivables from banks and brokerage houses                                  | 20.011.866                    | 21.328.443              |
| 7 Receivables from corporate portfolio   | 139.604.599                   | 125.016.488             |
| 8 Receivables from retail portfolio  | 136.034.033                   | 114.676.610             |
| 9 Receivables secured by residential mortgages                                 | 6.816.817                     | 5.564.142               |
| 10 Receivables secured by commercial mortgages                                 | 25.963.920                    | 21.529.606              |
| 11 Past due receivables  | 2.683.635                     | 3.641.336               |
| 12 Receivables defined in high risk category by BRSA                           | --                            | --                      |
| 13 Securities collateralized by mortgages                                      | --                            | --                      |
| 14 Short-term receivables from banks, brokerage houses and corporate portfolio | --                            | --                      |
| 15 Investments similar to collective investment funds                          | 13.891                        | 421.192                 |
| 16 Other receivables   | 25.032.019                    | 19.987.267              |
| 17 Equity investments  | 37.727.579                    | 32.421.143              |
| <b>18 Total</b>  | <b>543.210.694</b>            | <b>464.426.664</b>      |

<sup>(\*)</sup> Includes the risks included in the total banking book before the credit risk reduction and after the credit conversion rate.<sup>(\*\*)</sup> Arithmetical average of the quarterly reported amounts.

| Risk classifications   | Prior Period <sup>(*)</sup> | Average <sup>(**)</sup> |
|--|-----------------------------|-------------------------|
| 1 Receivables from central governments and Central Banks                       | 62.128.321                  | 52.803.680              |
| 2 Receivables from regional or local governments                               | 3.372.334                   | 3.731.209               |
| 3 Receivables from administrative bodies and non-commercial enterprises        | --                          | --                      |
| 4 Receivables from multilateral development banks                              | --                          | --                      |
| 5 Receivables from international organizations                                 | --                          | --                      |
| 6 Receivables from banks and brokerage houses                                  | 13.131.298                  | 12.556.967              |
| 7 Receivables from corporate portfolio   | 81.796.974                  | 72.864.702              |
| 8 Receivables from retail portfolio  | 84.641.050                  | 75.372.579              |
| 9 Receivables secured by residential mortgages                                 | 3.561.154                   | 3.386.789               |
| 10 Receivables secured by commercial mortgages                                 | 15.013.807                  | 15.825.919              |
| 11 Past due receivables  | 4.140.418                   | 3.550.498               |
| 12 Receivables defined in high risk category by BRSA                           | --                          | --                      |
| 13 Securities collateralized by mortgages                                      | --                          | --                      |
| 14 Short-term receivables from banks, brokerage houses and corporate portfolio | --                          | --                      |
| 15 Investments similar to collective investment funds                          | 21.690                      | 10.718                  |
| 16 Other receivables   | 12.087.095                  | 10.030.209              |
| 17 Equity investments  | 30.731.751                  | 23.709.524              |
| <b>18 Total</b>  | <b>310.625.892</b>          | <b>273.842.794</b>      |

<sup>(\*)</sup> Includes the risks included in the total banking book before the credit risk reduction and after the credit conversion rate.<sup>(\*\*)</sup> Arithmetical average of the quarterly reported amounts.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### b. Information on the control limits of the Bank for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions

The Bank has control limits defined for the positions arising from forward transactions, options and similar contracts. Credit risk for these instruments is managed together with those arising from market conditions.

### c. Information on whether the Bank decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not

Forward transactions can be realised at maturity. However, if it is required, reverse positions of the current positions are purchased to decrease the risk.

### d. Information on whether the indemnified non-cash loans are evaluated as having the same risk weight as non-performing loans or not

Indemnified non-cash loans are treated as having the same risk weight as non-performing loans.

### Information on whether the loans that are renewed and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are considered in these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not

Loans that are renewed and rescheduled are included in a new rating group as determined by the risk management system, other than the follow-up plan defined in the banking regulations.

Long term commitments are considered as having more risk than short term commitments which results in a diversification of risk and are monitored periodically.

### e. Evaluation of the significance of country specific risk considering the economic conditions if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities

There is no significant credit risk since the Bank's foreign operations and credit transactions are conducted in OECD and EU member countries in considering their economic climate.

### Evaluation of the significant credit risk concentration when evaluated together with the financial activities of other financial institutions as an active participant in the international banking market

Being an active participant in the international banking transactions market, the Bank does not have significant credit risk as compared to other financial institutions.

### f. Bank's

#### 1. The share of receivables from the top 100 and 200 cash loan customers in the total cash loans portfolio

The receivables of Bank from the top 100 and 200 cash loan customers constitute 32% and 38% of the total cash loans portfolio (31 December 2021: 35%, 41%).



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### 2. The share of receivables from the top 100 and 200 non-cash loan customers in the total non-cash loans portfolio

The receivables of Bank from the top 100 and 200 non-cash loan customers constitute 40% and 48% of the total non-cash loans portfolio (31 December 2021: 55%, 65%).

### 3. The share of the cash and non-cash receivables from the top 100 and 200 loan customers in the total balance sheet and off-balance sheet assets

The share of the cash and non-cash receivables of Bank from top 100 and 200 loan customers constitute 30% and 38% of the total balance sheet and off-balance sheet assets (31 December 2021: 21%, 27%).

### g. Expected credit loss for credit risk undertaken by Bank

As at 31 December 2022, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by Bank amounts to TL 14.972.017.

As at 31 December 2021, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by Bank amounts to TL 11.913.016.

### h. Information on loans and provisions for expected loss

| Current Period - 31 December 2022    | Balance            | Provision         |
|--------------------------------------|--------------------|-------------------|
| <b>Loans</b>                         | <b>301.067.960</b> | <b>27.228.661</b> |
| Stage 1                              | 250.616.005        | 3.895.565         |
| Stage 2                              | 33.775.328         | 10.007.792        |
| Stage 3                              | 16.676.627         | 13.325.304        |
| Fair Value Through Profit or Loss    | --                 | --                |
| <b>Financial Assets</b>              | <b>190.968.298</b> | <b>2.507</b>      |
| <b>Other</b>                         | <b>16.823.394</b>  | <b>22.188</b>     |
| <b>Off-Balance Sheet Receivables</b> | <b>214.425.264</b> | <b>3.005.298</b>  |
| Stage 1 and 2                        | 212.310.113        | 1.043.965         |
| Stage 3                              | 2.115.151          | 1.961.333         |
| <b>Total</b>                         | <b>723.284.916</b> | <b>30.258.654</b> |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### i. Information on provisions for expected loss for loans

|  | Stage 1          | Stage 2           | Stage 3           | Total             |
|--|------------------|-------------------|-------------------|-------------------|
| <b>Balance at the beginning of the period (1 January 2022)</b> | <b>2.156.402</b> | <b>8.924.015</b>  | <b>10.807.399</b> | <b>21.887.816</b> |
| <b>Transfers</b>   | <b>196.099</b>   | <b>(325.702)</b>  | <b>129.603</b>    | <b>--</b>         |
| Stage 1  | 370.733          | (369.745)         | (988)             | --                |
| Stage 2  | (137.515)        | 940.957           | (803.442)         | --                |
| Stage 3  | (37.119)         | (896.914)         | 934.033           | --                |
| Loans addition in the period                                   | 805.676          | 232.377           | 338.575           | 1.376.628         |
| Disposals from loans in the period                             | (1.316.103)      | (2.911.026)       | (1.009.196)       | (5.236.325)       |
| Provisions changes during the period <sup>(*)</sup>            | 1.345.274        | 1.876.006         | 6.042.734         | 9.264.014         |
| Loans written off <sup>(**)</sup>                              | --               | --                | (3.953.226)       | (3.953.226)       |
| Loans sold   | --               | --                | (1.281)           | (1.281)           |
| FX Differences   | 708.217          | 2.212.122         | 970.696           | 3.891.035         |
| <b>Balance at the end of the period (31 December 2022)</b>     | <b>3.895.565</b> | <b>10.007.792</b> | <b>13.325.304</b> | <b>27.228.661</b> |

<sup>(\*)</sup> Related amounts include the changes in the provision for expected credit loss for the period of the loans remaining at the same stage during the year and the provisions for expected credit loss created by the transfers between the stages within the year.

<sup>(\*\*)</sup> In accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the Bank, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, as of 31 December 2022, the Bank's loans amounting to TL 3.953.226 have been deducted from the records, and loans amounting to TL 1.281 have been sold.

### j. Information on loan movements

|  | Stage 1            | Stage 2           | Stage 3           | Total              |
|--|--------------------|-------------------|-------------------|--------------------|
| <b>Balance at the beginning of the period (1 January 2022)</b> | <b>143.199.743</b> | <b>30.903.429</b> | <b>15.217.506</b> | <b>189.320.678</b> |
| <b>Transfers</b>   | <b>(3.982.718)</b> | <b>(86.140)</b>   | <b>4.068.858</b>  | <b>--</b>          |
| Stage 1  | 3.132.938          | (3.129.851)       | (3.087)           | --                 |
| Stage 2  | (5.835.813)        | 6.083.960         | (248.147)         | --                 |
| Stage 3  | (1.279.843)        | (3.040.249)       | 4.320.092         | --                 |
| Loans addition in the period                                   | 125.562.091        | 5.262.952         | 6.796.699         | 137.621.742        |
| Disposals from loans in the period                             | (34.003.778)       | (8.547.229)       | (6.345.683)       | (48.896.690)       |
| Loans written off <sup>(*)</sup>                               | --                 | --                | (3.953.226)       | (3.953.226)        |
| Loans sold <sup>(*)</sup>                                      | --                 | --                | (1.281)           | (1.281)            |
| FX Differences   | 19.840.667         | 6.242.316         | 893.754           | 26.976.737         |
| <b>Balance at the end of the period (31 December 2022)</b>     | <b>250.616.005</b> | <b>33.775.328</b> | <b>16.676.627</b> | <b>301.067.960</b> |

<sup>(\*)</sup> As of 31 December 2022, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the Bank, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, loans amounting to TL 3.953.226 have been deducted from the records, and loans amounting to TL 1.281 have been sold. In accordance with the amendment made in the related Provisions Regulation during the period, the effect of the total of the loans written off and sold on the Bank's NPL ratio is 122 basis points.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**k. Profile of significant exposures in major regions**

| Current Period   | Risk Classifications <sup>(*)</sup> ( <sup>***</sup> ) |           |    |    |    |            |             |             | Risk Classifications <sup>(*)</sup> ( <sup>***</sup> ) |            |           |    |    |    |        |            | Total      |             |
|--|--|-----------|----|----|----|------------|-------------|-------------|--|------------|-----------|----|----|----|--------|------------|------------|-------------|
|  | 1  | 2         | 3  | 4  | 5  | 6          | 7           | 8           | 9  | 10         | 11        | 12 | 13 | 14 | 15     | 16         |            | 17          |
| Domestic   | 143.387.814  | 2.785.371 | -- | -- | -- | 2.016.923  | 94.015.203  | 128.905.309 | 5.976.771  | 22.761.428 | 2.524.138 | -- | -- | -- | 9      | 24.463.162 | 950        | 426.837.078 |
| European Union Countries                                 | --   | --        | -- | -- | -- | 7.121.732  | 1.129.519   | 46.327      | 6.245  | 14.883     | 341       | -- | -- | -- | --     | 568.839    | --         | 8.887.886   |
| OECD Countries <sup>(**)</sup>                           | --   | --        | -- | -- | -- | 222.669    | --          | 913         | 5  | --         | --        | -- | -- | -- | --     | --         | --         | 223.587     |
| Off-Shore Banking Regions                                | --   | --        | -- | -- | -- | 596        | 1.672.506   | 1.063       | 13.769   | 4.336      | 126.030   | -- | -- | -- | --     | --         | --         | 1.818.300   |
| USA, Canada  | --   | --        | -- | -- | -- | 3.002.917  | 132.585     | 2.197       | 412  | 67         | 14        | -- | -- | -- | --     | --         | --         | 3.138.192   |
| Ohter Countries  | --   | --        | -- | -- | -- | 138.278    | 1.218.203   | 50.195      | 4.581  | 580.846    | 18        | -- | -- | -- | --     | 18         | --         | 1.992.139   |
| Subsidiaries,Associates and jointly controlled companies | --   | --        | -- | -- | -- | --         | --          | --          | --   | --         | --        | -- | -- | -- | --     | --         | 37.726.629 | 37.726.629  |
| UnallocatedAssets/Liabilities                            | 2.915.048  | 234.102   | -- | -- | -- | 7.508.751  | 41.436.583  | 7.028.029   | 815.034  | 2.602.360  | 33.094    | -- | -- | -- | 13.882 | --         | --         | 62.586.883  |
| Total  | 146.302.862  | 3.019.473 | -- | -- | -- | 20.011.866 | 139.604.599 | 136.034.033 | 6.816.817  | 25.963.920 | 2.683.635 | -- | -- | -- | 13.891 | 25.032.019 | 37.727.579 | 543.210.694 |

| Prior Period   | Risk Classifications <sup>(*)</sup> ( <sup>***</sup> ) |           |    |    |    |            |            |            | Risk Classifications <sup>(*)</sup> ( <sup>***</sup> ) |            |           |    |    |    |        |            | Total      |             |
|--|--|-----------|----|----|----|------------|------------|------------|--|------------|-----------|----|----|----|--------|------------|------------|-------------|
|  | 1  | 2         | 3  | 4  | 5  | 6          | 7          | 8          | 9  | 10         | 11        | 12 | 13 | 14 | 15     | 16         |            | 17          |
| Domestic   | 59.124.152   | 3.350.136 | -- | -- | -- | 1.310.096  | 51.020.796 | 79.691.117 | 3.166.218  | 12.978.151 | 3.352.457 | -- | -- | -- | --     | 11.643.366 | 466        | 225.636.955 |
| European Union Countries                                 | --   | --        | -- | -- | -- | 2.614.247  | 736.104    | 45.150     | 11.654   | 12.143     | 22.611    | -- | -- | -- | --     | 343.948    | --         | 3.785.857   |
| OECD Countries <sup>(**)</sup>                           | --   | --        | -- | -- | -- | 67.852     | --         | 961        | 214  | --         | 3         | -- | -- | -- | --     | --         | --         | 69.030      |
| Off-Shore Banking Regions                                | --   | --        | -- | -- | -- | 1.565      | 500.849    | 4.865      | 15.697   | 573.238    | 387.588   | -- | -- | -- | --     | 99.781     | --         | 1.583.583   |
| USA, Canada  | --   | --        | -- | -- | -- | 2.142.346  | 88.967     | 1.381      | 1.263  | 236        | --        | -- | -- | -- | --     | --         | --         | 2.234.193   |
| Ohter Countries  | --   | --        | -- | -- | -- | 121.447    | 884.702    | 26.050     | 13.842   | 40.462     | 9.147     | -- | -- | -- | --     | --         | --         | 1.095.650   |
| Subsidiaries,Associates and jointly controlled companies | --   | --        | -- | -- | -- | --         | --         | --         | --   | --         | --        | -- | -- | -- | --     | --         | 30.731.285 | 30.731.285  |
| UnallocatedAssets/Liabilities                            | 3.004.169  | 22.198    | -- | -- | -- | 6.873.745  | 28.565.556 | 4.871.526  | 352.266  | 1.409.577  | 368.612   | -- | -- | -- | 21.690 | --         | --         | 45.489.339  |
| Total  | 62.128.321   | 3.372.334 | -- | -- | -- | 13.131.298 | 81.796.974 | 84.641.050 | 3.561.154  | 15.013.807 | 4.140.418 | -- | -- | -- | 21.690 | 12.087.095 | 30.731.751 | 310.625.892 |

<sup>(\*)</sup> Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

|   |  |
|---|--|
| <b>1:</b> Receivables from central governments and Central Banks                | <b>10:</b> Receivables secured by commercial mortgages<br>Receivables secured by mortgages |
| <b>2:</b> Receivables from regional or local governments                        | <b>11:</b> Past due receivables<br>Past due receivables                                    |
| <b>3:</b> Receivables from administrative bodies and non-commercial enterprises | <b>12:</b> Receivables defined in high risk category by BRSA                               |
| <b>4:</b> Receivables from multilateral development banks                       | <b>13:</b> Securities collateralized by mortgages  |
| <b>5:</b> Receivables from international organizations                          | <b>14:</b> Short-term receivables from banks, brokerage houses and corporate portfolio     |
| <b>6:</b> Receivables from banks and brokerage houses                           | <b>15:</b> Investments similar to collective investment funds                              |
| <b>7:</b> Receivables from corporate portfolio                                  | <b>16:</b> Other receivables   |
| <b>8:</b> Receivables from retail portfolio                                     | <b>17:</b> Equity investments  |
| <b>9:</b> Receivables secured by residential mortgages                          |  |

<sup>(\*\*)</sup> OECD countries except for EU countries, USA and Canada<sup>(\*\*\*)</sup> Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### I. Risk Profile by Sectors or Counterparties

| Current Period:<br>31 December 2022 | Risk Classifications <sup>(*)</sup> (**) |           |    |    |    |            |             |             |           | Risk Classifications <sup>(*)</sup> (**) |           |    |    |    |        |            |            |             |             |             |
|-------------------------------------|--|-----------|----|----|----|------------|-------------|-------------|-----------|--|-----------|----|----|----|--------|------------|------------|-------------|-------------|-------------|
|                                     | 1  | 2         | 3  | 4  | 5  | 6          | 7           | 8           | 9         | 10                                       | 11        | 12 | 13 | 14 | 15     | 16         | 17         | TL          | FC          | Total       |
| Agricultural                        | 419.769                                  | 25        | -- | -- | -- | --         | 5.774.106   | 17.503.426  | 535.560   | 3.572.398                                | 43.078    | -- | -- | -- | --     | 35         | --         | 27.205.970  | 642.427     | 27.848.397  |
| Farming and Cattle                  | 419.769                                  | 25        | -- | -- | -- | --         | 5.659.295   | 17.476.709  | 525.577   | 3.569.985                                | 42.644    | -- | -- | -- | --     | 35         | --         | 27.092.047  | 601.992     | 27.694.039  |
| Forestry                            | --                                       | --        | -- | -- | -- | --         | 204         | 4.830       | 6.964     | 588                                      | 79        | -- | -- | -- | --     | --         | --         | 12.665      | --          | 12.665      |
| Fishing                             | --                                       | --        | -- | -- | -- | --         | 114.607     | 21.887      | 3.019     | 1.825                                    | 355       | -- | -- | -- | --     | --         | --         | 101.258     | 40.435      | 141.693     |
| Manufacturing                       | --                                       | --        | -- | -- | -- | --         | 44.185.626  | 4.508.612   | 848.599   | 4.217.947                                | 439.859   | -- | -- | -- | --     | 25         | --         | 25.685.586  | 28.515.082  | 54.200.668  |
| Mining                              | --                                       | --        | -- | -- | -- | --         | 2.470.525   | 267.026     | 59.342    | 315.771                                  | 3.386     | -- | -- | -- | --     | 1          | --         | 1.869.878   | 1.246.173   | 3.116.051   |
| Production                          | --                                       | --        | -- | -- | -- | --         | 32.988.879  | 4.206.639   | 769.758   | 3.832.323                                | 80.936    | -- | -- | -- | --     | 24         | --         | 22.231.732  | 19.646.827  | 41.878.559  |
| Electric, Gas, Water                | --                                       | --        | -- | -- | -- | --         | 8.726.222   | 34.947      | 19.499    | 69.853                                   | 355.537   | -- | -- | -- | --     | --         | --         | 1.583.976   | 7.622.082   | 9.206.058   |
| Construction                        | --                                       | 865.856   | -- | -- | -- | 9          | 20.369.247  | 2.025.608   | 949.123   | 1.346.648                                | 165.226   | -- | -- | -- | --     | 86         | 2.800      | 9.338.767   | 16.385.836  | 25.724.603  |
| Services                            | 58                                       | 27.816    | -- | -- | -- | 2.271.901  | 49.433.697  | 13.686.381  | 2.445.496 | 12.672.887                               | 993.541   | -- | -- | -- | --     | 225.577    | 33.002.851 | 76.225.628  | 38.534.577  | 114.760.205 |
| Wholesale and Retail                |  |           |    |    |    |            |             |             |           |  |           |    |    |    |        |            |            |             |             |             |
| Trade                               | 58                                       | 367       | -- | -- | -- | 157        | 17.392.122  | 10.809.213  | 1.787.783 | 3.042.577                                | 218.088   | -- | -- | -- | --     | 144        | --         | 25.676.205  | 7.574.304   | 33.250.509  |
| Hotel and Restaurant                |  |           |    |    |    |            |             |             |           |  |           |    |    |    |        |            |            |             |             |             |
| Services                            | --                                       | --        | -- | -- | -- | --         | 11.236.637  | 368.986     | 235.334   | 7.725.167                                | 544.035   | -- | -- | -- | --     | --         | --         | 2.823.373   | 17.286.786  | 20.110.159  |
| Transportation and                  |  |           |    |    |    |            |             |             |           |  |           |    |    |    |        |            |            |             |             |             |
| telecommunication                   | --                                       | --        | -- | -- | -- | --         | 9.133.223   | 1.781.131   | 254.656   | 862.559                                  | 89.050    | -- | -- | -- | --     | 10         | --         | 4.690.291   | 7.430.338   | 12.120.629  |
| Financial institution               | --                                       | --        | -- | -- | -- | 2.271.744  | 8.789.398   | 112.884     | 14.833    | 79.873                                   | 720       | -- | -- | -- | --     | 225.413    | 33.002.851 | 39.652.514  | 4.845.202   | 44.497.716  |
| Real estate and letting             |  |           |    |    |    |            |             |             |           |  |           |    |    |    |        |            |            |             |             |             |
| services                            | --                                       | 24.112    | -- | -- | -- | --         | 293.703     | 209.974     | 47.444    | 81.609                                   | 1.607     | -- | -- | -- | --     | 9          | --         | 649.415     | 9.043       | 658.458     |
| Self-employment                     |  |           |    |    |    |            |             |             |           |  |           |    |    |    |        |            |            |             |             |             |
| services                            | --                                       | --        | -- | -- | -- | --         | --          | --          | --        | --                                       | --        | -- | -- | -- | --     | --         | --         | --          | --          | --          |
| Education services                  | --                                       | 2.267     | -- | -- | -- | --         | 563.521     | 176.428     | 65.220    | 598.719                                  | 20.168    | -- | -- | -- | --     | 1          | --         | 1.409.338   | 16.986      | 1.426.324   |
| Health and social services          | --                                       | 1.070     | -- | -- | -- | --         | 2.025.093   | 227.765     | 40.226    | 282.383                                  | 119.873   | -- | -- | -- | --     | --         | --         | 1.324.492   | 1.371.918   | 2.696.410   |
| Other                               | 145.883.035                              | 2.125.776 | -- | -- | -- | 17.739.956 | 19.841.923  | 98.310.006  | 2.038.039 | 4.154.040                                | 1.041.931 | -- | -- | -- | 13.891 | 24.806.296 | 4.721.928  | 213.296.454 | 107.380.367 | 320.676.821 |
| Total                               | 146.302.862                              | 3.019.473 | -- | -- | -- | 20.011.866 | 139.604.599 | 136.034.033 | 6.816.817 | 25.963.920                               | 2.683.635 | -- | -- | -- | 13.891 | 25.032.019 | 37.727.579 | 351.752.405 | 191.458.289 | 543.210.694 |

<sup>(\*)</sup> Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

|   |   |
|---|---|
| <b>1:</b> Receivables from central governments and Central Banks                | <b>10:</b> Receivables secured by commercial mortgages Receivables secured by mortgages |
| <b>2:</b> Receivables from regional or local governments                        | <b>11:</b> Past due receivables Past due receivables                                    |
| <b>3:</b> Receivables from administrative bodies and non-commercial enterprises | <b>12:</b> Receivables defined in high risk category by BRSA                            |
| <b>4:</b> Receivables from multilateral development banks                       | <b>13:</b> Securities collateralized by mortgages                                       |
| <b>5:</b> Receivables from international organizations                          | <b>14:</b> Short-term receivables from banks, brokerage houses and corporate portfolio  |
| <b>6:</b> Receivables from banks and brokerage houses                           | <b>15:</b> Investments similar to collective investment funds                           |
| <b>7:</b> Receivables from corporate portfolio                                  | <b>16:</b> Other receivables  |
| <b>8:</b> Receivables from retail portfolio                                     | <b>17:</b> Equity investments   |
| <b>9:</b> Receivables secured by residential mortgages                          |   |

<sup>(\*\*)</sup> Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|                                   | Risk Classifications <sup>(*)</sup> (**) |           |    |    |    |            |            |            |           | Risk Classifications <sup>(*)</sup> (**) |           |    |    |    |        |            |            |             |             |             |
|-----------------------------------|--|-----------|----|----|----|------------|------------|------------|-----------|--|-----------|----|----|----|--------|------------|------------|-------------|-------------|-------------|
| Prior Period:<br>31 December 2021 | 1  | 2         | 3  | 4  | 5  | 6          | 7          | 8          | 9         | 10                                       | 11        | 12 | 13 | 14 | 15     | 16         | 17         | TL          | FC          | Total       |
| Agricultural                      | 173.351                                  | 50        | -- | -- | -- | --         | 1.193.177  | 14.469.904 | 305.004   | 2.352.926                                | 232.942   | -- | -- | -- | --     | 12         | --         | 18.346.143  | 381.223     | 18.727.366  |
| Farming and Cattle                | 173.351                                  | 50        | -- | -- | -- | --         | 1.193.032  | 14.450.970 | 301.937   | 2.351.969                                | 231.531   | -- | -- | -- | --     | 12         | --         | 18.321.629  | 381.223     | 18.702.852  |
| Forestry                          | --                                       | --        | -- | -- | -- | --         | --         | 2.733      | 1.907     | 148                                      | 7         | -- | -- | -- | --     | --         | --         | 4.795       | --          | 4.795       |
| Fishing                           | --                                       | --        | -- | -- | -- | --         | 145        | 16.201     | 1.160     | 809                                      | 1.404     | -- | -- | -- | --     | --         | --         | 19.719      | --          | 19.719      |
| Manufacturing                     | --                                       | --        | -- | -- | -- | --         | 26.636.263 | 3.217.615  | 340.554   | 2.238.485                                | 209.802   | -- | -- | -- | --     | 12         | --         | 9.349.567   | 23.293.164  | 32.642.731  |
| Mining                            | --                                       | --        | -- | -- | -- | --         | 1.283.354  | 193.920    | 24.661    | 55.547                                   | 6.359     | -- | -- | -- | --     | --         | --         | 557.456     | 1.006.385   | 1.563.841   |
| Production                        | --                                       | --        | -- | -- | -- | --         | 18.533.523 | 2.994.335  | 303.944   | 2.157.541                                | 131.335   | -- | -- | -- | --     | 12         | --         | 7.933.873   | 16.186.817  | 24.120.690  |
| Electric, Gas, Water              | --                                       | --        | -- | -- | -- | --         | 6.819.386  | 29.360     | 11.949    | 25.397                                   | 72.108    | -- | -- | -- | --     | --         | --         | 858.238     | 6.099.962   | 6.958.200   |
| Construction                      | --                                       | 885.000   | -- | -- | -- | 7          | 13.680.145 | 1.672.618  | 395.874   | 933.675                                  | 697.026   | -- | -- | -- | --     | 12         | 2.800      | 6.816.410   | 11.450.747  | 18.267.157  |
| Services                          | 83                                       | 19.516    | -- | -- | -- | 4.111.334  | 31.365.804 | 9.808.002  | 1.168.164 | 7.525.680                                | 1.563.667 | -- | -- | -- | 4.538  | 130.988    | 30.066.638 | 57.345.640  | 28.418.774  | 85.764.414  |
| Wholesale and Retail              |  |           |    |    |    |            |            |            |           |  |           |    |    |    |        |            |            |             |             |             |
| Trade                             | 83                                       | 3.414     | -- | -- | -- | --         | 10.276.657 | 7.659.658  | 785.698   | 1.670.762                                | 447.802   | -- | -- | -- | --     | 63         | --         | 13.471.556  | 7.372.581   | 20.844.137  |
| Hotel and Restaurant              |  |           |    |    |    |            |            |            |           |  |           |    |    |    |        |            |            |             |             |             |
| Services                          | --                                       | --        | -- | -- | -- | --         | 9.144.715  | 361.948    | 99.318    | 4.448.834                                | 884.372   | -- | -- | -- | --     | --         | --         | 2.686.704   | 12.252.483  | 14.939.187  |
| Transportation and                |  |           |    |    |    |            |            |            |           |  |           |    |    |    |        |            |            |             |             |             |
| telecommunication                 | --                                       | --        | -- | -- | -- | --         | 5.795.975  | 1.297.473  | 182.173   | 617.857                                  | 177.332   | -- | -- | -- | --     | 816        | --         | 3.143.177   | 4.928.449   | 8.071.626   |
| Financial institution             | --                                       | --        | -- | -- | -- | 4.111.334  | 3.646.469  | 92.085     | 8.764     | 21.171                                   | 1.001     | -- | -- | -- | 4.538  | 130.103    | 30.056.638 | 35.446.806  | 2.625.297   | 38.072.103  |
| Real estate and letting           |  |           |    |    |    |            |            |            |           |  |           |    |    |    |        |            |            |             |             |             |
| services                          | --                                       | 10.427    | -- | -- | -- | --         | 190.960    | 105.530    | 17.647    | 19.180                                   | 3.694     | -- | -- | -- | --     | 6          | 10.000     | 267.942     | 89.502      | 357.444     |
| Self-employment                   |  |           |    |    |    |            |            |            |           |  |           |    |    |    |        |            |            |             |             |             |
| services                          | --                                       | --        | -- | -- | -- | --         | --         | --         | --        | --                                       | --        | -- | -- | -- | --     | --         | --         | --          | --          | --          |
| Education services                | --                                       | 4.937     | -- | -- | -- | --         | 474.897    | 161.242    | 53.952    | 443.962                                  | 26.288    | -- | -- | -- | --     | --         | --         | 1.152.132   | 13.146      | 1.165.278   |
| Health and social services        | --                                       | 738       | -- | -- | -- | --         | 1.836.131  | 130.066    | 20.612    | 303.914                                  | 23.178    | -- | -- | -- | --     | --         | --         | 1.177.323   | 1.137.316   | 2.314.639   |
| Other                             | 61.954.887                               | 2.467.768 | -- | -- | -- | 9.019.957  | 8.921.585  | 55.472.911 | 1.351.558 | 1.963.041                                | 1.436.981 | -- | -- | -- | 17.152 | 11.956.071 | 662.313    | 96.329.714  | 58.894.510  | 155.224.224 |
| Total                             | 62.128.321                               | 3.372.334 | -- | -- | -- | 13.131.298 | 81.796.974 | 84.641.050 | 3.561.154 | 15.013.807                               | 4.140.418 | -- | -- | -- | 21.690 | 12.087.095 | 30.731.751 | 188.187.474 | 122.438.418 | 310.625.892 |

(\*) Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

|   |   |
|---|---|
| <b>1:</b> Receivables from central governments and Central Banks                | <b>10:</b> Receivables secured by commercial mortgages Receivables secured by mortgages |
| <b>2:</b> Receivables from regional or local governments                        | <b>11:</b> Past due receivables Past due receivables                                    |
| <b>3:</b> Receivables from administrative bodies and non-commercial enterprises | <b>12:</b> Receivables defined in high risk category by BRSA                            |
| <b>4:</b> Receivables from multilateral development banks                       | <b>13:</b> Securities collateralized by mortgages                                       |
| <b>5:</b> Receivables from international organizations                          | <b>14:</b> Short-term receivables from banks, brokerage houses and corporate portfolio  |
| <b>6:</b> Receivables from banks and brokerage houses                           | <b>15:</b> Investments similar to collective investment funds                           |
| <b>7:</b> Receivables from corporate portfolio                                  | <b>16:</b> Other receivables  |
| <b>8:</b> Receivables from retail portfolio                                     | <b>17:</b> Equity investments   |
| <b>9:</b> Receivables secured by residential mortgages                          |   |

(\*\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.



NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## m. Analysis of maturity-bearing exposures according to remaining maturities

## Current Period

| Risk classifications   | Undistri-<br>buted <sup>(*)</sup> | 1<br>month         | 1-3<br>months     | 3-6<br>months     | 6-12<br>months    | Over<br>1 Year     |
|--|-----------------------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| 1 Receivables from central governments and Central Banks                       | 27.202.454                        | 41.156.789         | --                | --                | --                | 77.943.619         |
| 2 Receivables from regional or local governments                               | --                                | 10.774             | 7.067             | 51.896            | 232.652           | 2.717.084          |
| 3 Receivables from administrative bodies and non-commercial enterprises        | --                                | --                 | --                | --                | --                | --                 |
| 4 Receivables from multilateral development banks                              | --                                | --                 | --                | --                | --                | --                 |
| 5 Receivables from international organizations                                 | --                                | --                 | --                | --                | --                | --                 |
| 6 Receivables from banks and brokerage houses                                  | 5.655.703                         | 2.846.037          | 1.020.783         | 1.956.827         | 3.519.597         | 5.012.919          |
| 7 Receivables from corporate portfolio   | --                                | 15.698.247         | 16.758.865        | 18.329.179        | 26.526.179        | 62.292.129         |
| 8 Receivables from retail portfolio  | 2                                 | 45.538.210         | 6.172.883         | 8.514.540         | 30.223.300        | 45.585.098         |
| 9 Receivables secured by residential mortgages                                 | 4                                 | 485.436            | 812.315           | 1.105.087         | 1.826.827         | 2.587.148          |
| 10 Receivables secured by commercial mortgages                                 | 17                                | 1.048.333          | 1.686.066         | 2.541.829         | 4.782.407         | 15.905.268         |
| 11 Past due receivables  | 2.683.635                         | --                 | --                | --                | --                | --                 |
| 12 Receivables defined in high risk category by BRSA                           | --                                | --                 | --                | --                | --                | --                 |
| 13 Securities collateralized by mortgages                                      | --                                | --                 | --                | --                | --                | --                 |
| 14 Short-term receivables from banks, brokerage houses and corporate portfolio | --                                | --                 | --                | --                | --                | --                 |
| 15 Investments similar to collective investment funds                          | --                                | 1.304              | --                | --                | 12.587            | --                 |
| 16 Other receivables   | 24.945.017                        | 87.002             | --                | --                | --                | --                 |
| 17 Equity investments  | 37.727.579                        | --                 | --                | --                | --                | --                 |
| <b>18 Total</b>  | <b>98.214.411</b>                 | <b>106.872.132</b> | <b>26.457.979</b> | <b>32.499.358</b> | <b>67.123.549</b> | <b>212.043.265</b> |

<sup>(\*)</sup> Amounts without maturities are included.NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## Prior Period

| Risk classifications   | Undistri-<br>buted <sup>(*)</sup> | 1<br>month        | 1-3<br>months     | 3-6<br>months     | 6-12<br>months    | Over<br>1 Year     |
|--|-----------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| 1 Receivables from central governments and Central Banks                       | 16.185.460                        | 21.218.707        | 852.467           | 35.451            | --                | 23.836.236         |
| 2 Receivables from regional or local governments                               | --                                | 2.053             | 2.185             | 2.552             | 60.687            | 3.304.857          |
| 3 Receivables from administrative bodies and non-commercial enterprises        | --                                | --                | --                | --                | --                | --                 |
| 4 Receivables from multilateral development banks                              | --                                | --                | --                | --                | --                | --                 |
| 5 Receivables from international organizations                                 | --                                | --                | --                | --                | --                | --                 |
| 6 Receivables from banks and brokerage houses                                  | 3.609.678                         | 2.976.345         | 558.265           | 1.083.668         | 1.227.838         | 3.675.504          |
| 7 Receivables from corporate portfolio   | --                                | 11.008.290        | 6.909.751         | 6.668.964         | 12.988.722        | 44.221.247         |
| 8 Receivables from retail portfolio  | --                                | 22.265.268        | 3.404.100         | 4.747.368         | 16.232.189        | 37.992.125         |
| 9 Receivables secured by residential mortgages                                 | 2                                 | 198.691           | 285.428           | 308.766           | 647.421           | 2.120.846          |
| 10 Receivables secured by commercial mortgages                                 | 16                                | 507.535           | 636.558           | 804.998           | 2.165.626         | 10.899.074         |
| 11 Past due receivables  | 3.703.124                         | 70.645            | 476               | 25.115            | 19.715            | 321.343            |
| 12 Receivables defined in high risk category by BRSA                           | --                                | --                | --                | --                | --                | --                 |
| 13 Securities collateralized by mortgages                                      | --                                | --                | --                | --                | --                | --                 |
| 14 Short-term receivables from banks, brokerage houses and corporate portfolio | --                                | --                | --                | --                | --                | --                 |
| 15 Investments similar to collective investment funds                          | --                                | 11.249            | 10.441            | --                | --                | --                 |
| 16 Other receivables   | 12.007.204                        | 79.891            | --                | --                | --                | --                 |
| 17 Equity investments  | 30.731.751                        | --                | --                | --                | --                | --                 |
| <b>18 Total</b>  | <b>66.237.235</b>                 | <b>58.338.674</b> | <b>12.659.671</b> | <b>13.676.882</b> | <b>33.342.198</b> | <b>126.371.232</b> |

<sup>(\*)</sup> Amounts without maturities are included.

## n. Information on risk class

Ratings issued by Fitch, international credit rating agency, are being used in determining risk weights for the regulatory calculation of capital adequacy.

The scope of asset classes that the credit ratings are considered are receivables from central governments or central bank, receivables from banks and brokerage houses as being limited with those residing abroad and corporate receivables from residing abroad.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)  
(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

| Current Period       |             | Risk Classifications                                  |  |  |                       |
|----------------------|-------------|---|--|--|-----------------------|
| Credit Quality Grade | Risk Rating | Receivables from Banks and Brokerage Houses           |  |  |                       |
|                      | Fitch       | Receivables from Central Governments or Central Banks | Receivables with Remaining Maturities Less Than 3 Months | Receivables with Remaining Maturities More Than 3 Months | Corporate Receivables |
| 1                    | AAA         | %0  | %20  | %20  | %20                   |
|                      | AA+         |   |  |  |                       |
|                      | AA          |   |  |  |                       |
|                      | AA-         |   |  |  |                       |
| 2                    | A+          | %20   | %20  | %50  | %50                   |
|                      | A           |   |  |  |                       |
|                      | A-          |   |  |  |                       |
| 3                    | BBB+        | %50   | %20  | %50  | %100                  |
|                      | BBB         |   |  |  |                       |
|                      | BBB-        |   |  |  |                       |
| 4                    | BB+         | %100  | %50  | %100   | %100                  |
|                      | BB          |   |  |  |                       |
|                      | BB-         |   |  |  |                       |
| 5                    | B+          | %100  | %50  | %100   | %150                  |
|                      | B           |   |  |  |                       |
|                      | B-          |   |  |  |                       |
| 6                    | CCC         | %150  | %150   | %150   | %150                  |
|                      | CC          |   |  |  |                       |
|                      | C           |   |  |  |                       |
|                      | D           |   |  |  |                       |

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)  
(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

| Prior Period         |             | Risk Classifications                                  |  |  |                       |
|----------------------|-------------|---|--|--|-----------------------|
| Credit Quality Grade | Risk Rating | Receivables from Banks and Brokerage Houses           |  |  |                       |
|                      | Fitch       | Receivables from Central Governments or Central Banks | Receivables with Remaining Maturities Less Than 3 Months | Receivables with Remaining Maturities More Than 3 Months | Corporate Receivables |
| 1                    | AAA         | 0%  | 20%  | 20%  | 20%                   |
|                      | AA+         |   |  |  |                       |
|                      | AA          |   |  |  |                       |
|                      | AA-         |   |  |  |                       |
| 2                    | A+          | 20%   | 20%  | 50%  | 50%                   |
|                      | A           |   |  |  |                       |
|                      | A-          |   |  |  |                       |
| 3                    | BBB+        | 50%   | 20%  | 50%  | 100%                  |
|                      | BBB         |   |  |  |                       |
|                      | BBB-        |   |  |  |                       |
| 4                    | BB+         | 100%  | 50%  | 100%   | 100%                  |
|                      | BB          |   |  |  |                       |
|                      | BB-         |   |  |  |                       |
| 5                    | B+          | 100%  | 50%  | 100%   | 150%                  |
|                      | B           |   |  |  |                       |
|                      | B-          |   |  |  |                       |
| 6                    | CCC         | 150%  | 150%   | 150%   | 150%                  |
|                      | CC          |   |  |  |                       |
|                      | C           |   |  |  |                       |
|                      | D           |   |  |  |                       |

o. Exposures by risk weights

Current Period

| Risk Weight                             | %0          | %10 | %20        | %35       | %50        | %75        | %100        | %150       | %200       | %250 | Other Risk Weights | Equity Deduction |
|---|-------------|-----|------------|-----------|------------|------------|-------------|------------|------------|------|--------------------|------------------|
| Exposures before Credit Risk Mitigation | 150.686.468 | --  | 14.370.535 | --        | 10.311.796 | 94.055.841 | 229.104.417 | 34.119.062 | 9.975.379  | --   | 587.196            | 2.287.713        |
| Exposures after Credit Risk Mitigation  | 154.073.897 | --  | 14.370.535 | 6.529.569 | 33.207.059 | 80.645.618 | 200.177.310 | 34.058.403 | 10.458.101 | --   | 587.196            | 2.287.713        |

Prior Period

| Risk Weight                             | 0%         | 10% | 20%       | 35%       | 50%        | 75%        | 100%        | 150%       | 200% | 250% | Other Risk Weights | Equity Deduction |
|---|------------|-----|-----------|-----------|------------|------------|-------------|------------|------|------|--------------------|------------------|
| Exposures before Credit Risk Mitigation | 66.025.737 | --  | 8.215.312 | --        | 10.600.513 | 71.874.141 | 139.855.405 | 14.054.784 | --   | --   | --                 | 1.839.182        |
| Exposures after Credit Risk Mitigation  | 70.349.428 | --  | 8.215.133 | 3.464.688 | 23,075.773 | 63.041.238 | 125.669.553 | 13.890.348 | --   | --   | --                 | 1.839.182        |



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### p. Information by major sectors and type of counterparties <sup>(\*)</sup>

| Current Period                     | Loans <sup>(**)</sup>                         | Provisions   |
|------------------------------------|---|--|
|                                    | Impaired (TFRS 9)                             |  |
|                                    | Significant Increase in Credit Risk (Stage 2) | Credit Impaired (Stage 3)                                    |
| Important Sectors/Counterparties   |   | Provision for Expected Credit Loss (TFRS 9) <sup>(***)</sup> |
| <b>Agricultural</b>                | <b>2.516.970</b>                              | <b>950.436</b>   |
| Farming and Cattle                 | 2.515.517                                     | 949.600  |
| Forestry                           | 1.134   | 518  |
| Fishing                            | 319   | 318  |
| <b>Manufacturing</b>               | <b>5.759.320</b>                              | <b>5.455.710</b>   |
| Mining                             | 15.862  | 128.574  |
| Production                         | 932.524                                       | 1.574.279  |
| Electric, Gas, Water               | 4.810.934                                     | 3.752.857  |
| <b>Construction</b>                | <b>3.303.084</b>                              | <b>1.191.143</b>   |
| <b>Services</b>                    | <b>12.694.475</b>                             | <b>6.142.698</b>   |
| Wholesale and Retail Trade         | 4.143.554                                     | 1.976.261  |
| Hotel and Restaurant Services      | 6.934.293                                     | 1.541.999  |
| Transportation & telecommunication | 1.263.493                                     | 546.729  |
| Financial institutions             | 11.202  | 3.298  |
| Real estate and letting services   | 94.424  | 1.321.223  |
| Self-employment services           | 122.107                                       | 127.490  |
| Education services                 | 77.000  | 102.927  |
| Health and social services         | 48.402  | 522.771  |
| <b>Other</b>                       | <b>9.501.479</b>                              | <b>2.936.640</b>   |
| <b>Total</b>                       | <b>33.775.328</b>                             | <b>16.676.627</b>  |

<sup>(\*)</sup> The balances of loans at fair value through profit or loss are not included.<sup>(\*\*)</sup> Cash loans are given.<sup>(\*\*\*)</sup> Includes the second and third stage provisions.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

| Prior Period                       | Loans <sup>(**)</sup>                         | Provisions   |
|------------------------------------|---|--|
|                                    | Impaired (TFRS 9)                             |  |
|                                    | Significant Increase in Credit Risk (Stage 2) | Credit Impaired (Stage 3)                                    |
| Important Sectors/Counterparties   |   | Provision for Expected Credit Loss (TFRS 9) <sup>(***)</sup> |
| <b>Agricultural</b>                | <b>3.367.594</b>                              | <b>1.973.995</b>   |
| Farming and Cattle                 | 3.349.899                                     | 1.973.257  |
| Forestry                           | 16.992  | 153  |
| Fishing                            | 703   | 585  |
| <b>Manufacturing</b>               | <b>7.198.634</b>                              | <b>3.389.020</b>   |
| Mining                             | 61.815  | 82.170   |
| Production                         | 2.469.826                                     | 1.488.356  |
| Electric, Gas, Water               | 4.666.993                                     | 1.818.494  |
| <b>Construction</b>                | <b>2.133.431</b>                              | <b>1.394.365</b>   |
| <b>Services</b>                    | <b>10.321.448</b>                             | <b>5.681.554</b>   |
| Wholesale and Retail Trade         | 3.145.290                                     | 1.436.817  |
| Hotel and Restaurant Services      | 5.409.475                                     | 1.810.846  |
| Transportation & telecommunication | 1.021.449                                     | 497.097  |
| Financial institutions             | 11.682  | 7.646  |
| Real estate and letting services   | 332.890                                       | 1.533.963  |
| Self-employment services           | 93.969  | 126.104  |
| Education services                 | 51.572  | 100.997  |
| Health and social services         | 255.121                                       | 168.084  |
| <b>Other</b>                       | <b>7.882.322</b>                              | <b>2.778.572</b>   |
| <b>Total</b>                       | <b>30.903.429</b>                             | <b>15.217.506</b>  |

<sup>(\*)</sup> The balances of loans at fair value through profit or loss are not included.<sup>(\*\*)</sup> Cash loans are given.<sup>(\*\*\*)</sup> Includes the second and third stage provisions.

### q. Information on movements in valuation adjustments and provisions

| Current Period:<br>31 December 2022                        | Opening Balance<br>1 January 2022 | Charge<br>for the period | Other<br>Adjustments <sup>(*)</sup> | Closing<br>Balance |
|--|-----------------------------------|--------------------------|-------------------------------------|--------------------|
| Default (Third Stage/Specific Provision)                   | 10.807.399                        | 5.372.113                | (2.854.208)                         | 13.325.304         |
| 12 Months Provision for Expected Credit Loss (First Stage) | 2.156.402                         | 834.847                  | 904.316                             | 3.895.565          |
| Significant Increase in Credit Risk (Second Stage)         | 8.924.015                         | (802.643)                | 1.886.420                           | 10.007.792         |

<sup>(\*)</sup> Includes sales made from non-performing loans, write-off and foreign exchange differences.

| Prior Period:<br>31 December 2021                          | Opening Balance<br>1 January 2021 | Charge<br>for the period | Other<br>Adjustments <sup>(*)</sup> | Closing<br>Balance |
|--|-----------------------------------|--------------------------|-------------------------------------|--------------------|
| Default (Third Stage/Specific Provision)                   | 7.939.398                         | 2.430.779                | 437.222                             | 10.807.399         |
| 12 Months Provision for Expected Credit Loss (First Stage) | 966.707                           | 1.228.692                | (38.997)                            | 2.156.402          |
| Significant Increase in Credit Risk (Second Stage)         | 5.205.339                         | 3.141.823                | 576.853                             | 8.924.015          |

<sup>(\*)</sup> Includes sales made from non-performing loans, write-off and foreign exchange differences.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### r. Information on cyclical capital buffer calculation:

#### Current Period

| Country of ultimate risk | Private sector<br>credit exposure<br>in banking book | Risk weighted<br>equivalent<br>trading book | Total       |
|--------------------------|--|---|-------------|
| Turkey                   | 312.694.423  | 386.619                                     | 313.081.042 |
| Austria                  | 27.659.203   | --  | 27.659.203  |
| Cyprus                   | 1.218.144  | --  | 1.218.144   |
| Malta                    | 900.016  | --  | 900.016     |
| Other                    | 8.783.813  | --  | 8.783.813   |

#### Prior Period

| Country of ultimate risk | Private sector<br>credit exposure<br>in banking book | Risk weighted<br>equivalent<br>trading book | Total       |
|--------------------------|--|---|-------------|
| Turkey                   | 174.889.733  | 271.446                                     | 175.161.179 |
| Austria                  | 26.148.700   | --  | 26.148.700  |
| Cyprus                   | 703.287  | --  | 703.287     |
| Malta                    | 693.120  | --  | 693.120     |
| Other                    | 4.851.768  | --  | 4.851.768   |

### III. Explanations related to the foreign currency exchange rate risk

#### a. Foreign exchange rate risk the Bank is exposed to, related impact estimations, and the limits set by the Board of Directors of the Bank for positions which are monitored daily

Foreign currency risk arises from the Bank's net foreign exchange position arising from foreign currency in balance sheet and off-balance sheet assets and liabilities. Against foreign currency risk, the Bank performs foreign currency transactions, as well as foreign currency transactions. Foreign currency indexed transactions are also accepted in foreign currency in the management of exchange rate risk.

The management and follow-up of currency risk has been handled through separate processes for trading and banking accounts. In the management of the position arising from trading accounts, risk-based value-at-risk limit, position limits, option sensitivity limits and stop loss limits are defined and monitored daily. The limit system was formed in two levels by the Board of Directors and the Asset-Liability Committee.

The ultimate responsibility for the management of currency risk arising from banking accounts lies in the Asset-Liability Committee ("ALCO"). Positions are constantly monitored and transactions are carried out in line with the strategy determined by ALCO. In addition to the legal limits, the limits determined by the Board of Directors on the basis of total and foreign currency are taken into account in managing the exchange rate risk.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### b. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives

In accordance with TFRS 9, Bank applies net investment hedge accounting to avoid foreign currency exchange rate risk arising from translation of its foreign investments in its unconsolidated financial statements.

Information relating to investment hedge to avoid foreign currency exchange rate risk arising from retranslation of its foreign investments are explained in Section Four, note VIII-a.

### c. Foreign currency risk management policy

The procedures and principles regarding the management of currency risk have been written down in the Currency Risk Policy. The limit system, which is the most important element of the Bank's risk management policy, is reviewed once a year and approved by the Board of Directors, considering the general economic situation and developments in the markets.

### d. The Bank's current foreign exchange buying rates announced to the public as of the financial statement date and for the last five working days before that date

|   |            |
|---|------------|
| US Dollar purchase rate at the balance sheet date | TL 18,6983 |
| Euro purchase rate at the balance sheet date      | TL 19,9349 |

| Date             | US Dollar | Euro    |
|------------------|-----------|---------|
| 26 December 2022 | 18,6649   | 19,8324 |
| 27 December 2022 | 18,6813   | 19,9087 |
| 28 December 2022 | 18,6964   | 19,8946 |
| 29 December 2022 | 18,6966   | 19,8816 |
| 30 December 2022 | 18,6983   | 19,9349 |

### e. The simple arithmetic average of the Bank's current foreign exchange buying rate for the last thirty days from the date of the financial statements

The arithmetical average US Dollar and Euro purchase rates for December 2022 are TL 18,6395 and TL 19,7374 respectively.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### f. Information on currency risk

| Current Period   | EURO                | USD                 | Other FC <sup>(5)</sup> | Total                |
|--|---------------------|---------------------|-------------------------|----------------------|
| <b>Assets</b>  |                     |                     |                         |                      |
| Cash Equivalents and Central Bank Banks <sup>(1)</sup>                     | 34.365.412          | 35.669.716          | 7.377.024               | <b>77.412.152</b>    |
| Financial Assets at Fair Value through Profit or Loss (Net) <sup>(2)</sup> | 426.657             | 3.439.951           | 12.480                  | <b>3.879.088</b>     |
| Due from Money Markets   | --                  | --                  | --                      | <b>--</b>            |
| Financial Assets at Fair Value through Other Comprehensive Income          | 1.694.427           | 28.347.041          | --                      | <b>30.041.468</b>    |
| Loans <sup>(3)</sup>   | 62.649.412          | 30.669.290          | 2.411.300               | <b>95.730.002</b>    |
| Investments in Associates, Subsidiaries and Joint Ventures                 | 28.429.905          | 2.258.732           | --                      | <b>30.688.637</b>    |
| Financial Assets Measured at Amortised Cost                                | --                  | 5.880.981           | --                      | <b>5.880.981</b>     |
| Hedging Derivative Financial Assets  | --                  | --                  | --                      | <b>--</b>            |
| Tangible Fixed Assets  | --                  | 187                 | 58                      | <b>245</b>           |
| Intangible Fixed Assets  | --                  | --                  | --                      | <b>--</b>            |
| Other Assets <sup>(4)</sup>  | 402.811             | 1.846.701           | 566.735                 | <b>2.816.247</b>     |
| <b>Total Assets</b>  | <b>128.982.960</b>  | <b>113.078.787</b>  | <b>11.876.203</b>       | <b>253.937.950</b>   |
| <b>Liabilities</b>   |                     |                     |                         |                      |
| Bank Deposits  | 15.132.158          | 1.467.353           | 3.739.463               | <b>20.338.974</b>    |
| Foreign Currency Deposits  | 46.531.572          | 96.052.090          | 23.125.591              | <b>165.709.253</b>   |
| Due to Money Markets   | 153.269             | 12.276.413          | --                      | <b>12.429.682</b>    |
| Funds Borrowed   | 21.273.114          | 37.811.907          | 2.821.048               | <b>61.906.069</b>    |
| Securities Issued  | 572.855             | --                  | 1.602.856               | <b>2.175.711</b>     |
| Miscellaneous Payables   | --                  | --                  | --                      | <b>--</b>            |
| Hedging Derivative Financial Liabilities                                   | --                  | --                  | --                      | <b>--</b>            |
| Other Liabilities <sup>(6)</sup>   | 2.531.095           | 6.856.625           | 194.603                 | <b>9.582.323</b>     |
| <b>Total Liabilities</b>   | <b>86.194.063</b>   | <b>154.464.388</b>  | <b>31.483.561</b>       | <b>272.142.012</b>   |
| <b>Net on Balance Sheet Position</b>                                       | <b>42.788.897</b>   | <b>(41.385.601)</b> | <b>(19.607.358)</b>     | <b>(18.204.062)</b>  |
| <b>Net off-Balance Sheet Position <sup>(7)</sup></b>                       | <b>(46.007.809)</b> | <b>42.364.028</b>   | <b>18.504.801</b>       | <b>14.861.020</b>    |
| Financial Derivative Assets  | 7.275.646           | 106.888.791         | 23.599.771              | <b>137.764.208</b>   |
| Financial Derivative Liabilities   | (53.283.455)        | (64.524.763)        | (5.094.970)             | <b>(122.903.188)</b> |
| <b>Net Positions</b>   | <b>(3.218.912)</b>  | <b>978.427</b>      | <b>(1.102.557)</b>      | <b>(3.343.042)</b>   |
| Non Cash Loans   | 22.480.374          | 27.937.255          | 2.331.854               | <b>52.749.483</b>    |
| <b>Prior Period</b>  |                     |                     |                         |                      |
| Total Assets   | 90.136.014          | 71.733.755          | 9.078.111               | <b>170.947.880</b>   |
| Total Liabilities  | 64.289.948          | 112.377.623         | 25.823.818              | <b>202.491.389</b>   |
| <b>Net on Balance Sheet Position</b>                                       | <b>25.846.066</b>   | <b>(40.643.868)</b> | <b>(16.745.707)</b>     | <b>(31.543.509)</b>  |
| <b>Net off-Balance Sheet Position</b>                                      | <b>(22.548.402)</b> | <b>43.125.007</b>   | <b>16.779.558</b>       | <b>37.356.163</b>    |
| Financial Derivative Assets  | 22.900.497          | 88.242.651          | 20.464.340              | <b>131.607.488</b>   |
| Financial Derivative Liabilities   | (45.448.899)        | (45.117.644)        | (3.684.782)             | <b>(94.251.325)</b>  |
| <b>Net Positions</b>   | <b>3.297.664</b>    | <b>2.481.139</b>    | <b>33.851</b>           | <b>5.812.654</b>     |
| Non Cash Loans   | 21.899.202          | 27.322.834          | 2.302.291               | <b>51.524.327</b>    |

<sup>(1)</sup> First and second stage banks' provision amounting to TL 256 are not included.<sup>(2)</sup> Foreign currency differences of derivative financial assets amounting to TL 2.249.205 are excluded.<sup>(3)</sup> Foreign currency indexed loans amounting to TL 479.487 are included. Stage 1 and Stage 2 loan provisions amounting to TL (8.273.915) and TL (716) first and second stage expected loss provisions held to maturity are not included.<sup>(4)</sup> Prepaid expenses amounting to TL 20.371 and stage 1 and stage 2 provisions amounting to TL (15.970) are not included.<sup>(5)</sup> There are gold balances amounting to TL 9.846.814 under total assets and TL 14.344.438 in total liabilities.<sup>(6)</sup> FX equity amounting to TL (2.241.282), foreign exchange rate differences related to derivative financial liabilities amounting to TL 2.341.711 and stage 1 and stage 2 provisions amounting to TL 507.953 are not included.<sup>(7)</sup> Net amount of receivables and liabilities from financial derivatives is shown on the table. Spot foreign exchange buy/sale transactions that are reported under the "Asset Purchase Commitments" are included in "Net Off-Balance Sheet Position".

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### g. Information on currency risk exposures

In the event TL loses 10% in value against the currencies below, the increase and decrease in equities and statement of profit or loss (excluding tax effect) as of 31 December 2022 and 2021 are shown in the table below. This analysis has been prepared under the assumption that all other variables, especially interest rates, to be constant.

|                    | Current Period     | Prior Period     |                    |                |
|--------------------|--------------------|------------------|--------------------|----------------|
|                    | Period Profit/Loss | Equity           | Period Profit/Loss | Equity         |
| USD                | 313.205            | 92.660           | 133.037            | 5.906          |
| Euro               | (242.725)          | (246.308)        | 135.263            | 128.650        |
| <b>Total (Net)</b> | <b>70.480</b>      | <b>(153.648)</b> | <b>268.300</b>     | <b>134.556</b> |

### IV. Explanations related to the interest rate risk

Interest rate risk arises from mismatch between the repricing dates of the assets, liabilities and off-balance sheet items (for floating-rate products) or maturities (for fixed-rate products). Although this mismatch is a structural situation in the banking system, it may affect the bank's interest income and expense and the economic value of the balance sheet if there are unexpected changes in interest rates.

The ultimate responsibility for managing the interest rate risk is in the Asset and Liability Committee (ALCO). However, the Treasury and Asset Liability and Capital Management units are responsible for identifying the most appropriate strategies for interest rate risk management and recommending them to decision makers. There are limits approved by the Board of Directors for the control of interest rate risk.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**a. Interest rate sensitivity of assets, liabilities and off-balance sheet items (In terms of time remaining for repricing):**

| End of The Current Period   | Up to 1<br>Month   | 1 - 3<br>Month      | 3 - 12<br>Month   | 1 - 5<br>Year     | 5 Years<br>and Over | Non-<br>Interest<br>Bearing | Total                |
|---|--------------------|---------------------|-------------------|-------------------|---------------------|-----------------------------|----------------------|
| <b>Assets</b>   |                    |                     |                   |                   |                     |                             |                      |
| Cash Equivalents and Central Bank                                 | --                 | --                  | --                | --                | --                  | 86.116.286                  | <b>86.116.286</b>    |
| Banks <sup>(1)</sup>  | 745.854            | --                  | --                | --                | --                  | 7.739.432                   | <b>8.485.286</b>     |
| Financial Assets at Fair Value through Profit or Loss             | 33.528             | 23.685              | 198.155           | 461.144           | 678.945             | 6.844.596                   | <b>8.240.053</b>     |
| Due from Money Markets  | --                 | --                  | --                | --                | --                  | --                          | <b>--</b>            |
| Financial Assets at Fair Value through Other Comprehensive Income | 5.909.823          | 16.407.950          | 14.536.553        | 18.430.340        | 15.872.328          | 950                         | <b>71.157.944</b>    |
| Loans <sup>(4)</sup>  | 139.550.087        | 10.408.326          | 39.809.393        | 63.002.074        | 17.718.096          | 3.351.323                   | <b>273.839.299</b>   |
| Financial Assets Measured at Amortised Cost <sup>(2)</sup>        | 865                | 7.454.135           | 3.268.047         | 5.432.157         | 870.000             | --                          | <b>17.025.204</b>    |
| Other Assets <sup>(3)</sup>                                       | --                 | --                  | --                | 455.373           | --                  | 60.975.304                  | <b>61.430.677</b>    |
| <b>Total Assets</b>   | <b>146.240.157</b> | <b>34.294.096</b>   | <b>57.812.148</b> | <b>87.781.088</b> | <b>35.139.369</b>   | <b>165.027.891</b>          | <b>526.294.749</b>   |
| <b>Liabilities</b>  |                    |                     |                   |                   |                     |                             |                      |
| Bank Deposits   | 8.292.268          | 12.241.534          | 339.349           | --                | --                  | 791.272                     | <b>21.664.423</b>    |
| Other Deposits  | 135.936.441        | 65.392.956          | 22.245.025        | 152.950           | --                  | 108.209.305                 | <b>331.936.677</b>   |
| Due to Money Markets  | 2.254.223          | 3.013.873           | 7.249.188         | --                | --                  | --                          | <b>12.517.284</b>    |
| Miscellaneous Payables  | --                 | --                  | --                | --                | --                  | --                          | <b>--</b>            |
| Securities Issued   | --                 | 536.238             | 1.704.496         | --                | --                  | --                          | <b>2.240.734</b>     |
| Funds Borrowed  | 4.948.309          | 23.892.240          | 18.854.546        | 280.648           | 14.561.850          | 1.358                       | <b>62.538.951</b>    |
| Other Liabilities <sup>(5)</sup>                                  | 49.389             | 373.966             | 1.252.786         | 555.470           | --                  | 93.165.069                  | <b>95.396.680</b>    |
| <b>Total Liabilities</b>  | <b>151.480.630</b> | <b>105.450.807</b>  | <b>51.645.390</b> | <b>989.068</b>    | <b>14.561.850</b>   | <b>202.167.004</b>          | <b>526.294.749</b>   |
| <b>Off-balance Sheet Items</b>                                    |                    |                     |                   |                   |                     |                             |                      |
| Balance Sheet Long Position                                       | --                 | --                  | 6.166.758         | 86.792.020        | 20.577.519          | --                          | <b>113.536.297</b>   |
| Balance Sheet Short Position                                      | (5.240.473)        | (71.156.711)        | --                | --                | --                  | (37.139.113)                | <b>(113.536.297)</b> |
| Off-balance Sheet Long Position                                   | 108.932.561        | 51.780.662          | 31.167.101        | 7.173.553         | 10.704.709          | --                          | <b>209.758.586</b>   |
| Off-balance Sheet Short Position                                  | (110.233.583)      | (50.954.048)        | (22.464.442)      | (18.699.619)      | (12.925.616)        | --                          | <b>(215.277.308)</b> |
| <b>Total Position</b>   | <b>(6.541.495)</b> | <b>(70.330.097)</b> | <b>14.869.417</b> | <b>75.265.954</b> | <b>18.356.612</b>   | <b>(37.139.113)</b>         | <b>(5.518.722)</b>   |

<sup>(1)</sup> Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (315).<sup>(2)</sup> Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (2.192).<sup>(3)</sup> Other assets/non-interest bearing column includes; tangible assets, intangible assets, investments in associates, tax asset, assets to be disposed, the provisions for ehxpected credit loss of other assets and other assets with balances of TL 1.013.260, TL 1.293.730, TL 37.726.629, TL 4.140.119, TL 6.505.370, TL (22.188) and TL 10.318.024, respectively.<sup>(4)</sup> Stage 3 loans are presented netted in "non-interest bearing" column.<sup>(5)</sup> Other liabilities/non-interest bearing column includes; shareholders' equity, other liabilities, provisions, tax liabilities and derivative financial liabilities amounting to TL 54.510.598, TL 22.125.517, TL 10.019.396, TL 2.985.921 and TL 3.523.637, respectively.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| End of The Prior Period   | Up to 1<br>Month   | 1 - 3<br>Month      | 3 - 12<br>Month    | 1 - 5<br>Year     | 5 Years<br>and Over | Non-<br>Interest<br>Bearing | Total                |
|---|--------------------|---------------------|--------------------|-------------------|---------------------|-----------------------------|----------------------|
| <b>Assets</b>   |                    |                     |                    |                   |                     |                             |                      |
| Cash Equivalents and Central Bank                                 | 4.183.263          | --                  | --                 | --                | --                  | 47.025.134                  | <b>51.208.397</b>    |
| Banks <sup>(1)</sup>  | 553.333            | --                  | --                 | --                | --                  | 5.357.917                   | <b>5.911.250</b>     |
| Financial Assets at Fair Value through Profit or Loss             | 28.621             | 8.667               | 783.004            | 46.704            | 61.375              | 8.171.468                   | <b>9.099.839</b>     |
| Due from Money Markets  | 219.738            | --                  | --                 | --                | --                  | --                          | <b>219.738</b>       |
| Financial Assets at Fair Value through Other Comprehensive Income | 1.894.254          | 2.211.072           | 3.914.597          | 4.337.370         | 11.064.305          | 466                         | <b>23.422.064</b>    |
| Loans <sup>(4)</sup>  | 72.185.663         | 7.329.879           | 18.478.371         | 50.556.906        | 14.471.936          | 4.410.107                   | <b>167.432.862</b>   |
| Financial Assets Measured at Amortised Cost <sup>(2)</sup>        | 176.380            | 680.750             | 1.853.151          | 4.413.760         | --                  | --                          | <b>7.124.041</b>     |
| Other Assets <sup>(3)</sup>                                       | --                 | --                  | --                 | 399.170           | --                  | 43.902.103                  | <b>44.301.273</b>    |
| <b>Total Assets</b>   | <b>79.241.252</b>  | <b>10.230.368</b>   | <b>25.029.123</b>  | <b>59.753.910</b> | <b>25.597.616</b>   | <b>108.867.195</b>          | <b>308.719.464</b>   |
| <b>Liabilities</b>  |                    |                     |                    |                   |                     |                             |                      |
| Bank Deposits   | 10.194.104         | 4.374.949           | 327.463            | --                | --                  | 431.019                     | <b>15.327.535</b>    |
| Other Deposits  | 81.025.996         | 20.567.240          | 9.494.420          | 140.399           | --                  | 60.285.662                  | <b>171.513.717</b>   |
| Due to Money Markets  | 900.416            | 600.330             | 6.279.768          | --                | --                  | --                          | <b>7.780.514</b>     |
| Miscellaneous Payables  | --                 | --                  | --                 | --                | --                  | --                          | <b>--</b>            |
| Securities Issued   | 3.982.261          | 1.892.034           | 714.539            | --                | --                  | --                          | <b>6.588.834</b>     |
| Funds Borrowed  | 2.450.098          | 25.351.982          | 16.739.371         | 2.686.579         | 10.485.047          | --                          | <b>57.713.077</b>    |
| Other Liabilities <sup>(5)</sup>                                  | 99.734             | 2.145.706           | 2.008.696          | 512.096           | --                  | 45.029.555                  | <b>49.795.787</b>    |
| <b>Total Liabilities</b>  | <b>98.652.609</b>  | <b>54.932.241</b>   | <b>35.564.257</b>  | <b>3.339.074</b>  | <b>10.485.047</b>   | <b>105.746.236</b>          | <b>308.719.464</b>   |
| <b>Off-balance Sheet Items</b>                                    |                    |                     |                    |                   |                     |                             |                      |
| Balance Sheet Long Position                                       | --                 | --                  | --                 | 56.414.836        | 15.112.569          | 3.120.959                   | <b>74.648.364</b>    |
| Balance Sheet Short Position                                      | (19.411.357)       | (44.701.873)        | (10.535.134)       | --                | --                  | --                          | <b>(74.648.364)</b>  |
| Off-balance Sheet Long Position                                   | 93.315.887         | 50.085.174          | 23.153.984         | 6.647.617         | 8.238.428           | --                          | <b>181.441.090</b>   |
| Off-balance Sheet Short Position                                  | (82.583.730)       | (52.885.530)        | (16.201.799)       | (11.970.710)      | (14.625.353)        | --                          | <b>(178.267.122)</b> |
| <b>Total Position</b>   | <b>(8.679.200)</b> | <b>(47.502.229)</b> | <b>(3.582.949)</b> | <b>51.091.743</b> | <b>8.725.644</b>    | <b>3.120.959</b>            | <b>3.173.968</b>     |

<sup>(1)</sup> Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (212).<sup>(2)</sup> Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (780).<sup>(3)</sup> Other assets/non-interest bearing column includes; tangible assets, intangible assets, investments in associates, tax asset, assets to be disposed, the provisions for ehxpected credit loss of other assets and other assets with balances of TL 746.010, TL 491.153, TL 30.731.285, TL 3.366.952, TL 3.137.114, TL (8.732) and TL 5.438.321, respectively.<sup>(4)</sup> Stage 3 loans are presented netted in "non-interest bearing" column.<sup>(5)</sup> Other liabilities/non-interest bearing column includes; shareholders' equity, other liabilities, provisions, tax liabilities and derivative financial liabilities amounting to TL 28.856.915, TL 9.115.539, TL 3.258.079, TL 349.429 and TL 3.449.593, respectively.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### b. Average interest rates applied to monetary financial instruments

| Current Period - 31 December 2022                                 | EURO % | USD % | Yen % | TL %  |
|---|--------|-------|-------|-------|
| <b>Assets</b>   |        |       |       |       |
| Cash Equivalents and Central Bank                                 | --     | --    | --    | --    |
| Banks   | --     | --    | --    | 8,37  |
| Financial Assets at Fair Value through Profit or Loss             | 6,14   | 8,74  | --    | 22,18 |
| Due from Money Markets  | --     | --    | --    | --    |
| Financial Assets at Fair Value through Other Comprehensive Income | 3,27   | 7,20  | --    | 45,74 |
| Loans   | 6,19   | 7,42  | 6,00  | 23,01 |
| Financial Assets Measured at Amortised Cost                       | --     | 4,74  | --    | 58,47 |
| <b>Liabilities</b>  |        |       |       |       |
| Bank Deposits   | 2,70   | 3,69  | --    | 23,72 |
| Other Deposits  | 1,38   | 2,32  | 0,01  | 16,76 |
| Due to Money Markets  | 2,45   | 4,67  | --    | 9,16  |
| Miscellaneous Payables  | --     | --    | --    | --    |
| Securities Issued   | 6,21   | --    | --    | 21,50 |
| Funds Borrowed  | 4,42   | 5,71  | --    | 19,48 |
| Prior Period - 31 December 2021                                   | EURO % | USD % | Yen % | TL %  |
| <b>Assets</b>   |        |       |       |       |
| Cash Equivalents and Central Bank                                 | --     | --    | --    | 10,22 |
| Banks   | --     | --    | --    | 8,95  |
| Financial Assets at Fair Value through Profit or Loss             | 3,59   | 6,59  | --    | 17,83 |
| Due from Money Markets  | --     | --    | --    | 14,60 |
| Financial Assets at Fair Value through Other Comprehensive Income | 3,70   | 5,86  | --    | 16,90 |
| Loans   | 4,81   | 5,43  | 5,76  | 20,97 |
| Financial Assets Measured at Amortised Cost                       | --     | 4,58  | --    | 13,94 |
| <b>Liabilities</b>  |        |       |       |       |
| Bank Deposits   | 0,74   | 1,21  | --    | 17,02 |
| Other Deposits  | 0,50   | 0,87  | 0,01  | 16,54 |
| Due to Money Markets  | --     | 1,86  | --    | 13,91 |
| Miscellaneous Payables  | --     | --    | --    | --    |
| Securities Issued   | 1,14   | 1,52  | --    | 16,41 |
| Funds Borrowed  | 1,90   | 2,18  | --    | 15,89 |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### c. Interest rate risk arising from banking accounts

The interest rate risk arising from banking accounts is managed according to the principles stated in the "Interest Rate Risk Management Policy".

Sensitivity limits are determined by the Bank for possible negative developments in the market. Among the metrics followed; the sensitivity of net present value of the balance sheet and net interest income to certain interest changes and interest rate gap analysis. These criteria are not only monitored in weekly ALCOs, but are also submitted to the senior management and the Board of Directors due to the limits set forth in the risk appetite declaration.

Interest rate risk calculation and reporting arising from banking accounts according to the "Regulation on Measurement and Assessment of the Interest Rate Risk from Banking Accounts" published in the Official Gazette no. 28034 dated 23 August 2011. The related ratio is prepared monthly as the other interest rate metrics that the Bank follows. In addition, it is provided with close monitoring by weekly estimation studies and submitted to ALCO.

Cross currency swaps or interest swaps are used for the purpose of hedging up to 10 years of maturity in order to avoid the negative effects of interest risk.

The Bank's economic value differences arising from the interest rate fluctuations pursuant to the "Regulation on the Measurement and Assessment of Interest Rate Risk Arising from Banking Accounts According to the Standard Shock Method" in a manner separated by different currencies are demonstrated in the following table as of 31 December 2022.

| Current Period: 31 December 2022  |           | Shocks Applied       | Gains/Losses       | Gains/Equity   |
|-----------------------------------|-----------|----------------------|--------------------|----------------|
| Type of Currency                  |           | (+/- x basis points) |                    | -Losses/Equity |
| 1                                 | TL        | (+) 500 bps          | (4.410.882)        | (6,10%)        |
| 2                                 | TL        | (-) 400 bps          | 4.191.605          | 5,79%          |
| 3                                 | Euro      | (+) 200 bps          | 8.011              | 0,01%          |
| 4                                 | Euro      | (-) 200 bps          | 89.670             | 0,12%          |
| 5                                 | US Dollar | (+) 200 bps          | (187.384)          | (0,26%)        |
| 6                                 | US Dollar | (-) 200 bps          | 337.264            | 0,47%          |
| <b>Total (of positive shocks)</b> |           |                      | <b>(4.590.255)</b> | <b>(6,35%)</b> |
| <b>Total (of negative shocks)</b> |           |                      | <b>4.618.539</b>   | <b>6,38%</b>   |
| Prior Period: 31 December 2021    |           | Shocks Applied       | Gains/Losses       | Gains/Equity   |
| Type of Currency                  |           | (+/- x basis points) |                    | -Losses/Equity |
| 1                                 | TL        | (+) 500 bps          | (2.106.201)        | (5,16%)        |
| 2                                 | TL        | (-) 400 bps          | 1.830.280          | 4,48%          |
| 3                                 | Euro      | (+) 200 bps          | (326.884)          | (0,80%)        |
| 4                                 | Euro      | (-) 200 bps          | 459.624            | 1,13%          |
| 5                                 | US Dollar | (+) 200 bps          | (134.847)          | (0,33%)        |
| 6                                 | US Dollar | (-) 200 bps          | 283.912            | 0,70%          |
| <b>Total (of positive shocks)</b> |           |                      | <b>(2.567.932)</b> | <b>(6,29%)</b> |
| <b>Total (of negative shocks)</b> |           |                      | <b>2.573.816</b>   | <b>6,31%</b>   |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### V. Position risk of equity shares arising from banking accounts

#### a. Comparison of book value, fair value and market value of equity shares

Bank does not have associates and subsidiaries traded at BIST markets and shown in the unconsolidated financial statements at fair value as of 31 December 2022 and 2021.

#### b. Information on realised gains/losses, revaluation surpluses and unrealised gains/losses on equity shares and their amounts included in the Tier I and Tier II capitals

None.

### VI. Explanations related to the liquidity risk

Liquidity risk can form as a result of significant changes which can happen in market liquidity or a general funding risk. Funding risk states the risk of not meeting cash outflows completely because of maturity mismatch between assets and liabilities while market liquidity risk states the risk of not liquidating assets because of a collision in market conditions or insufficient market depth.

#### Information on liquidity risk management, including the Bank's risk capacity, responsibilities and structure of liquidity risk management, liquidity risk reporting in the Bank, liquidity risk strategy, policy and practices, communication with the board of directors and business lines

The procedures and principles regarding the liquidity risk management within the Bank are determined by the "Liquidity Risk Management Policy" approved by the Board of Directors. This policy includes the main duties and principles of liquidity risk management within the Bank, including related methods, procedures, controls and reporting framework. Within the Liquidity Risk Management Policy, "Liquidity Emergency Action Plan" has been established and measures that can be taken against unexpected liquidity shortages have been included.

"Risk Appetite Statement" approved by the Board of Directors is reviewed annually in order to manage the risks in accordance with the Bank's strategy and financial strength. Risk Appetite Statement includes limits for liquidity risk as well as other risk limits. Risk appetite limits are reported to the senior management on a monthly basis within the scope of risk management activities. In the risk appetite statement (RAS), limits are determined based on criteria such as loan/deposit ratio, liquidity coverage ratio, life expectancy under stress conditions and deposit concentration. Other indicators followed by these metrics are; liquidity buffer, large deposits, core deposits. The effects of the volatility in the markets on bank liquidity, created by the COVID-19 pandemic started in 2020, are closely monitored. It is observed that the effect of the pandemic on bank liquidity is at a negligible level.

The short-term liquidity management of the Bank is the responsibility of the Treasury Group. The Treasury Group reports to the ALCO on a weekly basis regarding the liquidity structure. ALCO possesses the ultimate responsibility for structural liquidity and funding management. ALCO plays an active role in monitoring and decision-making processes as well as establishing systems related to liquidity and funding management. Monitoring the current liquidity status and legal and internal liquidity indicators, taking decisions regarding liquidity management by taking into consideration the Bank's strategy and risk appetite framework are under the authority and responsibility of ALCO. Financial Institutions Group, Financial Affairs Group and Risk Management Group contribute to the liquidity management process of the Bank in accordance with the ALCO decisions and also provide the necessary support to the ALCO with the information, analysis and recommendations needed in the decision-making process.

#### Information on the degree of centralization of liquidity management and funding strategy and the functioning of the Bank and the functioning between Bank and its subsidiaries

Liquidity risk management is performed on unconsolidated and consolidated basis. In this context, although the liquidity monitoring and management of the affiliate is carried out by the related affiliate, they are closely monitored by the Bank. Limits are allocated by the Bank in order to meet the liquidity needs of affiliates in the event of emergencies.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### Information on the Bank's funding strategy, including policies on the diversity of funding sources and durations

Liquidity risk management arising from funding forms the basis of the Bank's liquidity management activities. The source of deposits is the Bank's main funding source due to the more stable funding and diversification effect compared to the loans provided by the Banks and other sources. In addition, securities issuance and credit utilisation activities are carried out to extend the maturity of funding.

On the other hand, the securities portfolio of the Bank carried for liquidity risk management arising from the market is structured in a way to consist of securities issued by Republic of Turkey Treasury in order to reduce liquidity risk sourcing from market to minimum level since they allow repurchase transactions carried out under CBRT/BIST. The criteria and principles regarding the securities investments to be included in this portfolio have been written and approved by the relevant committee.

#### Information on liquidity management in terms of currencies which constitute at least five percent of the total liabilities of the Bank

Majority of the Bank's liabilities consist of Turkish Lira, US Dollar, Euro and gold. The main foreign currency funding source of the Bank consists of deposits and loans obtained from credit institutions. The foreign currency liquidity risk of the Bank is low due to the fact that the foreign currency sources of the Bank are higher level and longer term than FX loans. For this reason, Turkish Lira is generated through swap transactions by using the current foreign currency liquidity. In other words, foreign currency liabilities are used in the funding of Turkish Lira assets.

#### Information on liquidity risk mitigation techniques used

In order to mitigate the liquidity risk, a liquidity buffer is created and closely monitored to meet possible fund outflows. Securities required for repurchase used to manage short-term risks are kept at a certain level within the balance sheet. On the other hand, diversification of funding sources and extension of the maturity structure are aimed to reduce the structural liquidity risk. The strategy of wide spread deposit base is another important element.

#### Explanations related to using the stress test

In order to measure the liquidity level under stress conditions, scenario analyses are performed in which special conditions that are not experienced and likely to be experienced and which are important in terms of liquidity are included. Within the scope of the scenario analyses, the measures that can be taken are also evaluated and a sufficient level of liquidity is targeted to meet all liabilities even under stress conditions. Assumptions regarding liquidity stress tests are reviewed on an annual basis at minimum. Within the scenarios determined, the Risk Management Department regularly performs stress tests and monitors the liquidity situation, calculates the time the Bank can survive, compares the limits with the determined results and presents them to the relevant committees.

#### General information on the liquidity emergency and contingency plan

In order to be prepared for the liquidity crises that may be experienced and to be able to manage them in a healthy and planned way, the "Liquidity Unexpected Situation Plan Regulation" was prepared to guide the processes. In this document, early warning indicators, action plans, duties and responsibilities of the units within the Bank are used to determine the unexpected liquidity situation.

#### a. Liquidity coverage ratio

Liquidity coverage ratios calculated in accordance with the Regulation on Calculation of Liquidity Coverage Ratio of Banks published in the Official Gazette dated 21 March 2014 and numbered 28948 are as follows. The lowest weekly unconsolidated foreign currency ratio for the last three months was 379,94 in the week of November 4, the highest 545,41 in the week of December 16, and the total lowest liquidity coverage ratio has been calculated as 150,37 in the week of November 18 and 232,93 in the week of October 7 as the highest.

The liquidity coverage ratio calculation table is reported to the BRSA on a weekly basis and monitored on a daily basis within the Bank.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

High quality liquid assets included in the ratio calculation consist of cash assets, reserves held in CBRT and free securities. Cash outflows consist of deposits, bank borrowings, non-cash loans, derivatives and other payables with no maturity date. However, some bank borrowings are presented as cash outflows regardless of their maturities due to the provision of conditional early payment. In addition, cash outflows include additional collateral requirements that may arise from changes in the fair value of derivative transactions. Cash inflows consist of loans with maturities less than 30 days with definite due dates and receivables from banks and derivative products.

LCR is considered as an important liquidity management measure for the Bank. The Bank carried out the LCR management by increasing by 10% parts and managed to reach 80% for foreign currency in 2022 and as 100% in total within the framework of minimum limits. In the Risk Appetite Statement, internal limits above the legal minimum limits have been determined for LCR and the related ratio is reported and monitored at ALCO, senior management and the Board of Directors level.

| Current Period  | Total unweighted value <sup>(*)</sup> |                   | Total weighted value <sup>(*)</sup> |                   |
|---|---------------------------------------|-------------------|-------------------------------------|-------------------|
|   | TL+FC                                 | FC                | TL+FC                               | FC                |
| <b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>                                      |                                       |                   |                                     |                   |
| 1 Total High Quality Liquid Assets  |                                       |                   | 114.657.937                         | 77.345.883        |
| <b>CASH OUTFLOWS</b>  |                                       |                   |                                     |                   |
| 2 Retail deposits and deposits from small business customers, of which        | 223.018.265                           | 117.793.938       | 20.979.044                          | 11.779.394        |
| 3 Stable deposits   | 26.455.670                            | --                | 1.322.784                           | --                |
| 4 Less stable deposits  | 196.562.595                           | 117.793.938       | 19.656.260                          | 11.779.394        |
| 5 Unsecured wholesale funding, of which                                       | 106.382.126                           | 70.386.992        | 57.239.036                          | 34.651.686        |
| 6 Operational deposits  | 32.947.486                            | 25.725.273        | 8.236.872                           | 6.431.318         |
| 7 Non-operational deposits  | 55.188.308                            | 35.337.684        | 30.770.455                          | 18.906.315        |
| 8 Unsecured debt  | 18.246.332                            | 9.324.035         | 18.231.709                          | 9.314.053         |
| 9 Secured wholesale funding   |                                       |                   | --                                  | --                |
| 10 Other cash outflows  | 5.100.511                             | 13.666.772        | 3.060.733                           | 11.938.029        |
| 11 Outflows related to derivative exposures and other collateral requirements | 1.700.881                             | 10.785.533        | 1.700.881                           | 10.785.533        |
| 12 Outflows related to loss of funding on debt products                       | --                                    | --                | --                                  | --                |
| 13 Credit and liquidity facilities  | 3.399.630                             | 2.881.239         | 1.359.852                           | 1.152.496         |
| 14 Other contractual funding obligations                                      | 4.925.619                             | 4.925.059         | 4.925.087                           | 4.925.059         |
| 15 Other contingent funding obligations                                       | 210.239.714                           | 55.108.767        | 15.778.366                          | 5.536.113         |
| <b>16 TOTAL CASH OUTFLOWS</b>   |                                       |                   | <b>101.982.266</b>                  | <b>68.830.281</b> |
| <b>CASH INFLOWS</b>   |                                       |                   |                                     |                   |
| 17 Secured lending  | 592.601                               | --                | --                                  | --                |
| 18 Unsecured lending  | 43.907.478                            | 29.480.299        | 35.953.580                          | 27.013.566        |
| 19 Other cash inflows   | 946.387                               | 47.237.642        | 946.386                             | 47.237.642        |
| <b>20 TOTAL CASH INFLOWS</b>  | <b>45.446.466</b>                     | <b>76.717.941</b> | <b>36.899.966</b>                   | <b>74.251.208</b> |
| <b>Total Adjusted Value</b>   |                                       |                   |                                     |                   |
| <b>21 TOTAL HQLA</b>  |                                       |                   | <b>114.657.937</b>                  | <b>77.345.883</b> |
| <b>22 TOTAL NET CASH OUTFLOWS</b>   |                                       |                   | <b>65.082.300</b>                   | <b>17.207.570</b> |
| <b>23 LIQUIDITY COVERAGE RATIO (%)</b>  |                                       |                   | <b>179,2</b>                        | <b>456,7</b>      |

(\*) Simple arithmetic average values of the the last three months by taking the weekly simple arithmetic average.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

| Prior Period  | Total unweighted value <sup>(*)</sup> |                   | Total weighted value <sup>(*)</sup> |                   |
|---|---------------------------------------|-------------------|-------------------------------------|-------------------|
|   | TL+FC                                 | FC                | TL+FC                               | FC                |
| <b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>                                      |                                       |                   |                                     |                   |
| 1 Total High Quality Liquid Assets  |                                       |                   | 53.834.278                          | 44.138.575        |
| <b>CASH OUTFLOWS</b>  |                                       |                   |                                     |                   |
| 2 Retail deposits and deposits from small business customers, of which        | 116.959.413                           | 63.275.829        | 10.679.301                          | 6.327.583         |
| 3 Stable deposits   | 20.332.815                            | --                | 1.016.641                           | --                |
| 4 Less stable deposits  | 96.626.598                            | 63.275.829        | 9.662.660                           | 6.327.583         |
| 5 Unsecured wholesale funding, of which                                       | 49.719.231                            | 35.767.537        | 28.206.559                          | 19.545.567        |
| 6 Operational deposits  | 14.831.299                            | 12.022.019        | 3.707.825                           | 3.005.505         |
| 7 Non-operational deposits  | 24.094.291                            | 18.033.190        | 13.711.505                          | 10.830.752        |
| 8 Unsecured debt  | 10.793.641                            | 5.712.328         | 10.787.229                          | 5.709.310         |
| 9 Secured wholesale funding   |                                       |                   | --                                  | --                |
| 10 Other cash outflows  | 4.426.307                             | 6.771.055         | 2.262.636                           | 4.859.345         |
| 11 Outflows related to derivative exposures and other collateral requirements | 820.189                               | 3.584.871         | 820.189                             | 3.584.871         |
| 12 Outflows related to loss of funding on debt products                       | --                                    | --                | --                                  | --                |
| 13 Credit and liquidity facilities  | 3.606.118                             | 3.186.184         | 1.442.447                           | 1.274.474         |
| 14 Other contractual funding obligations                                      | 3.065.764                             | 3.065.204         | 3.065.232                           | 3.065.204         |
| 15 Other contingent funding obligations                                       | 126.264.944                           | 45.974.556        | 9.554.089                           | 4.607.687         |
| <b>16 TOTAL CASH OUTFLOWS</b>   |                                       |                   | <b>53.767.817</b>                   | <b>38.405.386</b> |
| <b>CASH INFLOWS</b>   |                                       |                   |                                     |                   |
| 17 Secured lending  | 174.573                               | --                | --                                  | --                |
| 18 Unsecured lending  | 20.494.317                            | 13.783.610        | 16.691.864                          | 12.660.347        |
| 19 Other cash inflows   | 2.070.176                             | 20.748.923        | 2.070.175                           | 20.748.923        |
| <b>20 TOTAL CASH INFLOWS</b>  | <b>22.739.066</b>                     | <b>34.532.533</b> | <b>18.762.039</b>                   | <b>33.409.270</b> |
| <b>Total Adjusted Value</b>   |                                       |                   |                                     |                   |
| <b>21 TOTAL HQLA</b>  |                                       |                   | <b>53.834.278</b>                   | <b>44.138.575</b> |
| <b>22 TOTAL NET CASH OUTFLOWS</b>   |                                       |                   | <b>35.005.778</b>                   | <b>9.902.199</b>  |
| <b>23 LIQUIDITY COVERAGE RATIO (%)</b>  |                                       |                   | <b>155,0</b>                        | <b>456,0</b>      |

(\*) Simple arithmetic average values of the the last three months by taking the weekly simple arithmetic average.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### b. Presentation of assets and liabilities according to their remaining maturities

| End of The Current Period   | Demand            | Up to<br>1 Month  | 1-3<br>Months     | 3-12 Months       | 1-5<br>Years       | 5 Years and<br>Over | Undistri-<br>buted <sup>(*)</sup> | Total              |
|---|-------------------|-------------------|-------------------|-------------------|--------------------|---------------------|-----------------------------------|--------------------|
| <b>Assets</b>   |                   |                   |                   |                   |                    |                     |                                   |                    |
| Cash Equivalents and<br>Central Bank                                    | 46.837.488        | 39.278.798        | --                | --                | --                 | --                  | --                                | <b>86.116.286</b>  |
| Banks <sup>(*)</sup>  | 7.739.432         | 745.854           | --                | --                | --                 | --                  | --                                | <b>8.485.286</b>   |
| Financial Assets at Fair<br>Value through Profit or<br>Loss (Net)       | 454.025           | 643.895           | 1.102.483         | 859.675           | 3.096.463          | 2.083.512           | --                                | <b>8.240.053</b>   |
| Due from Money Markets  | --                | --                | --                | --                | --                 | --                  | --                                | <b>--</b>          |
| Financial Assets at Fair<br>Value through Other<br>Comprehensive Income | 950               | 2.940.973         | 6.910.299         | 6.116.053         | 29.391.408         | 25.798.261          | --                                | <b>71.157.944</b>  |
| Loans   | --                | 55.508.360        | 20.316.926        | 78.608.913        | 78.287.202         | 37.766.575          | 3.351.323                         | <b>273.839.299</b> |
| Financial Assets Measured<br>at Amortised Cost <sup>(2)</sup>           | --                | 865               | 1.704.785         | 964.047           | 7.432.157          | 6.923.350           | --                                | <b>17.025.204</b>  |
| Other Assets  | 18.998.822        | --                | --                | --                | --                 | --                  | 42.431.855                        | <b>61.430.677</b>  |
| <b>Total Assets</b>   | <b>74.030.717</b> | <b>99.118.745</b> | <b>30.034.493</b> | <b>86.548.688</b> | <b>118.207.230</b> | <b>72.571.698</b>   | <b>45.783.178</b>                 | <b>526.294.749</b> |

#### Liabilities

|                                   |                     |                     |                     |                   |                    |                   |                     |                    |
|-----------------------------------|---------------------|---------------------|---------------------|-------------------|--------------------|-------------------|---------------------|--------------------|
| Bank Deposits                     | 791.272             | 8.293.159           | 12.240.643          | 339.349           | --                 | --                | --                  | <b>21.664.423</b>  |
| Other Deposits                    | 108.209.305         | 135.592.130         | 65.598.796          | 22.368.829        | 167.617            | --                | --                  | <b>331.936.677</b> |
| Fund Borrowed                     | --                  | 2.128.016           | 4.547.575           | 34.605.023        | 7.199.829          | 14.058.508        | --                  | <b>62.538.951</b>  |
| Due to Money Markets              | --                  | 2.254.223           | 3.013.873           | 7.249.188         | --                 | --                | --                  | <b>12.517.284</b>  |
| Securities Issued                 | --                  | --                  | 536.238             | 1.704.496         | --                 | --                | --                  | <b>2.240.734</b>   |
| Miscellaneous Payables            | --                  | --                  | --                  | --                | --                 | --                | --                  | <b>--</b>          |
| Other Liabilities                 | 21.691.344          | 1.230.468           | 1.874.482           | 1.788.829         | 823.060            | 702.900           | 67.285.597          | <b>95.396.680</b>  |
| <b>Total Liabilities</b>          | <b>130.691.921</b>  | <b>149.497.996</b>  | <b>87.811.607</b>   | <b>68.055.714</b> | <b>8.190.506</b>   | <b>14.761.408</b> | <b>67.285.597</b>   | <b>526.294.749</b> |
| <b>Net Liquidity Excess/(Gap)</b> | <b>(56.661.204)</b> | <b>(50.379.251)</b> | <b>(57.777.114)</b> | <b>18.492.974</b> | <b>110.016.724</b> | <b>57.810.290</b> | <b>(21.502.419)</b> | <b>--</b>          |

#### Net Off-balance sheet

|                                     |           |                 |                  |                |                |                |           |                      |
|-------------------------------------|-----------|-----------------|------------------|----------------|----------------|----------------|-----------|----------------------|
| <b>Position</b>                     | <b>--</b> | <b>(76.199)</b> | <b>(542.029)</b> | <b>137.156</b> | <b>174.072</b> | <b>220.971</b> | <b>--</b> | <b>(86.029)</b>      |
| Financial Derivative Assets         | --        | 96.399.970      | 66.756.312       | 21.510.347     | 26.191.862     | 26.518.894     | --        | <b>237.377.385</b>   |
| Financial Derivative<br>Liabilities | --        | (96.476.169)    | (67.298.341)     | (21.373.191)   | (26.017.790)   | (26.297.923)   | --        | <b>(237.463.414)</b> |
| Non Cash Loans                      | --        | 14.284.105      | 9.883.667        | 27.948.009     | 36.564.817     | 2.316.040      | --        | <b>90.996.638</b>    |

#### End of The Prior Period

|                                   |                     |                     |                     |                     |                   |                   |                  |                      |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|------------------|----------------------|
| Total Assets                      | 39.557.845          | 60.281.960          | 11.217.834          | 38.161.873          | 77.269.799        | 43.256.396        | 38.973.757       | <b>308.719.464</b>   |
| Total Liabilities                 | 69.652.971          | 96.651.528          | 37.577.806          | 51.944.610          | 10.129.346        | 10.468.420        | 32.294.783       | <b>308.719.464</b>   |
| <b>Net Liquidity Excess/(Gap)</b> | <b>(30.095.126)</b> | <b>(36.369.568)</b> | <b>(26.359.972)</b> | <b>(13.782.737)</b> | <b>67.140.453</b> | <b>32.787.976</b> | <b>6.678.974</b> | <b>--</b>            |
| <b>Net Off-balance sheet</b>      |                     |                     |                     |                     |                   |                   |                  |                      |
| <b>Position</b>                   | <b>--</b>           | <b>2.253.966</b>    | <b>885.617</b>      | <b>(110.205)</b>    | <b>72.341</b>     | <b>78.406</b>     | <b>--</b>        | <b>3.180.125</b>     |
| Financial Derivative Assets       | --                  | 75.269.546          | 48.817.768          | 14.229.247          | 16.399.108        | 24.960.257        | --               | <b>179.675.926</b>   |
| Financial Derivative Liabilities  | --                  | (73.015.580)        | (47.932.151)        | (14.339.452)        | (16.326.767)      | (24.881.851)      | --               | <b>(176.495.801)</b> |
| Non Cash Loans                    | --                  | 11.147.491          | 7.118.292           | 20.424.736          | 7.865.488         | 20.516.917        | --               | <b>67.072.924</b>    |

<sup>(\*)</sup> Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (315).<sup>(2)</sup> Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (2.192).<sup>(\*)</sup> Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short run such as tangible fixed assets, investments in associates, joint ventures and subsidiaries, stationary supplies, non- performing loans (net) and prepaid expenses are included in this column.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### a. Representation of financial liabilities according to their remaining maturities in accordance with their contracts

The undiscounted maturity breakdown of the maturity values of the Bank's non-derivative financial liabilities that are subject to a contract are presented in the table below. The interest to be paid on the relevant assets and liabilities have been included to the relevant maturity buckets.

| End of The<br>Current Period  | Demand             | Up to<br>1 Month   | 1-3<br>Months     | 3-12<br>Months    | 1-5<br>Years      | 5 Years<br>and Over | Total              |
|-------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|---------------------|--------------------|
| <b>Liabilities</b>            |                    |                    |                   |                   |                   |                     |                    |
| Deposits                      | 109.000.577        | 144.786.498        | 77.157.682        | 23.800.133        | 186.778           | --                  | <b>354.931.668</b> |
| Funds borrowed <sup>(*)</sup> | --                 | 1.678.894          | 5.100.046         | 35.242.958        | 11.857.381        | 16.148.449          | <b>70.027.728</b>  |
| Interbank money<br>markets    | --                 | 2.283.751          | 3.068.228         | 7.534.096         | --                | --                  | <b>12.886.075</b>  |
| Securities issued             | --                 | --                 | 536.781           | 1.706.263         | --                | --                  | <b>2.243.044</b>   |
| <b>Total</b>                  | <b>109.000.577</b> | <b>148.749.143</b> | <b>85.862.737</b> | <b>68.283.450</b> | <b>12.044.159</b> | <b>16.148.449</b>   | <b>440.088.515</b> |

<sup>(\*)</sup> It includes subordinated loans.

| End of The<br>Prior Period    | Demand            | Up to<br>1 Month  | 1-3<br>Months     | 3-12<br>Months    | 1-5<br>Years      | 5 Years<br>and Over | Total              |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|--------------------|
| <b>Liabilities</b>            |                   |                   |                   |                   |                   |                     |                    |
| Deposits                      | 60.716.681        | 91.992.230        | 25.053.271        | 10.043.499        | 169.051           | 16                  | <b>187.974.748</b> |
| Funds borrowed <sup>(*)</sup> | --                | 1.912.767         | 6.122.935         | 32.331.250        | 24.503.597        | 12.258.649          | <b>77.129.198</b>  |
| Interbank money<br>markets    | --                | 902.355           | 604.103           | 6.377.190         | --                | --                  | <b>7.883.648</b>   |
| Securities issued             | --                | 1.327.994         | 3.460.944         | 1.954.473         | --                | --                  | <b>6.743.411</b>   |
| <b>Total</b>                  | <b>60.716.681</b> | <b>96.135.346</b> | <b>35.241.253</b> | <b>50.706.412</b> | <b>24.672.648</b> | <b>12.258.665</b>   | <b>279.731.005</b> |

<sup>(\*)</sup> It includes subordinated loans.

### VII. Explanations related to leverage ratio

#### Information on matters causing difference between leverage ratios of current period and previous period

As of 31 December 2022, the leverage ratio of the Bank is calculated as 6,98% (31 December 2021: 6,35%). This rate is above the minimum rate. The main reason for the difference between the current period and the prior period leverage ratio is the increase in the balance sheet assets.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### Leverage ratio public disclosure template:

|  | Current Period <sup>(*)</sup> | Prior Period <sup>(*)</sup> |
|--|-------------------------------|-----------------------------|
| <b>On-balance sheet exposures</b>  |                               |                             |
| 1 On-balance sheet items (exclude derivatives and SFTs; include collateral)                | 514.370.668                   | 282.970.679                 |
| 2 (Assets deducted in determining Basel III Tier I capital)                                | (1.219.446)                   | (496.183)                   |
| 3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 513.151.222                   | 282.474.496                 |
| <b>Derivative exposures</b>  |                               |                             |
| 4 Replacement cost   | 6.870.020                     | 7.682.659                   |
| 5 Add-on amount  | 3.132.640                     | 2.164.658                   |
| 6 Total derivative exposures (sum of lines 4 and 5)  | 10.002.660                    | 9.847.317                   |
| <b>Securities or commodity collateral financing transaction exposures</b>                  |                               |                             |
| 7 Gross SFT assets (with no recognition of accounting netting)                             | 7.289.126                     | 1.898.128                   |
| 8 Agent transaction exposures  |                               |                             |
| 9 Total securities financing transaction exposures (sum of lines 7 and 8)                  | 7.289.126                     | 1.898.128                   |
| <b>Other off-balance sheet exposures</b>   |                               |                             |
| 10 Off-balance sheet exposures with gross nominal amount                                   | 216.682.645                   | 136.173.223                 |
| 11 (Adjustment amount off-balance sheet exposures with credit conversion factor)           | (503)                         | (503)                       |
| 12 Total off-balance sheet exposures (sum of lines 10 and 11)                              | 216.682.142                   | 136.172.720                 |
| <b>Capital and total exposures</b>   |                               |                             |
| 13 Tier I Capital  | 52.134.950                    | 27.185.681                  |
| 14 Total exposures (sum of lines 3,6,9 and 12)   | 747.125.150                   | 430.392.661                 |
| <b>Leverage ratio</b>  |                               |                             |
| 15 Leverage ratio  | 6,98                          | 6,35                        |

<sup>(\*)</sup> Quarterly average amounts.

### VIII. Explanations related to risk management

The footnotes and explanations prepared in accordance with the "Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks" published in the Official Gazette dated 23 October 2015 and numbered 29511 and entered into force as of 31 March 2016 are given in this section. Since standard approach is used in the capital adequacy calculation of the Bank, the tables to be prepared within the scope of Internal Rating Based Approach (IR) are not presented as of 31 December 2022.

Risk management explanations are prepared in accordance with the internal control process adopted by the Board of Directors.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### a. Risk management approach and risk weighted assets

#### 1. Explanations related to the risk management approach

Risks exposed as a result of the Bank's business model are determined on a consolidated basis through the Bank's risk identification and important evaluation process. Risk mitigation factors and monitoring activities are implemented for the important risks determined. In the Risk Appetite Statement of the Bank, limits are determined for the risks that are deemed important and the declaration is approved by the Board of Directors. Developments regarding the risk limits determined in the Risk Appetite Statement are monitored on a monthly basis and the actions foreseen in the risk appetite statement are applied in the event these limits are exceeded.

Denizbank Risk Management Group Department is an internal systems unit that operates under the Board of Directors and that are assigned to carry out risk management activities. Reports directly to the Board of Directors. Risk Management Group is responsible for the identification and measurement of risks, establishment and implementation of risk policies and implementation procedures, analysis and monitoring as well as reporting of risks within the framework of the principles determined by the Senior Management of the Bank and the Risk Management Group and approved by the Board of Directors.

In the Bank, the delegation levels generated by the customers are determined pursuant to the risk categories determined according to the limit and loan rating components within the bank.

The rating process carried out by the Credit Allocation unit is audited regularly by the Credit Risk Control, within the direction of the rule sets determined and the results are submitted to the Rating Committee.

#### Main components and scope of the risk measurement systems

The Bank has a comprehensive risk definition process, including its subsidiaries. Process aims to define the important risks specific to the bank from a broad list, including those exposed by the banking naturally. In the determination stage of the importance level of the risks, the opinions and evaluations of the persons who are expert in this subject are taken. Evaluation results are updated every year and linked to the report and form the basis for the bank's Internal Capital Assessment Processes.

The purpose of the activities carried out within the scope of the measurement of the risks involves the preparation of internal and legal reports and the measuring the financial risks to which banks and subsidiaries are exposed in order to establish a relationship between the risks carried and estimated profitability and evaluating the validity of the parameters and assumptions subject to risk measurement.

Bank determines what kind of reports will be prepared as consolidated and as solo and to whom these reports will be communicated. Ensures that an active internal audit system to be established which will prevent taking risks above the targeted risk level and limits set by the regulatory authority. When the control and reporting of the risks are made, the risk levels that are approved by the Board of Directors are taken into consideration for each risk type.

Risk Management Group ensures the coordination of the internal capital adequacy evaluation process (ICAAP) and the measurement of the risks undertaken by the bank. Within the scope of the ICAAP report, which is a result of the ICAAP process and within the framework of the 3 year strategic plan, the annual stress test report, which presents the effects of the scenarios in which macroeconomic variables are taken into consideration on the bank's capital and liquidity, is reported to the BRSA. Bank monitors the capital adequacy level internally on a monthly basis.

Disclosures on risk reporting processes provided to Board of Directors and senior management, especially the scope and main content of the reporting

Risk Management Group performs reporting to Senior Management and Board of Directors through Audit and Risk Committee, ALCO and Rating Committees.

Audit and Risk Committee holds quarterly meetings in ordinary situations. Activities performed by the Risk Management Group and risk indicators are presented to the Committee.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

ALCO holds weekly meetings. Risk-limit follow-up and detailed analysis related to indicators such as interest and liquidity risk, capital adequacy are presented.

Rating Committee: Rating Committee holds meetings on a quarterly basis. It is the Committee to which the Risk Management presents its evaluation, analysis and findings regarding Internal Rating processes.

Model Risk Management and Validation Committee: It is the committee that the Risk model validation results, prepared within the frame of annual plan, are presented to and approved.

Risk management, hedging and mitigation strategies of the Bank sourcing from business model and monitoring process with respect to continuing effectiveness of hedging and mitigating components

Limits, which are defined for risks considered to be significant, are monitored on a monthly basis and actions included in risk appetite statement are taken, if required.

Additionally, taking into consideration the stress conditions of the Bank, an emergency plan regarding capital adequacy has been created in order to fulfil its strategic goals.

### 2. Overview of risk weighted amounts

|    |   | Risk Weighted Amount |                    | Minimum Capital Requirement |
|----|---|----------------------|--------------------|-----------------------------|
|    |   | Current Period       | Prior Period       | Current Period              |
| 1  | Credit risk (excluding counterparty credit risk) (CCR)                                | 350.023.874          | 204.012.170        | 28.001.910                  |
| 2  | Standardized approach (SA)  | 350.023.874          | 204.012.170        | 28.001.910                  |
| 3  | Internal rating-based (IRB) approach  | --                   | --                 | --                          |
| 4  | Counterparty credit risk <sup>(*)</sup>   | 7.430.990            | 6.176.445          | 594.479                     |
| 5  | Standardized approach for counterparty credit risk (SA-CCR)                           | 7.430.990            | 6.176.445          | 594.479                     |
| 6  | Internal model method (IMM)   | --                   | --                 | --                          |
| 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          | 27.088               | 25.511             | 2.167                       |
| 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 (RBA)  | --                   | --                 | --                          |
| 14 | IRB Supervisory Formula Approach (SFA)  | --                   | --                 | --                          |
| 15 | SA/simplified supervisory formula approach (SSFA)                                     | --                   | --                 | --                          |
| 16 | Market risk   | 9.275.650            | 5.202.713          | 742.052                     |
| 17 | Standardized approach (SA)  | 9.275.650            | 5.202.713          | 742.052                     |
| 18 | Internal model approaches (IMM)   | --                   | --                 | --                          |
| 19 | Operational Risk  | 23.472.947           | 18.185.613         | 1.877.836                   |
| 20 | Basic Indicator Approach  | 23.472.947           | 18.185.613         | 1.877.836                   |
| 21 | Standard Approach   | --                   | --                 | --                          |
| 22 | Advanced measurement approach   | --                   | --                 | --                          |
| 23 | The amount of the discount threshold under the equity (subject to a 250% risk weight) | --                   | --                 | --                          |
| 24 | Floor adjustment  | --                   | --                 | --                          |
| 25 | <b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>   | <b>390.230.549</b>   | <b>233.602.452</b> | <b>31.218.444</b>           |

<sup>(\*)</sup> The amounts given in the table do not include TL 18, which is the amount subject to the Risk of CCP-Guarantee Fund Amounts.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### b. Connections between the financial statements and risk amounts

#### 1. The valued amounts and matching in accordance with TAS in the financial statements

| Current Period  | a   | c                                | d   | e                                       | f                                    | g  |
|---|---|----------------------------------|---|---|--------------------------------------|--|
|   | Carrying values of items under scope of TAS |                                  |   |   |                                      |  |
|   | Revaluation amount in accordance with TAS   | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the securitisation framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from capital |
| <b>Assets</b>   |   |                                  |   |   |                                      |  |
| Cash and balances at central bank                                 | 86.116.286                                  | 86.116.286                       | --  | --                                      | --                                   | --   |
| Banks   | 8.485.286                                   | 8.485.601                        | --  | --                                      | --                                   | --   |
| Due from money markets  | --  | --                               | --  | --                                      | --                                   | --   |
| Financial assets at fair value through profit or loss             | 1.849.482                                   | 454.025                          | 13.197  | --                                      | 1.382.260                            | --   |
| Financial assets at fair value through other comprehensive income | 71.157.944                                  | 71.157.944                       | --  | --                                      | --                                   | --   |
| Financial assets measured at amortised cost                       | 17.025.204                                  | 17.027.396                       | --  | --                                      | --                                   | --   |
| Derivative financial assets                                       | 6.390.571                                   | --                               | 6.390.571                                     | --                                      | --                                   | --   |
| Loans (net)   | 273.839.299                                 | 287.742.656                      | --  | --                                      | --                                   | 99.729   |
| Investments in associates, subsidiaries and joint ventures        | 37.726.629                                  | 37.726.629                       | --  | --                                      | --                                   | --   |
| Tangible assets (net)   | 1.468.993                                   | 1.468.993                        | --  | --                                      | --                                   | 102.640  |
| Intangible assets (net)   | 1.293.730                                   | 1.293.730                        | --  | --                                      | --                                   | 1.293.730  |
| Investment properties (net)                                       | --  | --                               | --  | --                                      | --                                   | --   |
| Current Tax Assets  | --  | --                               | --  | --                                      | --                                   | --   |
| Deferred Tax Assets   | 4.140.119                                   | 4.140.119                        | --  | --                                      | --                                   | --   |
| Other assets  | 16.801.206                                  | 16.801.206                       | --  | --                                      | --                                   | --   |
| <b>Total assets</b>   | <b>526.294.749</b>                          | <b>532.414.585</b>               | <b>6.403.768</b>                              | <b>--</b>                               | <b>1.382.260</b>                     | <b>1.496.099</b>   |
| <b>Liabilities</b>  |   |                                  |   |   |                                      |  |
| Deposits  | 353.601.100                                 | --                               | --  | --                                      | --                                   | 353.601.100  |
| Loans   | 47.977.459                                  | --                               | --  | --                                      | --                                   | 47.977.459   |
| Debt to money markets   | 12.517.284                                  | --                               | 12.517.284                                    | --                                      | --                                   | 12.517.284   |
| Debt securities in issue  | 2.240.734                                   | --                               | --  | --                                      | --                                   | 2.240.734  |
| Funds   | --  | --                               | --  | --                                      | --                                   | --   |
| Financial liabilities at fair value through profit or loss        | --  | --                               | --  | --                                      | --                                   | --   |
| Derivative financial liabilities                                  | 3.523.637                                   | --                               | --  | --                                      | --                                   | 3.523.637  |
| Factoring debts   | --  | --                               | --  | --                                      | --                                   | --   |
| Debts from leasing transactions                                   | 790.299                                     | --                               | --  | --                                      | --                                   | 790.299  |
| Provisions  | 10.019.396                                  | --                               | --  | --                                      | --                                   | 10.019.396   |
| Current tax liabilities   | 2.985.921                                   | --                               | --  | --                                      | --                                   | 2.985.921  |
| Deferred tax liabilities  | --  | --                               | --  | --                                      | --                                   | --   |
| Subordinated debts  | 14.561.492                                  | --                               | --  | --                                      | --                                   | 14.561.492   |
| Other liabilities   | 23.566.829                                  | --                               | --  | --                                      | --                                   | 23.566.829   |
| Equity  | 54.510.598                                  | --                               | --  | --                                      | --                                   | 54.510.598   |
| <b>Total liabilities</b>  | <b>526.294.749</b>                          | <b>--</b>                        | <b>12.517.284</b>                             | <b>--</b>                               | <b>--</b>                            | <b>526.294.749</b>   |



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

|   | a   | c                                | d   | e                                       | f                                    | g  |
|---|---|----------------------------------|---|---|--------------------------------------|--|
|   | Carrying values of items under scope of TAS |                                  |   |   |                                      | Not subject to capital requirements or subject to deduction from capital |
| Prior Period  | Revaluation amount in accordance with TAS   | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the securitisation framework | Subject to the market risk framework |  |
| <b>Assets</b>   |   |                                  |   |   |                                      |  |
| Cash and balances at central bank                                 | 51.208.397                                  | 51.208.397                       | --  | --                                      | --                                   | --   |
| Banks   | 5.911.250                                   | 5.911.462                        | --  | --                                      | --                                   | --   |
| Due from money markets  | 219.738                                     | --                               | 219.738                                       | --                                      | --                                   | --   |
| Financial assets at fair value through profit or loss             | 1.152.246                                   | --                               | --  | --                                      | 136.259                              | --   |
| Financial assets at fair value through other comprehensive income | 23.422.064                                  | 23.422.064                       | --  | --                                      | --                                   | --   |
| Financial assets measured at amortised cost                       | 7.124.041                                   | 7.124.821                        | --  | --                                      | --                                   | --   |
| Derivative financial assets                                       | 7.947.593                                   | --                               | 7.947.593                                     | --                                      | --                                   | --   |
| Loans (net)   | 167.432.862                                 | 178.513.279                      | --  | --                                      | --                                   | 513.217  |
| Investments in associates, subsidiaries and joint ventures        | 30.731.285                                  | 30.731.285                       | --  | --                                      | --                                   | --   |
| Tangible assets (net)   | 1.145.180                                   | 1.145.180                        | --  | --                                      | --                                   | 69.091   |
| Intangible assets (net)   | 491.153                                     | 491.153                          | --  | --                                      | --                                   | 491.153  |
| Investment properties (net)                                       | --  | --                               | --  | --                                      | --                                   | --   |
| Current Tax Assets  | 389.296                                     | 389.296                          | --  | --                                      | --                                   | --   |
| Deferred Tax Assets   | 2.978.527                                   | 2.978.527                        | --  | --                                      | --                                   | --   |
| Other assets  | 8.565.832                                   | 8.565.832                        | --  | --                                      | --                                   | --   |
| <b>Total assets</b>   | <b>308.719.464</b>                          | <b>310.481.296</b>               | <b>8.167.331</b>                              | <b>--</b>                               | <b>136.259</b>                       | <b>1.073.461</b>   |
| <b>Liabilities</b>  |   |                                  |   |   |                                      |  |
| Deposits  | 186.841.252                                 | --                               | --  | --                                      | --                                   | 186.841.252  |
| Loans   | 47.228.299                                  | --                               | --  | --                                      | --                                   | 47.228.299   |
| Debt to money markets   | 7.780.514                                   | --                               | 7.780.514                                     | --                                      | --                                   | 7.780.514  |
| Debt securities in issue  | 6.588.834                                   | --                               | --  | --                                      | --                                   | 6.588.834  |
| Funds   | --  | --                               | --  | --                                      | --                                   | --   |
| Financial liabilities at fair value through profit or loss        | --  | --                               | --  | --                                      | --                                   | --   |
| Derivative financial liabilities                                  | 3.449.593                                   | --                               | --  | --                                      | --                                   | 3.449.593  |
| Factoring debts   | --  | --                               | --  | --                                      | --                                   | --   |
| Debts from leasing transactions                                   | 691.345                                     | --                               | --  | --                                      | --                                   | 691.345  |
| Provisions  | 3.258.079                                   | --                               | --  | --                                      | --                                   | 3.258.079  |
| Current tax liabilities   | 349.429                                     | --                               | --  | --                                      | --                                   | 349.429  |
| Deferred tax liabilities  | --  | --                               | --  | --                                      | --                                   | --   |
| Subordinated debts  | 10.484.778                                  | --                               | --  | --                                      | --                                   | 10.484.778   |
| Other liabilities   | 13.190.426                                  | --                               | --  | --                                      | --                                   | 13.190.426   |
| Equity  | 28.856.915                                  | --                               | --  | --                                      | --                                   | 28.856.915   |
| <b>Total liabilities</b>  | <b>308.719.464</b>                          | <b>--</b>                        | <b>7.780.514</b>                              | <b>--</b>                               | <b>--</b>                            | <b>308.719.464</b>   |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### 2. Main sources of differences between risk exposures and valued amounts in accordance with TAS in financial statements

|   | a                  | b                                      | c   | d   | e   |
|---|--------------------|--|---|---|---|
|   | Total              | Items subject to credit risk framework | Items subject to securitization framework | Items subject to counterparty credit risk framework | Items subject to market risk framework <sup>(*)</sup> |
| <b>Current Period</b>   |                    |  |   |   |   |
| <b>1 Asset carrying value amount under scope of TAS</b>                                   | <b>540.200.613</b> | <b>532.414.585</b>                     | <b>--</b>                                 | <b>6.403.768</b>                                    | <b>1.382.260</b>                                      |
| 2 Liabilities carrying value amount under scope of TAS                                    | 12.517.284         | --                                     | --  | 12.517.284  | --  |
| <b>3 Total net amount</b>   | <b>527.683.329</b> | <b>532.414.585</b>                     | <b>--</b>                                 | <b>(6.113.516)</b>                                  | <b>1.382.260</b>                                      |
| 4 Off-balance sheet amounts <sup>(**)</sup>   | 217.451.124        | 55.413.530                             | --  | --  | --  |
| 5 Differences in valuations   |                    | --                                     | --  | --  | --  |
| 6 Differences due to different netting rules (other than those already included in row 2) |                    | --                                     | --  | --  | --  |
| 7 Differences due to consideration of provisions  |                    | --                                     | --  | --  | --  |
| 8 Differences due to prudential filters   |                    | --                                     | --  | --  | 7.893.390   |
| 9 Differences resulted from considering of the financial guarantees                       |                    | (9.103.004)                            | --  | --  | --  |
| <b>10 Risk exposures</b>  | <b>745.134.453</b> | <b>578.725.111</b>                     | <b>--</b>                                 | <b>(6.113.516)</b>                                  | <b>9.275.650</b>                                      |

<sup>(\*)</sup> Financial instruments included in trading accounts according to "Communique on Measurement and Evaluation of Bank's Capital Adequacy" and principal amount subject to market risk sourcing from capital requirement calculated for foreign exchange risk are included in line of risk amounts.

<sup>(\*\*)</sup> It includes risk which are included in credit risk calculation.

|   | a                  | b                                      | c   | d   | e   |
|---|--------------------|--|---|---|---|
|   | Total              | Items subject to credit risk framework | Items subject to securitization framework | Items subject to counterparty credit risk framework | Items subject to market risk framework <sup>(*)</sup> |
| <b>Prior Period</b>   |                    |  |   |   |   |
| <b>1 Asset carrying value amount under scope of TAS</b>                                   | <b>318.784.886</b> | <b>310.481.296</b>                     | <b>--</b>                                 | <b>8.167.331</b>                                    | <b>136.259</b>  |
| 2 Liabilities carrying value amount under scope of TAS                                    | 7.780.514          | --                                     | --  | 7.780.514   | --  |
| <b>3 Total net amount</b>   | <b>311.004.372</b> | <b>310.481.296</b>                     | <b>--</b>                                 | <b>386.817</b>                                      | <b>136.259</b>  |
| 4 Off-balance sheet amounts <sup>(**)</sup>   | 139.091.530        | 36.225.831                             | --  | --  | --  |
| 5 Differences in valuations   |                    | --                                     | --  | --  | --  |
| 6 Differences due to different netting rules (other than those already included in row 2) |                    | --                                     | --  | --  | --  |
| 7 Differences due to consideration of provisions  |                    | --                                     | --  | --  | --  |
| 8 Differences due to prudential filters   |                    | --                                     | --  | --  | 5.066.454   |
| 9 Differences resulted from considering of the financial guarantees                       |                    | (2.919.729)                            | --  | --  | --  |
| <b>10 Risk exposures</b>  | <b>450.095.902</b> | <b>343.787.398</b>                     | <b>--</b>                                 | <b>386.817</b>                                      | <b>5.202.713</b>                                      |

<sup>(\*)</sup> Financial instruments included in trading accounts according to "Communique on Measurement and Evaluation of Bank's Capital Adequacy" and principal amount subject to market risk sourcing from capital requirement calculated for foreign Exchange risk are included in line of risk amounts.

<sup>(\*\*)</sup> It includes risk which are included in credit risk calculation.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### 3. Explanations on differences between amounts determined in accordance with TAS and risk exposures

#### Differences between amounts determined in accordance with TAS and risk exposures:

In the derivative transactions subject to counterparty credit risk, it is calculated with the addition of the potential risk amounts to the renewal costs according to transaction type and term; and in repo and reverse repo transactions, it is calculated by netting the volatility adjusted amount made to the subject security with the cash amount subject to the transaction.

Amounts of items which are valued in accordance with TAS and subject to market risk indicate fair value of financial instruments held for trade. Amounts in line of risk amount related to aforementioned transactions indicate principal amount subject to market risk sourcing from capital requirement calculated related to potential losses which can be caused by interest rate risk, share price risk, exchange rate risks in scope of "Communique on Measurement and Evaluation of Bank's Capital Adequacy".

#### Pursuant to the prudent valuation principles and procedures under Annex-3 to the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks, the explanations on the systems and controls used to ensure the prudence and reliability of the Bank's valuation estimates:

The market prices in the valuation of the financial instruments recognised with the fair value are valued taking into account the indicative values announced by official institutions or data such as interest and volatility observed in the market. Bank does not carry out transactions in the markets without depth. As the discounted cash flow models are used in the valuation of over-the-counter derivative instruments in general, the valuation models that are suitable with the nature of the transactions and that are generally accepted are used for derivative transactions that include optionality.

Within the scope of the independent price determination process, the activities below are carried out for the purpose of ensuring the valuation methods and the accuracy of the data used:

- The entry of the prices of bills, bonds, stocks and the derivative products traded in organised markets and the data to be used for the valuation of the derivative products that are traded over-the-counter transactions are made independently of the executive units.
- The models to be used in the valuation of derivative products as well as the interest and volatility data are determined independently of the executive units.
- Second level controls are made periodically for market data and valuation results used in valuations.
- Valuation process validation is carried out for the models and data entries used in product valuations.
- Differences between counterparty valuations and bank valuations are regularly monitored.

#### c. Credit risk

##### 1. General information about credit risk

##### How the bank's business model transformed into components in the credit risk profile

Credit risk within the body of the Bank is managed within the framework of Credit Risk Management Policy approved by Board of Directors. Risk, related to credit, are defined, duties of departments are determined and main principles of credit risk management are brought in aforementioned policy document. Departments assigned in credit management and their authorization/responsibilities are defined in aforementioned document.

Loan allocation is made within the limits determined on the basis of each debtor and the group of debtors. In the credit allocation process, a lot of financial and non-financial criteria are taken into consideration within the framework of the internal rating process of the Bank. Customer segments and sectors are included in these criterias. The sectoral distribution of loans are monitored closely. According to the bank's credit policy, the rating of the companies are assessing together considering loan limits and collateralization process and the monitoring of the credit risk exposed is carried out.

In this regard, the loan portfolio of the Bank shows a diversified profile in terms of customer segments and sectors.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### Criteria and approach used while determining credit risk policy and credit risk limits

In the monitoring of the credit risks, the risk limits defined to all counterparties are monitored based on product, customer and risk groups and the risk is not allowed to exceed the limits defined. When the loan limits are determined, the payment ability of the counterparty, the characteristics of the sector, the potential impacts of geographical and economic conditions etc. factors are taken into account. When deemed appropriate, the necessary risk mitigation techniques are utilized to minimize the Bank's possible losses. During the credit research, the documents which the relevant legislation requires are taken into consideration. For limits that are extended as multi-use, the creditworthiness of the counterparty is checked regularly and the limits are revised according to the changes in the creditworthiness of the counterparty. Credit allocation authorities are determined pursuant to the customer classes and are changed where deemed necessary.

#### Structure and organization of credit risk management and control function

Credit allocation and management are carried out within the scope of the segregation of duties by different units; therefore it is ensured that the loan is evaluated objectively throughout its lifespan. In order for the accurate and objective measurement of the customer credit risk in the allocation and monitoring groups, risk models are being used. The Early Warning Systems defined in the system are used to monitor the risks of credit customers and the signals received from these systems are continuously monitored by the monitoring groups; in the event pre-determined triggers are determined, pre-determined action plans are put into practice along with the allocation groups.

#### Relation between credit risk management, risk control, legal compliance and internal audit functions

Before the newly developed credit risk models are implemented, they are subjected to a validation process and are used in the risk management processes after the approval of the Bank's Model Risk Management and Validation Committee. The validation process of the applicable credit risk models are repeated at least once a year and the results are presented to Model Risk Management and Validation Committee.

Credit Risk Control, in order to ensure the compliance of the Bank's credit risk processes to Basel regulations, operates the functioning of internal rating systems, the development of credit ratings, the documentation on the changes in credit ratings, and the analysis of compliance with internal restrictions and regularly submits the results to the Rating Committee, Compliance of the Credit Risk Control activities to the internal bank regulations and guidelines is audited regularly by the bank's internal audit units and the matters that must be improved are determined and monitored.

#### Scope and main content of reporting which shall be made to the senior management and the members of board of directors regarding credit risk management function and exposed credit risk

Risk appetite statement is approved and reviewed by the Bank's Board of Directors once a year. With the risk appetite statement, the Bank combines its current risk management instruments, processes, principles and policies with a consistent approach and ensures that risk taking activities are managed within the limits agreed. Therefore, the consistency of the risk applications throughout the Bank is improved.

#### 2. Credit quality of assets

|   |  | a  |               | b | c                      | d                     |
|---|--|--|---------------|---|------------------------|-----------------------|
|   |  | Gross carrying values of<br>(according to TAS) |               |   | Specific<br>provisions | Net values<br>(a+b-c) |
|   |  | Defaulted                                      | Non-defaulted |   |                        |                       |
| 1 | Loans  | 16.676.627                                     | 284.391.333   |   | 27.228.661             | 273.839.299           |
| 2 | Borrowing instruments                        | --   | 88.184.390    |   | 2.192                  | 88.182.198            |
| 3 | Off-balance sheet receivables <sup>(*)</sup> | 2.115.151                                      | 213.545.260   |   | 3.005.296              | 212.655.115           |
| 4 | Total  | 18.791.778                                     | 586.120.983   |   | 30.236.149             | 574.676.612           |

<sup>(\*)</sup> It doesn't include revocable commitments and asset purchase - sales commitments.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Prior Period                                   | a  |                    | b                      | c                     | D |
|--|--|--------------------|------------------------|-----------------------|---|
|  | Gross carrying values of<br>(according to TAS) |                    | Specific<br>provisions | Net values<br>(a+b-c) |   |
|  | Defaulted                                      | Non-defaulted      |                        |                       |   |
| 1 Loans  | 15.217.506                                     | 174.103.171        | 21.887.816             | 167.432.861           |   |
| 2 Borrowing instruments                        | --   | 30.546.419         | 780                    | 30.545.639            |   |
| 3 Off-balance sheet receivables <sup>(*)</sup> | 1.975.866                                      | 136.344.098        | 1.465.758              | 136.854.206           |   |
| <b>4 Total</b>                                 | <b>17.193.372</b>                              | <b>340.993.688</b> | <b>23.354.354</b>      | <b>334.832.706</b>    |   |

<sup>(\*)</sup> It doesn't include revocable commitments and asset purchase - sales commitments.

### 3. Changes in stock of impaired loans and debt securities

|  | Current Period    | Prior Period      |
|--|-------------------|-------------------|
|  | a <sup>(*)</sup>  | a <sup>(*)</sup>  |
|  |                   |                   |
| 1 Impaired loans and debt securities at end of the previous reporting period                       | <b>15.217.506</b> | <b>11.964.223</b> |
| 2 Loans and debt securities that have impaired since the last reporting period                     | 11.116.791        | 6.739.616         |
| 3 Receivables that returned to non-impaired status   | 251.234           | 167.297           |
| 4 Amounts written off <sup>(**)</sup>  | 3.954.507         | 835.035           |
| 5 Other changes  | (5.451.929)       | (2.484.001)       |
| <b>6 Impaired loans and debt securities at end of the reporting period<br/>(1 + 2 - 3 - 4 ± 5)</b> | <b>16.676.627</b> | <b>15.217.506</b> |

<sup>(\*)</sup> It doesn't include off-balance sheet receivables.<sup>(\*\*)</sup> It indicates sales made from non-performing loans portfolio and written off transactions.

### 4. Additional explanations related to the credit quality of assets

#### (i) Scope and definitions of "overdue" receivables and "provisioned" receivables used for accounting purpose

The Bank considers loans that have overdue principal and interest payments and they are classified as second group according to the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days or the debtor of which are deemed unworthy by the Bank are considered as "impaired loans."

#### (ii) The part of overdue receivables (over 90 days) which are not considered as "provisioned" and the reasons for the implementation

Loans that have overdue principal and interest payments for more than 90 days are transferred to "Nonperforming loans" accounts and the Bank calculates "specific provisions" for such loans in compliance with the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made".

#### (iii) Definitions of the methods used while determining amount of provision

The methods used in the calculation of the provision amount are presented in Section Three, note VIII.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

#### (iv) Definitions of restructured receivables

The Bank is able to restructure both first and second group loans and other receivables, as well as non-performing loans and receivables. The restructuring in first and second group loans and other receivables include the restructuring to facilitate the repayment for the customer and the changes in the agreement conditions made with the request of the customer, independent of the credit risk of the customer. The restructuring made in non-performing loans and receivables refer to linking the loan to a new payment plan to provide the collection of the receivable.

#### (v) Breakdown of receivables by geographical area

| Current Period    | Loans             |                    | Borrowing<br>instruments |                   | Off-Balance<br>sheet receivables |                    | Specific<br>provisions | Write-Off <sup>(*)</sup> |
|-------------------|-------------------|--------------------|--------------------------|-------------------|----------------------------------|--------------------|------------------------|--------------------------|
|                   | Defaulted         | Non-<br>defaulted  | Defaulted                | Non-<br>defaulted | Defaulted                        | Non-<br>defaulted  |                        |                          |
|                   |                   |                    |                          |                   |                                  |                    |                        |                          |
| 1 Domestic        | 16.098.619        | 277.517.673        | --                       | 88.184.390        | 2.088.167                        | 207.481.726        | 12.873.699             | 3.954.507                |
| 2 EU Countries    | 39.905            | 1.618.633          | --                       | --                | --                               | 1.829.112          | 39.564                 | --                       |
| 3 OECD Countries  | --                | 1.084              | --                       | --                | --                               | 1.293.556          | --                     | --                       |
| 4 Off Shore Zones | 537.600           | 2.265.762          | --                       | --                | 519                              | 600.816            | 411.570                | --                       |
| 5 USA, Canada     | 146               | 189.520            | --                       | --                | --                               | 261.062            | 131                    | --                       |
| 6 Other Countries | 357               | 2.798.661          | --                       | --                | 26.465                           | 2.078.988          | 340                    | --                       |
| <b>7 Total</b>    | <b>16.676.627</b> | <b>284.391.333</b> | <b>--</b>                | <b>88.184.390</b> | <b>2.115.151</b>                 | <b>213.545.260</b> | <b>13.325.304</b>      | <b>3.954.507</b>         |

<sup>(\*)</sup> It includes sales made from non-performing loans portfolio and amounts of write-off.

| Prior Period      | Loans             |                    | Borrowing<br>instruments |                   | Off-Balance<br>sheet receivables |                    | Specific<br>provisions | Write-Off <sup>(*)</sup> |
|-------------------|-------------------|--------------------|--------------------------|-------------------|----------------------------------|--------------------|------------------------|--------------------------|
|                   | Defaulted         | Non-<br>defaulted  | Defaulted                | Non-<br>defaulted | Defaulted                        | Non-<br>defaulted  |                        |                          |
|                   |                   |                    |                          |                   |                                  |                    |                        |                          |
| 1 Domestic        | 13.949.705        | 169.333.189        | --                       | 30.546.419        | 1.952.050                        | 128.311.729        | 9.878.961              | 835.035                  |
| 2 EU Countries    | 39.780            | 1.604.762          | --                       | --                | --                               | 1.928.211          | 17.133                 | --                       |
| 3 OECD Countries  | 6                 | 1.509              | --                       | --                | --                               | 2.729.587          | 2                      | --                       |
| 4 Off Shore Zones | 1.052.640         | 1.240.061          | --                       | --                | 519                              | 900.537            | 745.075                | --                       |
| 5 USA, Canada     | --                | 137.354            | --                       | --                | --                               | 138.714            | --                     | --                       |
| 6 Other Countries | 175.375           | 1.786.296          | --                       | --                | 23.297                           | 2.335.320          | 166.228                | --                       |
| <b>7 Total</b>    | <b>15.217.506</b> | <b>174.103.171</b> | <b>--</b>                | <b>30.546.419</b> | <b>1.975.866</b>                 | <b>136.344.098</b> | <b>10.807.399</b>      | <b>835.035</b>           |

<sup>(\*)</sup> It includes sales made from non-performing loans portfolio and amounts of write-off.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**(vi) Breakdown of receivables by sectors**

|                                      | Loans             |                      | Borrowing instruments |                      | Off-Balance sheet receivables |                      | Specific provisions        | Write-Off <sup>(*)</sup>        |
|--------------------------------------|-------------------|----------------------|-----------------------|----------------------|-------------------------------|----------------------|----------------------------|---------------------------------|
|                                      | Defaulted         | Non-defaulted        | Defaulted             | Non-defaulted        | Defaulted                     | Non-defaulted        |                            |                                 |
| <b>Current Period</b>                | <b>Defaulted</b>  | <b>Non-defaulted</b> | <b>Defaulted</b>      | <b>Non-defaulted</b> | <b>Defaulted</b>              | <b>Non-defaulted</b> | <b>Specific provisions</b> | <b>Write-Off <sup>(*)</sup></b> |
| <b>Agricultural</b>                  | <b>950.436</b>    | <b>25.693.692</b>    | --                    | --                   | <b>2.664</b>                  | <b>8.351.923</b>     | <b>739.943</b>             | <b>184.928</b>                  |
| Farming and Cattle                   | 949.600           | 25.604.934           | --                    | --                   | 2.563                         | 8.221.873            | 739.322                    | 184.289                         |
| Forestry                             | 518               | 10.261               | --                    | --                   | --                            | 15.313               | 366                        | 17                              |
| Fishing                              | 318               | 78.497               | --                    | --                   | 101                           | 114.737              | 255                        | 622                             |
| <b>Manufacturing</b>                 | <b>5.455.710</b>  | <b>40.898.417</b>    | --                    | --                   | <b>156.379</b>                | <b>38.964.432</b>    | <b>4.260.547</b>           | <b>46.647</b>                   |
| Mining                               | 128.574           | 2.830.358            | --                    | --                   | 1.772                         | 1.196.621            | 125.447                    | 18.703                          |
| Production                           | 1.574.279         | 28.585.480           | --                    | --                   | 139.766                       | 33.568.579           | 1.352.446                  | 27.933                          |
| Electric, Gas, Water                 | 3.752.857         | 9.482.579            | --                    | --                   | 14.841                        | 4.199.232            | 2.782.654                  | 11                              |
| <b>Construction</b>                  | <b>1.191.143</b>  | <b>21.278.170</b>    | --                    | --                   | <b>1.501.296</b>              | <b>18.883.327</b>    | <b>1.045.876</b>           | <b>36.264</b>                   |
| <b>Services</b>                      | <b>6.142.698</b>  | <b>75.489.164</b>    | --                    | --                   | <b>379.197</b>                | <b>42.758.735</b>    | <b>5.228.308</b>           | <b>1.292.652</b>                |
| Wholesale and Retail Trade           | 1.976.261         | 26.135.258           | --                    | --                   | 54.846                        | 29.731.853           | 1.730.725                  | 265.469                         |
| Hotel and Restaurant Services        | 1.541.999         | 23.943.801           | --                    | --                   | 314.430                       | 2.036.252            | 1.282.368                  | 4.985                           |
| Transportation and telecommunication | 546.729           | 10.290.336           | --                    | --                   | 6.069                         | 7.162.671            | 506.248                    | 1.013.517                       |
| Financial institution                | 3.298             | 10.628.073           | --                    | --                   | 175                           | 2.291.657            | 2.738                      | 1.701                           |
| Real estate and letting services     | 1.321.223         | 548.778              | --                    | --                   | 237                           | 375.351              | 1.101.578                  | 4.367                           |
| Self-employment services             | 127.490           | --                   | --                    | --                   | --                            | --                   | 116.823                    | --                              |
| Education services                   | 102.927           | 1.339.712            | --                    | --                   | 1.895                         | 267.163              | 82.971                     | 1.381                           |
| Health and social services           | 522.771           | 2.603.206            | --                    | --                   | 1.545                         | 893.788              | 404.857                    | 1.232                           |
| <b>Other</b>                         | <b>2.936.640</b>  | <b>121.031.890</b>   | --                    | <b>88.184.390</b>    | <b>75.615</b>                 | <b>104.586.843</b>   | <b>2.050.630</b>           | <b>2.394.016</b>                |
| <b>Total</b>                         | <b>16.676.627</b> | <b>284.391.333</b>   | --                    | <b>88.184.390</b>    | <b>2.115.151</b>              | <b>213.545.260</b>   | <b>13.325.304</b>          | <b>3.954.507</b>                |

<sup>(\*)</sup> It includes sales made from non-performing loans portfolio and amounts of write-off.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|                                      | Loans             |                      | Borrowing instruments |                      | Off-Balance sheet receivables |                      | Specific provisions        | Write-Off <sup>(*)</sup>        |
|--------------------------------------|-------------------|----------------------|-----------------------|----------------------|-------------------------------|----------------------|----------------------------|---------------------------------|
|                                      | Defaulted         | Non-defaulted        | Defaulted             | Non-defaulted        | Defaulted                     | Non-defaulted        |                            |                                 |
| <b>Prior Period</b>                  | <b>Defaulted</b>  | <b>Non-defaulted</b> | <b>Defaulted</b>      | <b>Non-defaulted</b> | <b>Defaulted</b>              | <b>Non-defaulted</b> | <b>Specific provisions</b> | <b>Write-Off <sup>(*)</sup></b> |
| <b>Agricultural</b>                  | <b>1.973.995</b>  | <b>17.691.957</b>    | --                    | --                   | <b>3.692</b>                  | <b>5.254.437</b>     | <b>1.133.886</b>           | <b>29.932</b>                   |
| Farming and Cattle                   | 1.973.257         | 17.671.895           | --                    | --                   | 3.539                         | 5.232.126            | 1.133.243                  | 29.848                          |
| Forestry                             | 153               | 4.054                | --                    | --                   | 6                             | 6.589                | 87                         | --                              |
| Fishing                              | 585               | 16.008               | --                    | --                   | 147                           | 15.722               | 556                        | 84                              |
| <b>Manufacturing</b>                 | <b>3.389.020</b>  | <b>24.299.476</b>    | --                    | --                   | <b>139.243</b>                | <b>28.415.370</b>    | <b>2.587.531</b>           | <b>19.239</b>                   |
| Mining                               | 82.170            | 1.420.863            | --                    | --                   | 2.323                         | 783.850              | 80.393                     | 3.154                           |
| Production                           | 1.488.356         | 14.695.539           | --                    | --                   | 132.846                       | 24.861.006           | 1.238.658                  | 14.565                          |
| Electric, Gas, Water                 | 1.818.494         | 8.183.074            | --                    | --                   | 4.074                         | 2.770.514            | 1.268.480                  | 1.520                           |
| <b>Construction</b>                  | <b>1.394.365</b>  | <b>15.218.501</b>    | --                    | --                   | <b>241.763</b>                | <b>14.869.406</b>    | <b>1.130.613</b>           | <b>34.322</b>                   |
| <b>Services</b>                      | <b>5.681.554</b>  | <b>47.935.996</b>    | --                    | --                   | <b>345.168</b>                | <b>33.662.752</b>    | <b>4.390.587</b>           | <b>236.682</b>                  |
| Wholesale and Retail Trade           | 1.436.817         | 15.973.621           | --                    | --                   | 82.201                        | 22.232.034           | 1.023.045                  | 67.037                          |
| Hotel and Restaurant Services        | 1.810.846         | 17.556.796           | --                    | --                   | 253.936                       | 2.520.458            | 1.360.355                  | 164.620                         |
| Transportation and telecommunication | 497.097           | 5.731.454            | --                    | --                   | 5.588                         | 5.526.434            | 399.267                    | 4.055                           |
| Financial institution                | 7.646             | 4.642.374            | --                    | --                   | 196                           | 2.482.745            | 6.292                      | 67                              |
| Real estate and letting services     | 1.533.963         | 571.579              | --                    | --                   | 758                           | 210.202              | 1.272.776                  | 179                             |
| Self-employment services             | 126.104           | --                   | --                    | --                   | --                            | --                   | 109.985                    | --                              |
| Education services                   | 100.997           | 1.103.012            | --                    | --                   | 1.395                         | 173.947              | 76.278                     | 608                             |
| Health and social services           | 168.084           | 2.357.160            | --                    | --                   | 1.094                         | 516.932              | 142.589                    | 116                             |
| <b>Other</b>                         | <b>2.778.572</b>  | <b>68.957.241</b>    | --                    | <b>30.546.419</b>    | <b>1.246.000</b>              | <b>54.142.133</b>    | <b>1.564.782</b>           | <b>514.860</b>                  |
| <b>Total</b>                         | <b>15.217.506</b> | <b>174.103.171</b>   | --                    | <b>30.546.419</b>    | <b>1.975.866</b>              | <b>136.344.098</b>   | <b>10.807.399</b>          | <b>835.035</b>                  |

<sup>(\*)</sup> It includes sales made from non-performing loans portfolio and amounts of write-off.**(vii) Breakdown of receivables by remaining maturity**

| <b>Current Period</b>            | <b>Undistributed</b> | <b>1 month</b>     | <b>1-3 months</b> | <b>3-6 months</b> | <b>6-12 months</b> | <b>Over 1 year</b> | <b>Total</b>       |
|----------------------------------|----------------------|--------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| <b>Non-defaulted receivables</b> | --                   | 181.614.286        | 32.681.707        | 39.595.606        | 77.262.417         | 254.966.967        | 586.120.983        |
| 1 Loans                          | --                   | 57.123.891         | 21.390.610        | 27.938.679        | 54.875.922         | 123.062.231        | 284.391.333        |
| 2 Borrowings instruments         | --                   | --                 | --                | --                | --                 | 88.184.390         | 88.184.390         |
| 3 Off-balance sheet receivables  | --                   | 124.490.395        | 11.291.097        | 11.656.927        | 22.386.495         | 43.720.346         | 213.545.260        |
| <b>Defaulted receivables</b>     | 18.791.778           | --                 | --                | --                | --                 | --                 | 18.791.778         |
| 1 Loans                          | 16.676.627           | --                 | --                | --                | --                 | --                 | 16.676.627         |
| 2 Borrowings instruments         | --                   | --                 | --                | --                | --                 | --                 | --                 |
| 3 Off-balance sheet receivables  | 2.115.151            | --                 | --                | --                | --                 | --                 | 2.115.151          |
| <b>Specific Provision</b>        | <b>13.325.304</b>    | --                 | --                | --                | --                 | --                 | <b>13.325.304</b>  |
| <b>Total</b>                     | <b>5.466.474</b>     | <b>181.614.286</b> | <b>32.681.707</b> | <b>39.595.606</b> | <b>77.262.417</b>  | <b>254.966.967</b> | <b>591.587.457</b> |



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

| Prior Period                     | Undistr-<br>ibuted | 1 month            | 1-3 months        | 3-6 months        | 6-12 months       | Over 1 year        | Total              |
|----------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| <b>Non-defaulted receivables</b> | --                 | 100.318.298        | 16.711.793        | 18.466.336        | 42.670.643        | 162.826.618        | 340.993.688        |
| 1 Loans                          | --                 | 29.117.590         | 8.676.131         | 8.802.607         | 27.083.803        | 100.423.040        | 174.103.171        |
| 2 Borrowings instruments         | --                 | --                 | --                | --                | --                | 30.546.419         | 30.546.419         |
| 3 Off-balance sheet receivables  | --                 | 71.200.708         | 8.035.662         | 9.663.729         | 15.586.840        | 31.857.159         | 136.344.098        |
| <b>Defaulted receivables</b>     | 17.193.372         | --                 | --                | --                | --                | --                 | 17.193.372         |
| 1 Loans                          | 15.217.506         | --                 | --                | --                | --                | --                 | 15.217.506         |
| 2 Borrowings instruments         | --                 | --                 | --                | --                | --                | --                 | --                 |
| 3 Off-balance sheet receivables  | 1.975.866          | --                 | --                | --                | --                | --                 | 1.975.866          |
| <b>Specific Provision</b>        | <b>10.807.399</b>  | <b>--</b>          | <b>--</b>         | <b>--</b>         | <b>--</b>         | <b>--</b>          | <b>10.807.399</b>  |
| <b>Total</b>                     | <b>6.385.973</b>   | <b>100.318.298</b> | <b>16.711.793</b> | <b>18.466.336</b> | <b>42.670.643</b> | <b>162.826.618</b> | <b>347.379.661</b> |

### (viii) Ageing analysis of overdue receivables

| Current Period                | 1-30 days | 31-60 days | 61-90 days | Over 90 days | Total      |
|-------------------------------|-----------|------------|------------|--------------|------------|
| Loans                         | 7.823.004 | 1.957.167  | 1.143.338  | 3.350.853    | 14.274.362 |
| Borrowing instruments         | --        | --         | --         | --           | --         |
| Off-balance sheet receivables | --        | --         | --         | --           | --         |

| Prior Period                  | 1-30 days | 31-60 days | 61-90 days | Over 90 days | Total      |
|-------------------------------|-----------|------------|------------|--------------|------------|
| Loans                         | 7.310.782 | 2.394.276  | 2.890.506  | 2.104.606    | 14.700.170 |
| Borrowing instruments         | --        | --         | --         | --           | --         |
| Off-balance sheet receivables | --        | --         | --         | --           | --         |

### (ix) Breakdown of restructured receivables according to their provisioning status

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Restructured from loans under close monitoring | 20.393.427     | 18.760.736   |
| Restructured from non-performing loans         | 8.083.820      | 1.387.470    |

### 5. Credit risk mitigation techniques

Financial collaterals are valued with their up to date values as of the reporting date and involved in the credit risk mitigation process. While allocating the collateral amount to the credit extended, taking into consideration the possible losses of value that may occur in the collateral value with a prudent approach, risk mitigation effects are calculated based on collateral values and credit risk mitigation is made according to comprehensive financial collateral method. Legal validity of the real estate mortgages are ensured with the timely and duly registration of the pledge; and the changes in the market conditions that possess importance are monitored.

In the exchange rate conversion of foreign currency financial collaterals, the Central Bank's foreign exchange buying rates for 31.12.2021, which were stated in the BRSA's letter dated 28 April 2022, were taken into account in parallel with the CRET calculation.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

Bank makes the credit risk mitigation according to the comprehensive financial collateral method pursuant to the "Communiqué on the Credit Risk Mitigation Techniques". The currency rate nonconformities between the receivable and the collateral is taken into account based on the standard deduction rates specified in the annex of the communiqué, while the maturity nonconformity between the receivable and the collateral are taken into account based on the method specified under Article 40. In the credit risk mitigation, cash, financial debt securities, real estate mortgages and Credit Guarantee Fund sureties with Treasury support are used.

Credit policies establish an operational link between the Bank's activities and risk capacity and includes the main areas of activity in line with the target portfolio structure, risk targets for expected and unexpected losses in line with risk capacity, and limits on risk concentration. It must be ensured that limits are in compliance with the restrictions determined by the relevant legislation and regulatory and supervisory authorities. In the management of the concentration risk, the Bank uses a holistic approach in which all risk concentrations are determined, monitored and evaluated. Therefore, the concentrations in the market, sector, country and the area of activity must be taken into account as well as the loans extended to persons and companies. The Bank shows utmost care so that credit and market risk do not concentrate in a specific counterparty or risk category in accordance with its policies and internal procedures.

### 6. Credit risk mitigation techniques - overview

|                                     | a   | b                                     | c   | d  | e   | f  | g   |
|-------------------------------------|---|---------------------------------------|---|--|---|--|---|
|                                     | Exposures<br>unsecured:<br>revaluation<br>amount<br>according<br>to TAS | Exposures<br>secured by<br>collateral | Exposures<br>secured by<br>collateral,<br>of which<br>secured<br>amount | Exposures<br>secured by<br>financial<br>guarantees | Financial<br>guarantees,<br>of which<br>secured<br>amount | Exposures<br>secured by<br>credit<br>derivatives | Exposures<br>secured by<br>credit<br>derivatives, of<br>which secured<br>amount |
| <b>Current Period</b>               |   |                                       |   |  |   |  |   |
| 1 Loans                             | 215.548.520   | 54.953.958                            | 36.544.468  | 3.336.821  | 2.962.498   | --   | --  |
| 2 Borrowing instruments             | 88.182.198  | --                                    | --  | --   | --  | --   | --  |
| <b>3 Total</b>                      | <b>303.730.718</b>  | <b>54.953.958</b>                     | <b>36.544.468</b>   | <b>3.336.821</b>                                   | <b>2.962.498</b>  | <b>--</b>  | <b>--</b>   |
| 4 Of which defaulted <sup>(*)</sup> | 13.871.192  | 3.770.105                             | 1.854.343   | 1.150.481  | 128.348   | --   | --  |

<sup>(\*)</sup> It includes default figure belonging to amount before provision and off-balance sheet receivables.

|                                     | a   | b                                     | c   | d  | e   | f  | g   |
|-------------------------------------|---|---------------------------------------|---|--|---|--|---|
|                                     | Exposures<br>unsecured:<br>revaluation<br>amount<br>according<br>to TAS | Exposures<br>secured by<br>collateral | Exposures<br>secured by<br>collateral,<br>of which<br>secured<br>amount | Exposures<br>secured by<br>financial<br>guarantees | Financial<br>guarantees,<br>of which<br>secured<br>amount | Exposures<br>secured by<br>credit<br>derivatives | Exposures<br>secured by<br>credit<br>derivatives, of<br>which secured<br>amount |
| <b>Prior Period</b>                 |   |                                       |   |  |   |  |   |
| 1 Loans                             | 132.605.823   | 30.868.730                            | 18.381.889  | 3.958.309  | 3.449.574   | --   | --  |
| 2 Borrowing instruments             | 30.545.639  | --                                    | --  | --   | --  | --   | --  |
| <b>3 Total</b>                      | <b>163.151.462</b>  | <b>30.868.730</b>                     | <b>18.381.889</b>   | <b>3.958.309</b>                                   | <b>3.449.574</b>  | <b>--</b>  | <b>--</b>   |
| 4 Of which defaulted <sup>(*)</sup> | 12.059.328  | 3.401.017                             | 1.654.841   | 1.733.027  | 437.176   | --   | --  |

<sup>(\*)</sup> It includes default figure belonging to amount before provision and off-balance sheet receivables.

### 7. Explanations on rating notes used while calculating credit risk with standard approach

In determination of the risk weights to be applied in the capital adequacy calculation, the ratings given by Fitch rating agency are used. The scope in which the rating notes are taken into consideration is the receivables from central governments or central banks, and in order to be valid for those resident abroad, the receivables from banks and intermediary institutions and corporate receivables. In the event there is no rating regarding the receivable while determining the risk weight, the rating of the issuer must be taken into consideration.

The matching of risk ratings with risk weights according to credit quality level and risk classes are shown in Section Four, note II-n.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**8. Standardised approach - Credit risk exposed and credit risk mitigation (CRM) methods**

| Current Period       |   | a   | b                        | c   | d                        | e                   | f           |
|----------------------|---|---|--------------------------|---|--------------------------|---------------------|-------------|
|                      |   | Exposures before credit conversion factor and |                          | Exposures post-credit conversion factor and |                          |                     |             |
|                      |   | CRM   |                          | CRM   |                          | RWA and RWA density |             |
|                      |   | On-balance sheet amount                       | Off-balance sheet amount | On-balance sheet amount                     | Off-balance sheet amount | RWA                 | RWA density |
| Risk classifications |   |   |                          |   |                          |                     |             |
| 1                    | Exposures to central governments or central banks                                     | 143.387.817                                   | 2.915.335                | 146.349.544                                 | 3.340.747                | --                  | 0,00%       |
| 2                    | Exposures to regional governments or local authorities                                | 2.785.371                                     | 470.658                  | 2.781.278                                   | 233.567                  | 2.130.749           | 70,68%      |
| 3                    | Exposures to public sector entities   | --  | --                       | --  | --                       | --                  | 0,00%       |
| 4                    | Exposures to multilateral development banks   | --  | --                       | --  | --                       | --                  | 0,00%       |
| 5                    | Exposures to international organisations  | --  | --                       | --  | --                       | --                  | 0,00%       |
| 6                    | Exposures to institutions   | 12.503.116                                    | 8.131.268                | 12.503.116                                  | 7.502.600                | 5.848.262           | 29,23%      |
| 7                    | Exposures to corporates   | 98.168.015                                    | 69.764.408               | 90.738.103                                  | 39.924.151               | 140.836.498         | 107,79%     |
| 8                    | Retail exposures  | 129.006.003                                   | 121.629.338              | 126.249.662                                 | 6.554.159                | 129.904.994         | 97,82%      |
| 9                    | Exposures secured by residential property   | 6.001.783                                     | 1.495.701                | 5.860.666                                   | 790.433                  | 2.570.388           | 38,65%      |
| 10                   | Exposures secured by commercial real estate   | 23.361.560                                    | 3.765.293                | 23.361.560                                  | 2.602.360                | 14.826.810          | 57,11%      |
| 11                   | Past-due loans  | 2.654.436                                     | 77.012                   | 2.521.361                                   | 20.893                   | 1.660.020           | 65,30%      |
| 12                   | Higher-risk categories by the Agency Board  | --  | --                       | --  | --                       | --                  | 0,00%       |
| 13                   | Exposures in the form of covered bonds  | --  | --                       | --  | --                       | --                  | 0,00%       |
| 14                   | Exposures to institutions and corporates with a short-term credit assessment          | --  | --                       | --  | --                       | --                  | 0,00%       |
| 15                   | Exposures in the form of units or shares in collective investment undertakings (CIUs) | 9   | 14.883                   | 9   | 13.882                   | 13.891              | 100,00%     |
| 16                   | Other assets  | 25.052.364                                    | --                       | 25.052.364                                  | --                       | 20.144.084          | 80,41%      |
| 17                   | Investments in equities   | 37.707.233                                    | --                       | 37.707.233                                  | --                       | 37.707.233          | 100,00%     |
| 18                   | Total   | 480.627.707                                   | 208.263.896              | 473.124.896                                 | 60.982.792               | 355.642.929         | 66,59%      |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Prior Period         |   | a   |                          | b   |                          | c                   |  | d           |  | e |  | f |         |
|----------------------|---|---|--------------------------|---|--------------------------|---------------------|--|-------------|--|---|--|---|---------|
|                      |   | Exposures before credit conversion factor and CRM |                          | Exposures post-credit conversion factor and CRM |                          | RWA and RWA density |  |             |  |   |  |   |         |
|                      |   | On-balance sheet amount                           | Off-balance sheet amount | On-balance sheet amount                         | Off-balance sheet amount |                     |  |             |  |   |  |   |         |
|                      |   |   |                          |   |                          |                     |  |             |  |   |  |   |         |
| Risk classifications |   |   |                          |   |                          |                     |  |             |  |   |  |   |         |
| 1                    | Exposures to central governments or central banks                                     | 59.124.154  | 3.043.370                | 62.573.720                                      | 3.878.292                |                     |  | --          |  |   |  |   | 0,00%   |
| 2                    | Exposures to regional governments or local authorities                                | 3.350.136   | 44.844                   | 3.349.360                                       | 22.169                   |                     |  | 1.685.764   |  |   |  |   | 50,00%  |
| 3                    | Exposures to public sector entities   | --  | --                       | --  | --                       |                     |  | --          |  |   |  |   | 0,00%   |
| 4                    | Exposures to multilateral development banks   | --  | --                       | --  | --                       |                     |  | --          |  |   |  |   | 0,00%   |
| 5                    | Exposures to international organisations  | --  | --                       | --  | --                       |                     |  | --          |  |   |  |   | 0,00%   |
| 6                    | Exposures to institutions   | 6.257.553   | 7.271.269                | 6.257.553                                       | 6.867.372                |                     |  | 4.365.176   |  |   |  |   | 33,26%  |
| 7                    | Exposures to corporates   | 53.231.418  | 45.932.120               | 50.319.146                                      | 27.180.357               |                     |  | 77.503.432  |  |   |  |   | 100,00% |
| 8                    | Retail exposures  | 79.769.523  | 70.274.273               | 77.825.521                                      | 4.428.668                |                     |  | 73.337.938  |  |   |  |   | 89,16%  |
| 9                    | Exposures secured by residential property   | 3.208.888   | 634.391                  | 3.125.278                                       | 339.410                  |                     |  | 1.212.641   |  |   |  |   | 35,00%  |
| 10                   | Exposures secured by commercial real estate   | 13.604.230  | 1.984.211                | 13.604.227                                      | 1.409.577                |                     |  | 8.610.901   |  |   |  |   | 57,35%  |
| 11                   | Past-due loans  | 3.773.789   | 793.810                  | 3.333.172                                       | 358.660                  |                     |  | 2.916.388   |  |   |  |   | 79,00%  |
| 12                   | Higher-risk categories by the Agency Board  | --  | --                       | --  | --                       |                     |  | --          |  |   |  |   | 0,00%   |
| 13                   | Exposures in the form of covered bonds  | --  | --                       | --  | --                       |                     |  | --          |  |   |  |   | 0,00%   |
| 14                   | Exposures to institutions and corporates with a short-term credit assessment          | --  | --                       | --  | --                       |                     |  | --          |  |   |  |   | 0,00%   |
| 15                   | Exposures in the form of units or shares in collective investment undertakings (CIUs) | --  | 23.002                   | --  | 14.833                   |                     |  | 14.833      |  |   |  |   | 100,00% |
| 16                   | Other assets  | 12.099.182  | --                       | 12.099.182                                      | --                       |                     |  | 7.812.820   |  |   |  |   | 64,57%  |
| 17                   | Investments in equities   | 30.719.664  | --                       | 30.719.664                                      | --                       |                     |  | 30.719.664  |  |   |  |   | 100,00% |
| 18                   | Total   | 265.138.537                                       | 130.001.290              | 263.206.823                                     | 44.499.338               |                     |  | 208.179.557 |  |   |  |   | 67,66%  |



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**9. Standardised Approach - Exposures by risk classes and risk weights**

| Current Period                   |   | a                  | b         | c                 | k  | d  | l                 | e                 | f                  | g                 | h                 | i              | j  |
|----------------------------------|---|--------------------|-----------|-------------------|--|--|-------------------|-------------------|--------------------|-------------------|-------------------|----------------|--|
|                                  |   |                    |           |                   | 35%<br>Secured<br>with<br>property<br>mortgage | 50%<br>Secured<br>with<br>property<br>mortgage |                   |                   |                    |                   |                   |                | Total risk<br>exposure<br>(after CCF and<br>CRM) |
| Risk Classifications/Risk Weight |   | 0%                 | 10%       | 20%               |  |  | 50%               | 75%               | 100%               | 150%              | 200%              | Others         |  |
| 1                                | Exposures to central governments or central banks                                     | 149.690.291        | --        | --                | --   | --   | --                | --                | --                 | --                | --                | --             | 149.690.291                                      |
| 2                                | Exposures to regional governments or local authorities                                | --                 | --        | 2.089             | --   | --   | 2.596.788         | --                | --                 | --                | 415.968           | --             | 3.014.845  |
| 3                                | Exposures to public sector entities   | --                 | --        | --                | --   | --   | --                | --                | --                 | --                | --                | --             | --   |
| 4                                | Exposures to multilateral development banks   | --                 | --        | --                | --   | --   | --                | --                | --                 | --                | --                | --             | --   |
| 5                                | Exposures to international organisations  | --                 | --        | --                | --   | --   | --                | --                | --                 | --                | --                | --             | --   |
| 6                                | Exposures to institutions   | --                 | --        | 13.712.760        | --   | --   | 5.696.997         | --                | 250.299            | --                | --                | 345.660        | 20.005.716                                       |
| 7                                | Exposures to corporates   | --                 | --        | --                | --   | --   | --                | --                | 120.917.854        | 45.320            | 9.548.246         | 150.834        | 130.662.254                                      |
| 8                                | Retail exposures  | --                 | --        | --                | --   | --   | --                | 80.645.039        | 18.114.402         | 33.975.739        | --                | 68.641         | 132.803.821                                      |
| 9                                | Exposures secured by residential property   | --                 | --        | --                | 6.529.569                                      | --   | --                | --                | --                 | --                | 107.537           | 13.993         | 6.651.099  |
| 10                               | Exposures secured by commercial real estate   | --                 | --        | --                | --   | 23.111.463                                     | --                | --                | 2.458.039          | --                | 386.350           | 8.068          | 25.963.920                                       |
| 11                               | Past-due loans  | --                 | --        | --                | --   | --   | 1.801.811         | --                | 703.099            | 37.344            | --                | --             | 2.542.254  |
| 12                               | Higher-risk categories by the Agency Board  | --                 | --        | --                | --   | --   | --                | --                | --                 | --                | --                | --             | --   |
| 13                               | Exposures in the form of covered bonds  | --                 | --        | --                | --   | --   | --                | --                | --                 | --                | --                | --             | --   |
| 14                               | Exposures to institutions and corporates with a short-term credit assessment          | --                 | --        | --                | --   | --   | --                | --                | --                 | --                | --                | --             | --   |
| 15                               | Exposures in the form of units or shares in collective investment undertakings (CIUs) | --                 | --        | --                | --   | --   | --                | --                | 13.891             | --                | --                | --             | 13.891   |
| 16                               | Investments in equities   | --                 | --        | --                | --   | --   | --                | --                | 37.707.233         | --                | --                | --             | 37.707.233                                       |
| 17                               | Other assets  | 4.383.606          | --        | 655.686           | --   | --   | --                | 579               | 20.012.493         | --                | --                | --             | 25.052.364                                       |
| <b>18</b>                        | <b>Total</b>  | <b>154.073.897</b> | <b>--</b> | <b>14.370.535</b> | 6.529.569                                      | 23.111.463                                     | <b>10.095.596</b> | <b>80.645.618</b> | <b>200.177.310</b> | <b>34.058.403</b> | <b>10.458.101</b> | <b>587.196</b> | <b>534.107.688</b>                               |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Prior Period                     |   | a                 | b         | c                | k  | d  | l                 | e                 | f                  | g                 | h         | i         | j  |
|----------------------------------|---|-------------------|-----------|------------------|--|--|-------------------|-------------------|--------------------|-------------------|-----------|-----------|--|
| Risk Classifications/Risk Weight |   | 0%                | 10%       | 20%              | 35%<br>Secured<br>with<br>property<br>mortgage | 50%<br>Secured<br>with<br>property<br>mortgage | 50%               | 75%               | 100%               | 150%              | 200%      | Others    | Total risk<br>exposure<br>(after CCF and<br>CRM) |
| 1                                | Exposures to central governments or central banks                                     | 66.452.012        | --        | --               | --   | --   | --                | --                | --                 | --                | --        | --        | 66.452.012                                       |
| 2                                | Exposures to regional governments or local authorities                                | --                | --        | --               | --   | --   | 3.371.529         | --                | --                 | --                | --        | --        | 3.371.529  |
| 3                                | Exposures to public sector entities   | --                | --        | --               | --   | --   | --                | --                | --                 | --                | --        | --        | --   |
| 4                                | Exposures to multilateral development banks   | --                | --        | --               | --   | --   | --                | --                | --                 | --                | --        | --        | --   |
| 5                                | Exposures to international organisations  | --                | --        | --               | --   | --   | --                | --                | --                 | --                | --        | --        | --   |
| 6                                | Exposures to institutions   | --                | --        | 7.791.385        | --   | --   | 5.053.282         | --                | 280.258            | --                | --        | --        | 13.124.925                                       |
| 7                                | Exposures to corporates   | --                | --        | --               | --   | --   | --                | --                | 77.491.645         | 7.858             | --        | --        | 77.499.503                                       |
| 8                                | Retail exposures  | --                | --        | --               | --   | --   | --                | 63.041.010        | 5.525.177          | 13.688.002        | --        | --        | 82.254.189                                       |
| 9                                | Exposures secured by residential property   | --                | --        | --               | 3.464.688                                      | --   | --                | --                | --                 | --                | --        | --        | 3.464.688  |
| 10                               | Exposures secured by commercial real estate   | --                | --        | --               | --   | 12.805.807                                     | --                | --                | 2.207.997          | --                | --        | --        | 15.013.804                                       |
| 11                               | Past-due loans  | --                | --        | --               | --   | --   | 1.745.374         | --                | 1.751.970          | 194.488           | --        | --        | 3.691.832  |
| 12                               | Higher-risk categories by the Agency Board  | --                | --        | --               | --   | --   | --                | --                | --                 | --                | --        | --        | --   |
| 13                               | Exposures in the form of covered bonds  | --                | --        | --               | --   | --   | --                | --                | --                 | --                | --        | --        | --   |
| 14                               | Exposures to institutions and corporates with a short-term credit assessment          | --                | --        | --               | --   | --   | --                | --                | --                 | --                | --        | --        | --   |
| 15                               | Exposures in the form of units or shares in collective investment undertakings (CIUs) | --                | --        | --               | --   | --   | --                | --                | 14.833             | --                | --        | --        | 14.833   |
| 16                               | Investments in equities   | --                | --        | --               | --   | --   | --                | --                | 30.719.664         | --                | --        | --        | 30.719.664                                       |
| 17                               | Other assets  | 3.897.416         | --        | 423.748          | --   | --   | 99.781            | 228               | 7.678.009          | --                | --        | --        | 12.099.182                                       |
| 18                               | <b>Total</b>  | <b>70.349.428</b> | <b>--</b> | <b>8.215.133</b> | <b>3.464.688</b>                               | <b>12.805.807</b>                              | <b>10.269.966</b> | <b>63.041.238</b> | <b>125.669.553</b> | <b>13.890.348</b> | <b>--</b> | <b>--</b> | <b>307.706.161</b>                               |



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### d. Counterparty credit risk

#### 1. Explanations related to counterparty credit risk (CCR)

Policies regarding counterparty risk management are determined by the Board of Directors in accordance with the Turkish Banking Legislation, regulations of the Banking Regulation and Supervision Authority and the Board of Directors in a way to comply with international standards.

Counterparty credit risk includes derivative financial products and repo transactions. Counterparties have been separated to segments as; financial institutions, corporate-commercial customers, SME-Micro-Golden-Agriculture customers and individual customers. For the determination of the products and services to be presented to the customers, a "Compliance Test" is applied according to the product information, financial status and the transaction frequency of the customer. For customers that are classified as professional, there is no need to make a Compliance Test.

Before the transactions to be made with counterparties, the creditworthiness of the counterparty is analysed and are re-evaluated with regular intervals. Limits are determined separately for counterparties as separate and as a group for those under the same risk group. Limits are approved in the relevant credit committees according to the segments of the counterparties. Revision of the limits are made at least once a year. Where necessary, the approved limits are suspended with the approval of the Credit Committee/Credit Allocation Department.

Risk monitoring of the transactions with the scope of CCR are made according to the type, maturity and currency of the transaction, by monitoring the potential risk calculated by multiplying the changing rates by the nominal amount of the transaction and the current risk calculated through the daily valuation method. In transactions made with financial institutions, the risk mitigation methods under international agreements such as ISDA, CSA, GMRA and EMA signed with the counterparty are used. For other counterparties, collateral adequacy ratios are monitored daily within the scope of the Bank's existing credit policies and procedures and the risk mitigation is carried out through additional collateral and margin completion where necessary. The margins to be used in the collateral agreements are reviewed regularly. Margins are determined according to the volatility and liquidity of the collateral received. The risks of the transactions that are subjected to bilateral settlement agreements and that are settles are tracked together. In the event of a decrease in the credit rating note of the bank, the bank's obligation to provide additional collateral must be tracked.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### 2. Analysis of counterparty credit risk exposed by measurement approaches

|                |  | a                | b                         | c    | d  | e                            | f                |
|----------------|--|------------------|---------------------------|------|--|------------------------------|------------------|
|                |  | Replacement cost | Potential future exposure | EEPE | Alpha used for computing regulatory exposure at default) | Exposure at default post CRM | RWA              |
| Current Period |  |                  |                           |      |  |                              |                  |
| 1              | Standardised Approach (for derivatives) <sup>(*)</sup>   | 4.221.758        | 1.452.391                 |      | 1,4  | 7.943.809                    | 4.487.639        |
| 2              | Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)                             |                  |                           | --   | --   | --                           | --               |
| 3              | Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)        |                  |                           |      |  | --                           | --               |
| 4              | Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) |                  |                           |      |  | 5.253.420                    | 1.104.310        |
| 5              | VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit   |                  |                           |      |  | --                           | --               |
| <b>6</b>       | <b>Total</b>   |                  |                           |      |  |                              | <b>5.591.949</b> |

<sup>(\*)</sup> Counterparty credit risk for derivatives is calculated by the fair value method.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|  | a                   | b                               | c  | d                                  | e         | f                |
|--|---------------------|---------------------------------|--|------------------------------------|-----------|------------------|
|  |                     |                                 | Alpha used for<br>computing<br>regulatory<br>exposure at<br>default) |                                    |           |                  |
| Prior Period   | Replacement<br>cost | Potential<br>future<br>exposure | EEPE   | Exposure<br>at default<br>post CRM |           | RWA              |
| 1 Standardised Approach (for derivatives) <sup>(*)</sup>   | 7.947.590           | 1.645.434                       |  | -                                  | 9.440.972 | 3.866.155        |
| 2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)                             |                     |                                 | --   | --                                 | --        | --               |
| 3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)        |                     |                                 |  |                                    | --        | --               |
| 4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) |                     |                                 |  |                                    | 1.400.751 | 275.722          |
| 5 VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit   |                     |                                 |  |                                    | --        | --               |
| <b>6 Total</b>   |                     |                                 |  |                                    |           | <b>4.141.877</b> |

<sup>(\*)</sup> Counterparty credit risk for derivatives is calculated by the fair value method.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 3. Capital requirement for credit valuation adjustment (CVA)

|   | a                               | b                |
|---|---------------------------------|------------------|
|   | Exposure at default<br>post-CRM | RWA              |
| Current Period  |                                 |                  |
| Total portfolios subject to the Advanced CVA capital charge     |                                 |                  |
| 1 Value at Risk (VaR) component (including the 3×multiplier)    | --                              | --               |
| 2 Stressed VaR component (including the 3×multiplier)           | --                              | --               |
| 3 All portfolios subject to the Standardised CVA capital charge | 7.943.809                       | 1.839.041        |
| <b>4 Total subject to the CVA capital charge</b>                | <b>7.943.809</b>                | <b>1.839.041</b> |
|   | a                               | b                |
|   | Exposure at default<br>post-CRM | RWA              |
| Prior Period  |                                 |                  |
| Total portfolios subject to the Advanced CVA capital charge     |                                 |                  |
| 1 Value at Risk (VaR) component (including the 3×multiplier)    | --                              | --               |
| 2 Stressed VaR component (including the 3×multiplier)           | --                              | --               |
| 3 All portfolios subject to the Standardised CVA capital charge | 9.440.972                       | 2.034.569        |
| <b>4 Total subject to the CVA capital charge</b>                | <b>9.440.972</b>                | <b>2.034.569</b> |



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### 4. Standard approach - Counterparty credit risk by risk classes and risk weights

| Prior Period<br>Risk Weights/Risk<br>Classifications   | a              | b         | c                | d                | e              | f                | g         | h             | i                                    |
|--|----------------|-----------|------------------|------------------|----------------|------------------|-----------|---------------|--------------------------------------|
|  | 0%             | 10%       | 20%              | 50%              | 75%            | 100%             | 150%      | Other         | Total credit exposure <sup>(*)</sup> |
| Claims from central governments and central banks  | 651.977        | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Claims from regional and local governments   | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Claims from administration and non commercial entity   | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Claims from multilateral development banks   | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Claims from international organizations  | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Claims from institutions   | --             | --        | 6.089.468        | 4.050.324        | --             | 135.022          | --        | 16.144        | 3.378.400                            |
| Corporates   | --             | --        | --               | --               | --             | 2.077.423        | --        | --            | 2.077.423                            |
| Retail portfolios  | --             | --        | --               | --               | 162.992        | --               | --        | --            | 122.244                              |
| Claims on landed real estate   | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Past due loans   | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Claims which are determined as high risk by the board of BRSA                                  | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Mortgage securities  | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Securitization positions   | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Claims from corporates, banks and financial intermediaries which have short term credit rating | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Investments which are qualified as collective investment institutions                          | --             | --        | --               | --               | --             | 13.882           | --        | --            | 13.882                               |
| Stock investment   | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Other claims   | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| Other assets <sup>(**)</sup>   | --             | --        | --               | --               | --             | --               | --        | --            | --                                   |
| <b>Total</b>   | <b>651.977</b> | <b>--</b> | <b>6.089.468</b> | <b>4.050.324</b> | <b>162.992</b> | <b>2.226.327</b> | <b>--</b> | <b>16.144</b> | <b>5.591.949</b>                     |

<sup>(\*)</sup> Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.<sup>(\*\*)</sup> Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

| Prior Period<br>Risk Weights/Risk<br>Classifications   | a                | b         | c                | d                | e             | f                | g         | h         | i                                    |
|--|------------------|-----------|------------------|------------------|---------------|------------------|-----------|-----------|--------------------------------------|
|  | 0%               | 10%       | 20%              | 50%              | 75%           | 100%             | 150%      | Other     | Total credit exposure <sup>(*)</sup> |
| Claims from central governments and central banks  | 3.006.976        | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Claims from regional and local governments   | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Claims from administration and non commercial entity   | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Claims from multilateral development banks   | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Claims from international organizations  | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Claims from institutions   | --               | --        | 3.137.844        | 2.345.720        | --            | --               | --        | --        | 1.800.429                            |
| Corporates   | --               | --        | --               | --               | --            | 2.297.407        | --        | --        | 2.297.407                            |
| Retail portfolios  | --               | --        | --               | --               | 38.944        | --               | --        | --        | 29.208                               |
| Claims on landed real estate   | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Past due loans   | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Claims which are determined as high risk by the board of BRSA                                  | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Mortgage securities  | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Securitization positions   | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Claims from corporates, banks and financial intermediaries which have short term credit rating | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Investments which are qualified as collective investment institutions                          | --               | --        | --               | --               | --            | 14.833           | --        | --        | 14.833                               |
| Stock investment   | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Other claims   | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| Other assets <sup>(**)</sup>   | --               | --        | --               | --               | --            | --               | --        | --        | --                                   |
| <b>Total</b>   | <b>3.006.976</b> | <b>--</b> | <b>3.137.844</b> | <b>2.345.720</b> | <b>38.944</b> | <b>2.312.240</b> | <b>--</b> | <b>--</b> | <b>4.141.877</b>                     |

<sup>(\*)</sup> Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.<sup>(\*\*)</sup> Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## 5. Collaterals used for counterparty credit risk

|                              | a  | b              | c                | d              | e                                   | f                |
|------------------------------|--|----------------|------------------|----------------|-------------------------------------|------------------|
|                              | Guarantees of Derivative<br>Financial Instrument |                |                  |                | Guarantees of<br>Other Transactions |                  |
|                              | Received Guarantees                              |                | Given Guarantees |                | Received                            | Given            |
| Current Period               | Appropriated                                     | Unappropriated | Appropriated     | Unappropriated | Guarantees                          | Guarantees       |
| Cash-Domestic<br>Currency    | 814.227  | --             | --               | --             | 768.429                             | --               |
| Cash-Foreign<br>Currency     | 4.261.134  | --             | --               | --             | --                                  | --               |
| Government Bond-<br>Domestic | --   | --             | --               | --             | --                                  | 1.143.882        |
| Government Bond-<br>Other    | --   | --             | --               | --             | --                                  | --               |
| Public Bond                  | --   | --             | --               | --             | --                                  | --               |
| Corporate Bond               | --   | --             | --               | --             | --                                  | --               |
| Stock                        | --   | --             | --               | --             | --                                  | --               |
| Other Guarantee              | --   | --             | --               | --             | --                                  | --               |
| <b>Total</b>                 | <b>5.075.361</b>                                 | <b>--</b>      | <b>--</b>        | <b>--</b>      | <b>768.429</b>                      | <b>1.143.882</b> |

|                              | a  | b              | c                | d              | e                                   | f                |
|------------------------------|--|----------------|------------------|----------------|-------------------------------------|------------------|
|                              | Guarantees of Derivative<br>Financial Instrument |                |                  |                | Guarantees of Other<br>Transactions |                  |
|                              | Received Guarantees                              |                | Given Guarantees |                | Received                            | Given            |
| Prior Period                 | Appropriated                                     | Unappropriated | Appropriated     | Unappropriated | Guarantees                          | Guarantees       |
| Cash-Domestic<br>Currency    | 38.525   | --             | --               | --             | 1.388.724                           | --               |
| Cash-Foreign<br>Currency     | 113.527  | --             | --               | --             | --                                  | --               |
| Government Bond-<br>Domestic | --   | --             | --               | --             | --                                  | 1.514.140        |
| Government Bond-<br>Other    | --   | --             | --               | --             | --                                  | --               |
| Public Bond                  | --   | --             | --               | --             | --                                  | --               |
| Corporate Bond               | --   | --             | --               | --             | --                                  | --               |
| Stock                        | --   | --             | --               | --             | --                                  | --               |
| Other Guarantee              | --   | --             | --               | --             | --                                  | --               |
| <b>Total</b>                 | <b>152.052</b>                                   | <b>--</b>      | <b>--</b>        | <b>--</b>      | <b>1.388.724</b>                    | <b>1.514.140</b> |

## 6. Credit derivatives

None.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## 7. Exposures to central counterparty (CCP)

|           |   | a                         | b   |
|-----------|---|---------------------------|-----|
|           | Current Period  | Risk Amounts<br>after CRM | RWA |
| <b>1</b>  | <b>Total risks arising from qualified transactions where one of the parties is CCP</b>  |                           |     |
| 2         | Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which                                       | --                        | --  |
| 3         | (i) OTC Derivatives   | 16.142                    | 323 |
| 4         | (ii) Exchange-traded Derivatives  | --                        | --  |
| 5         | (iii) Securities financing transactions   | --                        | --  |
| 6         | (iv) Netting sets where cross-product netting has been approved   | --                        | --  |
| 7         | Restricted initial margin   | --                        | --  |
| 8         | Unrestricted initial margin   | --                        | --  |
| 9         | The amount put into the guarantee fund  | 6.479                     | 18  |
| 10        | The amount committed to be put into the guarantee fund  | --                        | --  |
| <b>11</b> | <b>Total risks arising from non-qualified transactions where one of the parties is CCP</b>  |                           |     |
| 12        | Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund) | --                        | --  |
| 13        | (i) OTC Derivatives   | --                        | --  |
| 14        | (ii) Exchange-traded Derivatives  | --                        | --  |
| 15        | (iii) Securities financing transactions   | --                        | --  |
| 16        | (iv) Netting sets where cross-product netting has been approved   | --                        | --  |
| 17        | Restricted initial margin   | --                        | --  |
| 18        | Unrestricted initial margin   | --                        | --  |
| 19        | The amount put into the guarantee fund  | --                        | --  |
| 20        | The amount committed to be put into the guarantee fund  | --                        | --  |

## e. Securitization

## 1. Explanations on securitization positions

None.

## 2. Securitization positions in banking accounts

None.

## 3. Securitization positions in trading accounts

None.

## 4. Securitization positions in banking positions and capital requirements related to those - in which the Bank is the founder or the sponsor

None.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### 5. Securitization positions in banking positions and capital requirements related to those- in which the Bank is the investor

None.

#### f. Market Risk

##### 1. Explanations on market risk

Market risk refers to the risk arising from positions arising from trading transactions executed in financial markets and market movements that affect the value of these positions. Within the framework of financial risk management, in order to protect from market risk, market risk management activities were determined within the scope of "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process" and "Regulation on Measurement and Evaluation of Capital Adequacy of the Bank".

Risk policies and risk limits regarding the management of market risk have been approved by the Board of Directors. Strategies for trading activities in financial markets are created and implemented within this framework.

In the management of market risk, the principle of triple defense line is applied. While there is a first level responsibility for the management of the market risk regarding the position carried by the relevant Treasury units, the monitoring and control activities at the second level are carried out independently by the Risk Management and at the third level by the Inspection Board.

In order to measure and monitor market risk, risk measurement is done daily using the internal model. In this context, in addition to the value at risk calculations made using the parametric method, various risk indicators such as interest sensitivity and option sensitivities are followed, and risk calculations are supported by scenario analysis. Market risk measurement results and all monitored risk indicators are shared daily with relevant units and senior managers.

A limit structure consisting of various risk indicators has been established in order to control market risk. These limits include the risk limits set for the monitored risk indicators, as well as various position limits and stop loss limits. The upper level limits are determined by the Board of Directors within the scope of Risk Appetite Statement. In addition, there are various limits set by the lower level Asset-Liability Committee. The risk indicators and limit uses are reported to the Audit Committee and the Asset-Liability Committee by the Risk Management unit.

In the calculation of capital adequacy, the measurement of market risk is made using the standard method. The standard method is a method whose calculation criteria are clearly determined by the BRSA and is calculated monthly. The calculation results are given in the table below. Positions subject to market risk measurements are determined by taking into account the definition of "Trading Accounts" in legal regulations.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### 2. Standardised approach

|   | Current Period<br>RWA | Prior Period<br>RWA |
|---|-----------------------|---------------------|
| <b>Outright products</b>                    |                       |                     |
| 1 Interest rate risk (general and specific) | 1.001.575             | 242.375             |
| 2 Equity risk (general and specific)        | --                    | --                  |
| 3 Foreign exchange risk                     | 3.261.200             | 2.773.713           |
| 4 Commodity risk                            | 3.734.888             | 2.161.175           |
| <b>Options</b>                              |                       |                     |
| 5 Simplified approach                       | --                    | --                  |
| 6 Delta-plus method                         | 1.277.987             | 25.450              |
| 7 Scenario approach                         | --                    | --                  |
| 8 Securitization                            | --                    | --                  |
| <b>9 Total</b>                              | <b>9.275.650</b>      | <b>5.202.713</b>    |

### 3. Information on market risk calculated as of month-ends during the period

|                                  | Current Period: 31 December 2022 |                   |                  |
|----------------------------------|----------------------------------|-------------------|------------------|
|                                  | Average                          | Highest           | Lowest           |
| Interest Rate Risk               | 71.479                           | 161.976           | 37.193           |
| Stock Risk                       | --                               | --                | --               |
| Currency Risk                    | 350.105                          | 660.742           | 134.558          |
| Commodity Risk                   | 240.850                          | 304.594           | 174.246          |
| Settlement Risk                  | --                               | --                | --               |
| Option Risk                      | 41.868                           | 120.717           | 3.013            |
| Counterparty Risk                | --                               | --                | --               |
| <b>Total Risk Exposure Value</b> | <b>8.803.780</b>                 | <b>14.298.288</b> | <b>4.362.625</b> |
|                                  | Prior Period: 31 December 2021   |                   |                  |
|                                  | Average                          | Highest           | Lowest           |
| Interest Rate Risk               | 19.934                           | 32.426            | 9.841            |
| Stock Risk                       | --                               | --                | --               |
| Currency Risk                    | 247.206                          | 337.826           | 95.491           |
| Commodity Risk                   | 143.603                          | 172.894           | 116.521          |
| Settlement Risk                  | --                               | --                | --               |
| Option Risk                      | 3.408                            | 5.171             | 1.829            |
| Counterparty Risk                | --                               | --                | --               |
| <b>Total Risk Exposure Value</b> | <b>5.176.881</b>                 | <b>6.564.763</b>  | <b>3.632.750</b> |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### g. Operational risk

#### 1. Explanations on operational risk calculation

Principal amount subject to operational risk is calculated through using year-end gross income of 2021, 2020 and 2019 of Bank belonging to last 3 years via "Basic Indicators Approach" dated in accordance with "Communique on Measurement and Evaluation of Bank's Capital Adequacy" published on Official Gazette dated 23 October 2015 numbered 29511.

#### 2. Basic indicators approach

|                                    | 31.12.2019 | 31.12.2020 | 31.12.2021 | Total/Positive<br>GI year number | Ratio(%) | Total      |
|------------------------------------|------------|------------|------------|----------------------------------|----------|------------|
| Gross Income                       | 9.878.586  | 12.398.432 | 15.279.697 | 12.518.905                       | 15       | 1.877.836  |
| Amount Subject to Operational Risk |            |            |            |                                  |          | 23.472.947 |

### IX. Explanations related to presentation of financial assets and liabilities at their fair value

#### a. Fair value calculations of financial assets and liabilities

The fair value of investments held to maturity are determined based on market prices, or when they are not available, based on market prices quoted for other securities subject to similar terms of interest, maturity and other conditions.

The estimated fair value of demand deposits represents the amount to be paid upon request. The fair value of overnight deposits and the variable rate placements represent the book value. The estimated fair value of the fixed interest deposits is calculated by finding the discounted cash flows using market interest rates applied to similar loans and other debts.

The fair value of the loans are calculated by the discounted cash flows using current market interest rates.

Estimated fair value of banks, funds obtained from other financial institutions, securities issued and deposits is calculated by finding the discounted cash flows using current market interest rates.

The following table summarizes the carrying value and fair value of financial assets and liabilities. The carrying value represents the sum of the acquisition costs and interest accruals of financial assets and liabilities.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

|   | Book Value<br>Current Period | Fair Value<br>Current Period |
|---|------------------------------|------------------------------|
| <b>Financial Assets</b>   | <b>397.738.901</b>           | <b>394.344.390</b>           |
| Interbank Money Market Placements                                 | --                           | --                           |
| Banks   | 8.485.601                    | 8.482.812                    |
| Financial Assets at Fair Value Through Other Comprehensive Income | 71.157.944                   | 71.157.944                   |
| Financial Assets Measured at Amortised Cost                       | 17.027.396                   | 18.196.915                   |
| Loans   | 301.067.960                  | 296.506.719                  |
| <b>Financial Liabilities</b>                                      | <b>430.898.069</b>           | <b>426.640.870</b>           |
| Bank Deposits   | 21.664.423                   | 21.597.927                   |
| Other Deposits  | 331.936.677                  | 331.764.984                  |
| Interbank Money Market Borrowings                                 | 12.517.284                   | 12.517.284                   |
| Funds Borrowed From Other Financial Institutions                  | 47.977.459                   | 46.481.824                   |
| Subordinated Loans  | 14.561.492                   | 12.079.242                   |
| Securities Issued   | 2.240.734                    | 2.199.609                    |
|   | Book Value<br>Prior Period   | Fair Value<br>Prior Period   |
| <b>Financial Assets</b>   | <b>225.998.763</b>           | <b>219.616.521</b>           |
| Interbank Money Market Placements                                 | 219.738                      | 219.738                      |
| Banks   | 5.911.462                    | 5.911.317                    |
| Financial Assets at Fair Value Through Other Comprehensive Income | 23.422.064                   | 23.422.064                   |
| Financial Assets Measured at Amortised Cost                       | 7.124.821                    | 6.917.955                    |
| Loans   | 189.320.678                  | 183.145.447                  |
| <b>Financial Liabilities</b>                                      | <b>258.923.677</b>           | <b>258.179.745</b>           |
| Bank Deposits   | 15.327.535                   | 15.329.934                   |
| Other Deposits  | 171.513.717                  | 171.779.172                  |
| Interbank Money Market Borrowings                                 | 7.780.514                    | 7.780.514                    |
| Funds Borrowed From Other Financial Institutions                  | 47.228.299                   | 47.252.204                   |
| Subordinated Loans  | 10.484.778                   | 9.042.336                    |
| Securities Issued   | 6.588.834                    | 6.995.585                    |



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### b. Classification of fair value

TFRS 7 sets classification of valuation techniques according to the inputs used in valuation techniques based on fair value calculations which are whether observable or not.

Fair value levels of financial assets and liabilities that are carried at fair value in Bank's financial statements are given below:

| Current Period  | Level 1           | Level 2          | Level 3   | Total             |
|---|-------------------|------------------|-----------|-------------------|
| Financial Assets at Fair Value Through Profit or Loss             | 1.849.482         | --               | --        | 1.849.482         |
| Public Sector Debt Securities                                     | 1.271.436         | --               | --        | 1.271.436         |
| Share Certificated  | 454.025           | --               | --        | 454.025           |
| Trading Purpose Derivatives                                       | 124.021           | --               | --        | 124.021           |
| Other Securities  | --                | 6.390.571        | --        | 6.390.571         |
| Financial Assets at Fair Value Through Other Comprehensive Income | 71.157.944        | --               | --        | 71.157.944        |
| Public Sector Debt Securities                                     | 71.156.994        | --               | --        | 71.156.994        |
| Other Securities  | 950               | --               | --        | 950               |
| Loans at Fair Value Through Profit or Loss                        | --                | --               | --        | --                |
| <b>Total Assets</b>   | <b>73.007.426</b> | <b>6.390.571</b> | <b>--</b> | <b>79.397.997</b> |
| Derivative Financial Liabilities Held for Trading                 | --                | 3.523.637        | --        | <b>3.523.637</b>  |
| <b>Total Liabilities</b>  | <b>--</b>         | <b>3.523.637</b> | <b>--</b> | <b>3.523.637</b>  |

| Prior Period  | Level 1           | Level 2          | Level 3        | Total             |
|---|-------------------|------------------|----------------|-------------------|
| Financial Assets at Fair Value Through Profit or Loss             | 634.891           | --               | --             | 634.891           |
| Public Sector Debt Securities                                     | 136.259           | --               | --             | 136.259           |
| Share Certificated  | 390.932           | --               | --             | 390.932           |
| Trading Purpose Derivatives                                       | 107.700           | --               | --             | 107.700           |
| Other Securities  | --                | 7.947.593        | --             | 7.947.593         |
| Financial Assets at Fair Value Through Other Comprehensive Income | 23.422.064        | --               | --             | 23.422.064        |
| Public Sector Debt Securities                                     | 23.421.598        | --               | --             | 23.421.598        |
| Other Securities  | 466               | --               | --             | 466               |
| Loans at Fair Value Through Profit or Loss                        | --                | --               | 517.355        | 517.355           |
| <b>Total Assets</b>   | <b>24.056.955</b> | <b>7.947.593</b> | <b>517.355</b> | <b>32.521.903</b> |
| Derivative Financial Liabilities Held for Trading                 | --                | 3.449.593        | --             | <b>3.449.593</b>  |
| <b>Total Liabilities</b>  | <b>--</b>         | <b>3.449.593</b> | <b>--</b>      | <b>3.449.593</b>  |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

**Level 3:** Inputs not based on observable market data regarding assets or liabilities

### Movement table at level 3

|   | Current period |
|---|----------------|
| Balance at the beginning of the period  | <b>517.355</b> |
| Purchases                               | --             |
| Write-Off                               | (517.355)      |
| Valuation differences                   | --             |
| Transfers                               | --             |
| <b>Balance at the end of the period</b> | <b>--</b>      |

### X. Explanations related to transactions carried out on behalf and account of other parties and fiduciary transactions

#### a. Whether the Bank performs purchase, sales, custody, management and consultancy services on behalf and account of others, or not

Bank performs purchase, sales, custody, management and consultancy services on behalf and account of others.

#### b. Whether there are transactions with other financial institutions within the scope of fiduciary transaction contracts and whether there are financial services provided directly within this scope; whether such services are likely to significantly affect the Bank's financial status

There are no fiduciary transaction contracts.

### XI. Explanations related to hedging transactions

#### a. Net investment risk

The Bank applies net investment hedge accounting as of 1 July 2015 in order to hedge exchange difference sourcing from equity method implementation for its net investment at a total amount of Euro 1.349 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the exchange rate of these financial liabilities is recognised in hedge funds account under equity.

Total abroad net investment hedging funds after tax recognised under equity is amounting to TL (16.267.235) as of 31 December 2022 (31 December 2021: TL (14.917.452)).

#### b. Cash flow risk

The cash flow hedge valuation difference in the Bank's equity is based on the future Euro lease receivables of Deniz Finansal Kiralama A.Ş., a subsidiary where TAS 27 equity method is applied, subject to currency contract within the scope of currency risk management, and future operating lease receivables whose fair values are followed in Euros Cash flow hedge accounting began to be applied as of 1 April 2018 by matching estimated future sales of used cars with Euro loans.

In the cash flow hedge accounting initiated by Deniz Finansal Kiralama A.Ş.; receivables from current operating leases and their fair values as a hedged item have determined the estimated future used vehicle sales and the loans received in Euro has been determined as hedging instrument.

Profit/(loss) after tax TL (3.131) which is accounted under shareholders' equity as cash flow hedge accounting as of 31 December 2022 (31 December 2021: TL (9.906)).

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### XII. Explanations related to the segment reporting

Bank operates in four main areas; wholesale banking, SME and agricultural banking, retail banking, and treasury.

Wholesale banking provides financial solutions and banking services to large-scale national and international corporate and commercial customers. Short and long term business loans, investment loans, non-cash loans, foreign exchange purchase-sales, foreign trade financing, project financing, structured financing, corporate finance, deposits and cash management services are provided in order to meet the needs of customers for investment, working capital and projects.

Within the scope of retail banking, loan products (consumer, mortgage, vehicle, workplace, tractor, agricultural equipment and investment loans), credit cards with different features, producer cards, investment products (mutual funds, stocks, treasury bills/government bonds, repurchase), deposit products (demand, term, protected), insurance products, SME and agricultural loans. Alternative distribution channels allow customers to meet their banking needs without the need to physically visit the branches. Among products that meet every day needs of customers are overdraft loans, automated bill payment, chequebooks and rental safes.

Treasury covers the Bank's short, medium and long-term price strategies and maturity nonconformities, as well as spot and forward TL and foreign exchange trading, treasury bills, bonds and other domestic and international securities trading and derivative products. Bank also performs activities to provide medium and long-term funding, diversification of funding sources and establishment of an international investor base in this field.

Information on business segments has been prepared in accordance with the data provided from the Bank's Management Reporting System.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### Information on business segments are presented in the following tables:

| <b>Current Period<br/>(01/01/2021-31/12/2022)</b>        | <b>Wholesale<br/>Banking</b> | <b>SME &amp;<br/>Agricultural<br/>Banking</b> | <b>Retail<br/>Banking</b> | <b>Treasury</b>   | <b>Other</b>       | <b>Total</b>        |
|--|------------------------------|---|---------------------------|-------------------|--------------------|---------------------|
| Net interest income                                      | 6.197.652                    | 5.214.767                                     | 7.372.404                 | 9.714.150         | (1.744)            | <b>28.497.229</b>   |
| Net fees and commission income                           | 712.986                      | 2.069.160                                     | 3.086.913                 | (146.690)         | 135.008            | <b>5.857.377</b>    |
| Other income/loss, net                                   | 1.345.060                    | 886.815                                       | 1.249.087                 | 7.047.780         | (5.290.105)        | <b>5.238.637</b>    |
| <b>Total segment income</b>                              | <b>8.255.698</b>             | <b>8.170.742</b>                              | <b>11.708.404</b>         | <b>16.615.240</b> | <b>(5.156.841)</b> | <b>39.593.243</b>   |
| Other operational expenses <sup>(*)</sup>                | (1.298.919)                  | (3.296.668)                                   | (4.581.409)               | (358.837)         | (186.680)          | <b>(9.722.513)</b>  |
| Provisions for expected credit loss and other provisions | (3.357.594)                  | (98.204)                                      | (3.248.673)               | (4.435.568)       | (20.232)           | <b>(11.160.271)</b> |
| Taxation   |                              |   |                           |                   |                    | <b>(5.426.764)</b>  |
| Profit/Loss from Partnerships under Equity Method        |                              |   |                           |                   |                    | <b>3.889.319</b>    |
| <b>Net profit from continuing operations</b>             | <b>3.599.185</b>             | <b>4.775.870</b>                              | <b>3.878.322</b>          | <b>11.820.835</b> | <b>(5.363.753)</b> | <b>17.173.014</b>   |
| Net profit from discontinued operations                  | --                           | --  | --                        |                   | --                 | <b>--</b>           |
| <b>Net profit for the period</b>                         | <b>3.599.185</b>             | <b>4.775.870</b>                              | <b>3.878.322</b>          | <b>11.820.835</b> | <b>(5.363.753)</b> | <b>17.173.014</b>   |
| <b>Current Period (31/12/2022)</b>                       |                              |   |                           |                   |                    |                     |
| Segment assets   | 109.149.235                  | 90.776.041                                    | 73.898.524                | 191.040.272       | --                 | <b>464.864.072</b>  |
| Subsidiaries and associates                              |                              |   |                           |                   |                    | <b>37.726.629</b>   |
| Undistributed assets                                     |                              |   |                           |                   |                    | <b>23.704.048</b>   |
| <b>Total assets</b>                                      |                              |   |                           |                   |                    | <b>526.294.749</b>  |
| Segment liabilities                                      | 89.865.474                   | 87.485.668                                    | 159.058.278               | 108.821.981       | --                 | <b>445.231.401</b>  |
| Undistributed liabilities                                |                              |   |                           |                   |                    | <b>26.552.750</b>   |
| Equity   |                              |   |                           |                   |                    | <b>54.510.598</b>   |
| <b>Total liabilities and shareholders' equity</b>        |                              |   |                           |                   |                    | <b>526.294.749</b>  |

<sup>(\*)</sup> It also includes personnel expenses.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

| Prior Period<br>(01/01/2021-31/12/2021)                  | Wholesale<br>Banking | SME &<br>Agricultural<br>Banking | Retail<br>Banking | Treasury         | Other          | Total              |
|--|----------------------|----------------------------------|-------------------|------------------|----------------|--------------------|
| Net interest income                                      | 1.304.182            | 1.649.994                        | 2.120.105         | 6.179.122        | 1.723          | 11.255.126         |
| Net fees and commission income                           | 454.924              | 1.285.048                        | 1.708.963         | (51.594)         | 407.661        | 3.805.002          |
| Other income/loss, net                                   | 504.462              | 677.910                          | 839.633           | (1.445.535)      | (83.213)       | 493.257            |
| <b>Total segment income</b>                              | <b>2.263.568</b>     | <b>3.612.952</b>                 | <b>4.668.701</b>  | <b>4.681.993</b> | <b>326.171</b> | <b>15.553.385</b>  |
| Other operational expenses <sup>(*)</sup>                | (732.127)            | (1.774.306)                      | (2.425.723)       | (206.848)        | (1.719)        | (5.140.723)        |
| Provisions for expected credit loss and other provisions | (3.831.519)          | (2.042.547)                      | (911.930)         | (284.630)        | (171)          | (7.070.797)        |
| Taxation   |                      |                                  |                   |                  |                | (868.368)          |
| Profit/Loss from Partnerships under Equity Method        |                      |                                  |                   |                  |                | 1.073.421          |
| <b>Net profit from continuing operations</b>             | <b>(2.300.078)</b>   | <b>(203.901)</b>                 | <b>1.331.048</b>  | <b>4.190.515</b> | <b>324.281</b> | <b>3.546.918</b>   |
| Net profit from discontinued operations                  | --                   | --                               | --                | --               | --             | --                 |
| <b>Net profit for the period</b>                         | <b>(2.300.078)</b>   | <b>(203.901)</b>                 | <b>1.331.048</b>  | <b>4.190.515</b> | <b>324.281</b> | <b>3.546.918</b>   |
| <b>Prior Period (31/12/2021)</b>                         |                      |                                  |                   |                  |                |                    |
| Segment assets   | 70.372.510           | 52.474.916                       | 44.167.643        | 97.403.122       | --             | 264.418.191        |
| Subsidiaries and associates                              |                      |                                  |                   |                  |                | 30.731.285         |
| Undistributed assets                                     |                      |                                  |                   |                  |                | 13.569.988         |
| <b>Total assets</b>                                      |                      |                                  |                   |                  |                | <b>308.719.464</b> |
| Segment liabilities                                      | 39.847.691           | 46.773.791                       | 87.981.403        | 91.719.809       | --             | 266.322.694        |
| Undistributed liabilities                                |                      |                                  |                   |                  |                | 13.539.855         |
| Equity   |                      |                                  |                   |                  |                | 28.856.915         |
| <b>Total liabilities and shareholders' equity</b>        |                      |                                  |                   |                  |                | <b>308.719.464</b> |

<sup>(\*)</sup> It also includes personnel expenses.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

## SECTION FIVE

## DISCLOSURES AND FOOTNOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS

## I. Explanations and disclosures related to assets

## a. Cash and cash equivalents

## 1. Information on cash balances and balances with the Central Bank of the Republic of Turkey

|  | Current Period   |                   | Prior Period     |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | TL               | FC                | TL               | FC                |
| Cash in TL/Foreign Currency            | 1.220.224        | 3.985.973         | 713.519          | 3.340.583         |
| Central Bank of the Republic of Turkey | 7.483.910        | 73.426.179        | 3.234.356        | 43.919.939        |
| Other                                  | --               | --                | --               | --                |
| <b>Total</b>                           | <b>8.704.134</b> | <b>77.412.152</b> | <b>3.947.875</b> | <b>47.260.522</b> |

## 2. Information on balances with the Central Bank of the Republic of Turkey

|                              | Current Period   |                   | Prior Period     |                   |
|------------------------------|------------------|-------------------|------------------|-------------------|
|                              | TL               | FC                | TL               | FC                |
| Unrestricted Demand Deposits | 7.483.910        | 20.133.448        | 3.126.557        | 14.272.079        |
| Unrestricted Time Deposits   | --               | 14.013.933        | --               | 3.017.340         |
| Restricted Time Deposits     | --               | 39.278.798        | 107.799          | 26.630.520        |
| <b>Total</b>                 | <b>7.483.910</b> | <b>73.426.179</b> | <b>3.234.356</b> | <b>43.919.939</b> |

## 3. Explanations on reserve requirements

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Turkey ("CBRT"), the Bank keeps reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué.

As of 31 December 2022, all banks operating in Turkey should provide a reserve in a range of 3% to 8% (31 December 2021: between 3% and 8%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 5% to 26% (31 December 2021: between 5% and 26%) in US Dollars or standard gold for their liabilities in foreign currencies.

The interest income received from reserve requirements of the Bank with the CBRT is amounting to TL 96.849 (1 January - 31 December 2021: TL 333.512). The related interest income recognised under "Interest on Reserve Requirements".

With the press release of the CBRT dated 23 April 2022, commercial cash loans of banks and financing companies in Turkish lira are subject to reserve requirements starting from the establishment date of 10 June 2022.

Within the scope of the CBRT's Communiqué numbered 2021/14, additional required reserve and commission application according to the conversion rate into Turkish lira time deposit accounts for foreign currency deposit accounts effective as of 2 September 2022, it has been terminated with the Communiqué numbered 2022/30 published in the Official Gazette dated 31 December 2022 and numbered 32060 with the 5<sup>th</sup> repetitive number, effective from the obligation period of 23 December 2022.

As of 23.12.2022, the commission rate to be calculated over the required reserve amount required for foreign currency deposit liabilities has been determined as 8% per annum for banks with a Turkish lira deposit share below 50% and for banks between 50% and 60%, as 3% per annum in both real and legal person deposits.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### 4. Information on Banks

|                                   | Current Period |                  | Prior Period   |                  |
|-----------------------------------|----------------|------------------|----------------|------------------|
|                                   | TL             | FC               | TL             | FC               |
| <b>Banks</b>                      |                |                  |                |                  |
| Domestic                          | 996.384        | 127.987          | 545.285        | 45.926           |
| Foreign                           | 87             | 7.361.143        | 87             | 5.320.164        |
| Foreign head offices and branches | --             | --               | --             | --               |
| <b>Total</b>                      | <b>996.471</b> | <b>7.489.130</b> | <b>545.372</b> | <b>5.366.090</b> |

### 5. Information on foreign banks

|                               | Unrestricted Amount |                  | Restricted Amount |                  |
|-------------------------------|---------------------|------------------|-------------------|------------------|
|                               | Current Period      | Prior Period     | Current Period    | Prior Period     |
| EU Countries                  | 1.995.577           | 515.727          | 688.108           | 1.310.156        |
| USA, Canada                   | 4.211.443           | 3.211.477        | --                | --               |
| OECD Countries <sup>(*)</sup> | 43.379              | 78.428           | 266.638           | 22.526           |
| Off shore zones               | 836                 | 2.346            | --                | --               |
| Other                         | 155.249             | 179.591          | --                | --               |
| <b>Total</b>                  | <b>6.406.484</b>    | <b>3.987.569</b> | <b>954.746</b>    | <b>1.332.682</b> |

<sup>(\*)</sup> OECD countries except for EU countries, USA and Canada.

### b. Information on financial assets at fair value through profit or loss

#### 1. Information on financial assets at fair value through profit or loss given as collateral or blocked

None.

#### 2. Financial assets at fair value through profit or loss subject to repurchase agreements

None.

#### 3. Other financial assets

As of 31 December 2022, other financial assets include securities other than government debt securities and equity instruments.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

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

|                      | Current Period   |                  | Prior Period     |                  |
|----------------------|------------------|------------------|------------------|------------------|
|                      | TL               | FC               | TL               | FC               |
| Forward Transactions | 167.202          | 131.274          | 164.584          | 456.549          |
| Swap Transactions    | 1.375.561        | 3.376.483        | 1.842.699        | 5.265.853        |
| Futures Transactions | 8.836            | --               | --               | 11.401           |
| Options              | 42.827           | 1.288.388        | 1.978            | 204.529          |
| Other                | --               | --               | --               | --               |
| <b>Total</b>         | <b>1.594.426</b> | <b>4.796.145</b> | <b>2.009.261</b> | <b>5.938.332</b> |

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

#### 1. Major types of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income consist of share certificates, Government Debt Securities, Eurobonds and foreign currency bonds issued by the Turkish Treasury.

#### 2. Characteristics and book value of financial assets at fair value through other comprehensive income pledged as collateral

Financial assets at fair value through other comprehensive income which are given as collateral consist of securities issued to various financial institutions, primarily the Central Bank of the Republic of Turkey and Istanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank), for interbank money market, foreign exchange market and other transactions. These financial assets include government bonds and Eurobonds, and their total book value amounts to TL 22.237.324 (31 December 2021: TL 10.519.349).

#### 3. Information on financial assets at fair value through other comprehensive income given as collateral/blocked

| <i>Given as collateral or blocked</i><br><i>Financial assets at fair value through other comprehensive income</i> | Current Period    |                  | Prior Period     |                  |
|---|-------------------|------------------|------------------|------------------|
|   | TL                | FC               | TL               | FC               |
| Share Certificates  | --                | --               | --               | --               |
| Bills, Bonds and Similar Securities   | 19.543.206        | 2.694.118        | 4.545.421        | 5.973.928        |
| Other   | --                | --               | --               | --               |
| <b>Total</b>  | <b>19.543.206</b> | <b>2.694.118</b> | <b>4.545.421</b> | <b>5.973.928</b> |

#### 4. Financial assets at fair value through other comprehensive income subject to repurchase agreements

| <i>Subject to repurchase agreements</i><br><i>Financial assets at fair value through other comprehensive income</i> | Current Period |                   | Prior Period   |                  |
|---|----------------|-------------------|----------------|------------------|
|   | TL             | FC                | TL             | FC               |
| Government Bonds  | 87.568         | 14.610.285        | 868.996        | 3.948.249        |
| Treasury Bills  | --             | --                | --             | --               |
| Other Debt Securities   | --             | --                | --             | --               |
| Bank Bills and Bank Guaranteed Bills  | --             | --                | --             | --               |
| Asset Backed Securities   | --             | --                | --             | --               |
| Other   | --             | --                | --             | --               |
| <b>Total</b>  | <b>87.568</b>  | <b>14.610.285</b> | <b>868.996</b> | <b>3.948.249</b> |



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

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

| <i>Financial assets at fair value through other comprehensive income</i> | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| <b>Debt Securities</b>   | <b>71.156.994</b>     | <b>23.421.598</b>   |
| Quoted on Stock Exchange <sup>(*)</sup>                                  | 71.156.994            | 23.421.598          |
| Unquoted on Stock Exchange   | --                    | --                  |
| <b>Share Certificates</b>  | <b>950</b>            | <b>466</b>          |
| Quoted on Stock Exchange   | --                    | --                  |
| Unquoted on Stock Exchange   | 950                   | 466                 |
| <b>Impairment Provisions (-)</b>   | <b>--</b>             | <b>--</b>           |
| <b>Total</b>   | <b>71.157.944</b>     | <b>23.422.064</b>   |

<sup>(\*)</sup> It includes bank and corporate bills.

### d. Explanations on loans

#### 1. Information on the balance of any kind of loan or advance granted to shareholders and employees of the Bank

|   | <b>Current Period</b> |                 | <b>Prior Period</b> |                 |
|---|-----------------------|-----------------|---------------------|-----------------|
|   | <b>Cash</b>           | <b>Non-Cash</b> | <b>Cash</b>         | <b>Non-Cash</b> |
| <b>Direct Loans Granted to Shareholders</b>   | <b>--</b>             | <b>93.168</b>   | <b>--</b>           | <b>6.144</b>    |
| Corporate Shareholders                        | --                    | 93.168          | --                  | 6.144           |
| Individual Shareholders                       | --                    | --              | --                  | --              |
| <b>Indirect Loans Granted to Shareholders</b> | <b>--</b>             | <b>--</b>       | <b>--</b>           | <b>--</b>       |
| <b>Loans Granted to Employees</b>             | <b>346.242</b>        | <b>155</b>      | <b>98.656</b>       | <b>386</b>      |
| <b>Total</b>                                  | <b>346.242</b>        | <b>93.323</b>   | <b>98.656</b>       | <b>6.530</b>    |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### 2. Information on standard loans and loans under close monitoring and loans under restructuring

|                                  |                       | <b>Loans Under Close Monitoring</b>   |  |                    |
|----------------------------------|-----------------------|---------------------------------------|--|--------------------|
|                                  |                       | <b>Not</b>                            | <b>Restructured Loans</b>                |                    |
|                                  | <b>Standard Loans</b> | <b>included in restructured loans</b> | <b>Changes in conditions of contract</b> | <b>Refinancing</b> |
| <b>Cash loans <sup>(*)</sup></b> |                       |                                       |  |                    |
| <b>Non-specialized loans</b>     | <b>231.943.983</b>    | <b>12.108.878</b>                     | <b>8.090.661</b>                         | <b>11.306.052</b>  |
| Corporate loans                  | 2.972.477             | 2.467.583                             | 3.138.225                                | 1.894.615          |
| Export loans                     | 23.462.124            | 84.588                                | --                                       | 299.528            |
| Import loans                     | --                    | --                                    | --                                       | --                 |
| Commercial loans                 | 10.616.871            | 11.202                                | --                                       | --                 |
| Consumer loans                   | 41.652.538            | 2.757.747                             | 1.421.876                                | 82.392             |
| Credit cards                     | 39.643.982            | 1.289.910                             | 720.347                                  | 15.858             |
| Others                           | 113.595.991           | 5.497.848                             | 2.810.213                                | 9.013.659          |
| <b>Specialized loans</b>         | <b>18.672.022</b>     | <b>1.273.023</b>                      | <b>342.748</b>                           | <b>653.966</b>     |
| <b>Other receivables</b>         | <b>--</b>             | <b>--</b>                             | <b>--</b>                                | <b>--</b>          |
| <b>Total</b>                     | <b>250.616.005</b>    | <b>13.381.901</b>                     | <b>8.433.409</b>                         | <b>11.960.018</b>  |

<sup>(\*)</sup> It includes loans measured at amortised cost.

|  | <b>Current Period</b> |                                     | <b>Prior Period</b>   |                                     |
|--|-----------------------|-------------------------------------|-----------------------|-------------------------------------|
|  | <b>Standard Loans</b> | <b>Loans Under Close Monitoring</b> | <b>Standard Loans</b> | <b>Loans Under Close Monitoring</b> |
| <b>Stage 1 and Stage 2 Provisions for Expected Credit Loss</b> |                       |                                     |                       |                                     |
| 12-Month provision for expected credit loss                    | 3.895.565             | --                                  | 2.156.402             | --                                  |
| Significant increase in credit risk                            | --                    | 10.007.792                          | --                    | 8.924.015                           |
| <b>Total</b>   | <b>3.895.565</b>      | <b>10.007.792</b>                   | <b>2.156.402</b>      | <b>8.924.015</b>                    |

### 3. Distribution of cash loans according to maturity structure

|                            | <b>Loans Under Close Monitoring</b> |                         |                     |
|----------------------------|-------------------------------------|-------------------------|---------------------|
|                            | <b>Standard Loans</b>               | <b>Not Restructured</b> | <b>Restructured</b> |
| Short-Term Loans           | 126.436.790                         | 3.704.889               | 1.574.872           |
| Medium and Long-Term Loans | 124.179.215                         | 9.677.012               | 18.818.555          |
| <b>Total</b>               | <b>250.616.005</b>                  | <b>13.381.901</b>       | <b>20.393.427</b>   |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### 4. Information on consumer loans, individual credit cards and personnel credit cards

|   | Short Term        | Medium or Long Term | Total             |
|---|-------------------|---------------------|-------------------|
| <b>Consumer Loans-TL</b>                                | <b>5.538.140</b>  | <b>36.223.838</b>   | <b>41.761.978</b> |
| Real estate Loans                                       | 3.367             | 1.089.984           | <b>1.093.351</b>  |
| Vehicle Loans   | 12.891            | 49.700              | <b>62.591</b>     |
| General Purpose Loans                                   | 5.521.882         | 35.084.154          | <b>40.606.036</b> |
| Other   | --                | --                  | --                |
| <b>Consumer Loans-Indexed to FC</b>                     | <b>--</b>         | <b>12.128</b>       | <b>12.128</b>     |
| Real estate Loans                                       | --                | 11.122              | <b>11.122</b>     |
| Vehicle Loans   | --                | --                  | --                |
| General Purpose Loans                                   | --                | 1.006               | <b>1.006</b>      |
| Other   | --                | --                  | --                |
| <b>Consumer Loans-FC</b>                                | <b>--</b>         | <b>13.966</b>       | <b>13.966</b>     |
| Real estate Loans                                       | --                | 13.966              | <b>13.966</b>     |
| Vehicle Loans   | --                | --                  | --                |
| General Purpose Loans                                   | --                | --                  | --                |
| Other   | --                | --                  | --                |
| <b>Individual Credit Cards-TL</b>                       | <b>30.361.598</b> | <b>1.179.453</b>    | <b>31.541.051</b> |
| Installment   | 15.604.676        | 1.179.453           | <b>16.784.129</b> |
| Non installment   | 14.756.922        | --                  | <b>14.756.922</b> |
| <b>Individual Credit Cards-FC</b>                       | <b>21.962</b>     | <b>--</b>           | <b>21.962</b>     |
| Installment   | --                | --                  | --                |
| Non installment   | 21.962            | --                  | <b>21.962</b>     |
| <b>Loans Given to Employees-TL</b>                      | <b>86.332</b>     | <b>144.732</b>      | <b>231.064</b>    |
| Real estate Loans                                       | --                | 224                 | <b>224</b>        |
| Vehicle Loans   | --                | --                  | --                |
| General Purpose Loans                                   | 86.332            | 144.508             | <b>230.840</b>    |
| Other   | --                | --                  | --                |
| <b>Loans Given to Employees - Indexed to FC</b>         | <b>--</b>         | <b>--</b>           | <b>--</b>         |
| Real estate Loans                                       | --                | --                  | --                |
| Vehicle Loans   | --                | --                  | --                |
| General Purpose Loans                                   | --                | --                  | --                |
| Other   | --                | --                  | --                |
| <b>Loans Given to Employees - FC</b>                    | <b>--</b>         | <b>--</b>           | <b>--</b>         |
| Real estate Loans                                       | --                | --                  | --                |
| Vehicle Loans   | --                | --                  | --                |
| General Purpose Loans                                   | --                | --                  | --                |
| Other   | --                | --                  | --                |
| <b>Personnel Credit Cards - TL</b>                      | <b>110.346</b>    | <b>350</b>          | <b>110.696</b>    |
| Installment   | 50.141            | 350                 | <b>50.491</b>     |
| Non installment   | 60.205            | --                  | <b>60.205</b>     |
| <b>Personnel Credit Cards - FC</b>                      | <b>440</b>        | <b>--</b>           | <b>440</b>        |
| Installment   | --                | --                  | --                |
| Non installment   | 440               | --                  | <b>440</b>        |
| <b>Overdraft Loans-TL (Real Persons) <sup>(*)</sup></b> | <b>3.895.417</b>  | <b>--</b>           | <b>3.895.417</b>  |
| <b>Overdraft Loans-FC (Real Persons)</b>                | <b>--</b>         | <b>--</b>           | <b>--</b>         |
| <b>Total</b>  | <b>40.014.235</b> | <b>37.574.467</b>   | <b>77.588.702</b> |

(\*) The overdraft account used by the personnel of the Bank amounts to TL 4.042.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### 5. Information on commercial installment loans and corporate credit cards

|   | Short Term        | Medium or Long Term | Total             |
|---|-------------------|---------------------|-------------------|
| <b>Installment Commercial Loans - TL</b>            | <b>4.947.020</b>  | <b>19.253.812</b>   | <b>24.200.832</b> |
| Real estate Loans                                   | 7                 | 85.015              | <b>85.022</b>     |
| Vehicle Loans                                       | 87.147            | 311.594             | <b>398.741</b>    |
| General Purpose Loans                               | 4.859.866         | 18.857.203          | <b>23.717.069</b> |
| Other   | --                | --                  | --                |
| <b>Installment Commercial Loans - Indexed to FC</b> | <b>--</b>         | <b>315.403</b>      | <b>315.403</b>    |
| Real estate Loans                                   | --                | 1.988               | <b>1.988</b>      |
| Vehicle Loans                                       | --                | --                  | --                |
| General Purpose Loans                               | --                | 313.415             | <b>313.415</b>    |
| Other   | --                | --                  | --                |
| <b>Installment Commercial Loans - FC</b>            | <b>334.958</b>    | <b>15.239.307</b>   | <b>15.574.265</b> |
| Real estate Loans                                   | --                | --                  | --                |
| Vehicle Loans                                       | --                | 14.393              | <b>14.393</b>     |
| General Purpose Loans                               | 334.958           | 15.224.914          | <b>15.559.872</b> |
| Other   | --                | --                  | --                |
| <b>Corporate Credit Cards - TL</b>                  | <b>9.615.535</b>  | <b>379.810</b>      | <b>9.995.345</b>  |
| Installment   | 3.917.172         | 379.810             | <b>4.296.982</b>  |
| Non installment                                     | 5.698.363         | --                  | <b>5.698.363</b>  |
| <b>Corporate Credit Cards - FC</b>                  | <b>603</b>        | <b>--</b>           | <b>603</b>        |
| Installment   | --                | --                  | --                |
| Non installment                                     | 603               | --                  | <b>603</b>        |
| <b>Overdraft Loans-TL (Legal Entities)</b>          | <b>3.876.203</b>  | <b>--</b>           | <b>3.876.203</b>  |
| <b>Overdraft Loans-FC (Legal Entities)</b>          | <b>--</b>         | <b>--</b>           | <b>--</b>         |
| <b>Total</b>  | <b>18.774.319</b> | <b>35.188.332</b>   | <b>53.962.651</b> |

### 6. Distribution of loans according to user

|              | Current Period     | Prior Period       |
|--------------|--------------------|--------------------|
| Public       | 5.372.283          | 4.316.081          |
| Private      | 279.019.050        | 169.787.091        |
| <b>Total</b> | <b>284.391.333</b> | <b>174.103.172</b> |

### 7. Distribution of domestic and foreign loans

|                | Current Period     | Prior Period       |
|----------------|--------------------|--------------------|
| Domestic Loans | 277.517.673        | 169.333.189        |
| Foreign Loans  | 6.873.660          | 4.769.983          |
| <b>Total</b>   | <b>284.391.333</b> | <b>174.103.172</b> |

### 8. Loans granted to subsidiaries and associates

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| Direct loans granted to subsidiaries and associates   | 7.110.486        | 3.787.517        |
| Indirect loans granted to subsidiaries and associates | --               | --               |
| <b>Total</b>  | <b>7.110.486</b> | <b>3.787.517</b> |



NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

## 9. Specific provisions for loans or provisions for stage 3 loans

| Provisions related to loans or credit impaired lossess (stage 3) | Current Period    | Prior Period      |
|--|-------------------|-------------------|
| Loans with Limited Collectability                                | 2.788.808         | 1.299.934         |
| Loans with Doubtful Collectability                               | 1.693.546         | 1.001.548         |
| Uncollectible Loans  | 8.842.950         | 8.505.917         |
| <b>Total</b>   | <b>13.325.304</b> | <b>10.807.399</b> |

## 10. Information on non-performing loans (Net)

(i) Information on non-performing loans and restructured loans by the Bank

|                                       | Group III<br>Loans with Limited<br>Collectability | Group IV<br>Loans with Doubtful<br>Collectability | Group V<br>Uncollectible<br>Loans |
|---------------------------------------|---|---|-----------------------------------|
| <b>Current Period</b>                 | <b>2.176.587</b>                                  | <b>151.628</b>                                    | <b>5.755.605</b>                  |
| (Gross amounts before the provisions) |   |   |                                   |
| Restructured loans                    | 2.176.587   | 151.628   | 5.755.605                         |
| <b>Prior Period</b>                   | <b>58.452</b>                                     | <b>36.028</b>                                     | <b>1.292.990</b>                  |
| (Gross amounts before the provisions) |   |   |                                   |
| Restructured loans                    | 58.452  | 36.028  | 1.292.990                         |

(ii) Information on movement of total non-performing loans

|   | Group III<br>Loans with limited<br>collectability | Group IV<br>Loans with doubtful<br>collectability | Group V<br>Uncollectible<br>loans |
|---|---|---|-----------------------------------|
| <b>Balances at Beginning of Period</b>                      | <b>2.531.638</b>                                  | <b>1.879.227</b>                                  | <b>10.806.641</b>                 |
| Additions (+)   | 4.125.787   | 2.286.462   | 4.704.542                         |
| Transfers from Other Categories of Non-Performing Loans (+) | --  | 1.418.176   | 1.653.456                         |
| Transfers from Other Categories of Non-Performing Loans (-) | 1.418.176   | 1.653.456   | --                                |
| Collections (-)   | 1.482.092   | 1.684.174   | 3.430.651                         |
| Write-offs (-) <sup>(*)</sup>                               | --  | --  | 3.953.226                         |
| Sales (-)   | --  | --  | 1.281                             |
| Corporate and Commercial Loans                              | --  | --  | --                                |
| Retail Loans  | --  | --  | 1.281                             |
| Credit Cards  | --  | --  | --                                |
| Other   | --  | --  | --                                |
| FX Differences  | 81.065  | 61.105  | 751.584                           |
| <b>Balances at End of the Period</b>                        | <b>3.838.222</b>                                  | <b>2.307.340</b>                                  | <b>10.531.065</b>                 |
| Specific Provisions (-)                                     | 2.788.808   | 1.693.546   | 8.842.950                         |
| <b>Net Balance on Balance Sheet</b>                         | <b>1.049.414</b>                                  | <b>613.794</b>                                    | <b>1.688.115</b>                  |

<sup>(\*)</sup> There is no reasonable expectation for the recovery of the receivable amounting to TL 895.067 belonging to LYY Telekomunikasyon A.Ş. and it has been classified as non-performing loans and a provision has been made for the full amount of the receivable as of 30 June 2022. The amount of the related receivables and the provision made have been deducted from the records as accounting classification as of 31 December 2022.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

(iii) Information on non-performing loans utilised in foreign currencies

|   | Group III<br>Loans with limited<br>collectability | Group IV<br>Loans with doubtful<br>collectability | Group V<br>Uncollectible<br>loans |
|---|---|---|-----------------------------------|
| <b>Current Period: 31 December 2022</b> |   |   |                                   |
| Balance as of the Period End            | 640.784   | --  | 2.962.447                         |
| Provisions (-)                          | 640.031   | --  | 2.195.209                         |
| <b>Net Balance on Balance Sheet</b>     | <b>753</b>  | <b>--</b>   | <b>767.238</b>                    |
| <b>Prior Period: 31 December 2021</b>   |   |   |                                   |
| Balance as of the Period End            | --  | 287.126   | 1.828.491                         |
| Provisions (-)                          | --  | 180.660   | 1.274.646                         |
| <b>Net Balance on Balance Sheet</b>     | <b>--</b>   | <b>106.466</b>                                    | <b>553.845</b>                    |

(iv) Information on gross and net amounts of non-performing loans according to beneficiary group

|  | Group III<br>Loans with limited<br>collectability | Group IV<br>Loans with doubtful<br>collectability | Group V<br>Uncollectible<br>loans |
|--|---|---|-----------------------------------|
| <b>Current Period (Net): 31 December 2022</b>            | <b>1.049.414</b>                                  | <b>613.794</b>                                    | <b>1.688.115</b>                  |
| Loans Granted to Real Persons and Legal Entities (Gross) | 3.838.222   | 2.307.340   | 10.531.065                        |
| Provisions (-)   | 2.788.808   | 1.693.546   | 8.842.950                         |
| Loans Granted to Real Persons and Legal Entities (Net)   | 1.049.414   | 613.794   | 1.688.115                         |
| Banks (Gross)  | --  | --  | --                                |
| Provisions (-)   | --  | --  | --                                |
| Banks (Net)  | --  | --  | --                                |
| Other Loan (Gross)                                       | --  | --  | --                                |
| Provisions (-)   | --  | --  | --                                |
| Other Loan (Net)   | --  | --  | --                                |
| <b>Priod Period (Net): 31 December 2021</b>              | <b>1.231.704</b>                                  | <b>877.679</b>                                    | <b>2.300.724</b>                  |
| Loans Granted to Real Persons and Legal Entities (Gross) | 2.531.638   | 1.879.227   | 10.806.641                        |
| Provisions (-)   | 1.299.934   | 1.001.548   | 8.505.917                         |
| Loans Granted to Real Persons and Legal Entities (Net)   | 1.231.704   | 877.679   | 2.300.724                         |
| Banks (Gross)  | --  | --  | --                                |
| Provisions (-)   | --  | --  | --                                |
| Banks (Net)  | --  | --  | --                                |
| Other Loan (Gross)                                       | --  | --  | --                                |
| Provisions (-)   | --  | --  | --                                |
| Other Loan (Net)   | --  | --  | --                                |

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

(v) Information on interest accruals, rediscount and valuation differences for non-performing loans and their provisions

|  | Group III                         | Group IV                           | Group V             |
|--|-----------------------------------|------------------------------------|---------------------|
|  | Loans with Limited Collectability | Loans with Doubtful Collectability | Uncollectible Loans |
| <b>Current Period (Net)</b>                                | <b>103.022</b>                    | <b>64.498</b>                      | <b>120.514</b>      |
| Interest accruals and rediscount and valuation differences | 362.656                           | 240.213                            | 1.119.277           |
| Amount of provision (-)                                    | 259.634                           | 175.715                            | 998.763             |
| <b>Prior Period (Net)</b>                                  | <b>124.029</b>                    | <b>102.060</b>                     | <b>300.735</b>      |
| Interest accruals and rediscount and valuation differences | 252.277                           | 215.869                            | 1.341.620           |
| Amount of provision (-)                                    | 128.248                           | 113.809                            | 1.040.885           |

**11. Outline of liquidation policy for uncollectible loans and other receivables**

For uncollectible loans, first of all the Bank and the company try to reach an agreement; where these methods to not work and no results can be obtained from follow-up, all the procedures to be performed within the framework of legal legislation are carried out. These transactions last until the companies sign a pledge deficit document or a certificate of insolvency.

**12. Explanations on write-off policy**

The general policy of the Bank is to write-off the receivables that are documented as not possible to be collected during the legal follow-up process.

Write-off policy:

In accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, the Bank, in line with TFRS 9, may write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor, starting from the following reporting date that the loan is classified in group 5.

Write-off is only an accounting practice in accordance with the related change in the regulation and it does not result in giving up the right on the receivable.

The Bank uses the following indicators as to the absence of reasonable expectations regarding the collection of loans:

- For receivables subject to collective assessment,
- Maximum attempts were made by the Bank regarding collection during the legal follow-up and remained inconclusive
- Recovery horizon is reached
- 100% provisioning is realised
- Certain data for those who will be subject to individual assessment that their collection ability has been completely lost as a result of customer analysis and interviews

Although the Bank has applied write-off, its policies for the loans that it follows are in line with the loans it actively pursues in terms of legal collection of borrowers, subjecting loans to the sale of non-performing loans and withdrawal decisions.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

**e. Information on financial assets measured at amortised cost****1. Information on securities subject to repurchase agreement and given as collateral or blocked**

(i) Information on securities subject to repurchase agreement

Financial assets measured at amortised cost subject to repurchase agreement amounts to TL 5.169.389 (31 December 2021: TL 5.076.422).

(ii) Information on securities subject to given as collateral or blocked

Collateralized financial assets measured at amortised cost are government bonds, book value of which amounts to TL 3.903.075 (31 December 2021: TL 1.531.367).

**2. Information on government debt securities measured at amortised cost**

| <i>Government debt securities measured at amortised cost</i> | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Government Bonds   | 17.027.396            | 7.124.821           |
| Treasury Bills   | --                    | --                  |
| Other Government Debt Securities                             | --                    | --                  |
| <b>Total</b>   | <b>17.027.396</b>     | <b>7.124.821</b>    |

**3. Information on financial assets measured at amortised cost**

| <i>Financial assets measured at amortised cost</i> | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| <b>Debt Securities</b>                             | <b>17.027.396</b>     | <b>7.124.821</b>    |
| Quoted on Stock Exchange                           | 17.027.396            | 7.124.821           |
| Unquoted on Stock Exchange                         | --                    | --                  |
| <b>Impairment provisions (-)</b>                   | <b>--</b>             | <b>--</b>           |
| <b>Total</b>                                       | <b>17.027.396</b>     | <b>7.124.821</b>    |

**4. The movements of financial assets measured at amortised cost during the period**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| <b>Balance at the beginning of the period</b>                  | <b>7.124.821</b>      | <b>7.262.043</b>    |
| Foreign exchange differences in monetary assets <sup>(*)</sup> | 1.836.732             | 1.106.717           |
| Purchases during the year                                      | 8.953.350             | --                  |
| Disposals by sale and redemption                               | (887.507)             | (1.243.939)         |
| <b>Impairment provisions (-)</b>                               | <b>--</b>             | <b>--</b>           |
| <b>Total</b>   | <b>17.027.396</b>     | <b>7.124.821</b>    |

<sup>(\*)</sup> Rediscounts of financial assets measured at amortised cost are included in "foreign exchange differences in monetary assets".

**f. Information on investments in associates**

| <b>Title</b>   | <b>Address (City/Country)</b> | <b>Share percentage of the Bank (%)</b> | <b>Risk Group Share Percentage of the Bank (%)</b> |
|--|-------------------------------|---|--|
| 1-Kredi Kayıt Bürosu A.Ş. <sup>(1)</sup>               | İstanbul/Turkey               | 9,00                                    | --   |
| 2-Kredi Garanti Fonu A.Ş. <sup>(2)</sup>               | Ankara/Turkey                 | 2,00                                    | --   |
| 3-Ege Tarım Ürünleri Lisanslı Dep. A.Ş. <sup>(3)</sup> | İzmir/Turkey                  | 9,00                                    | --   |
| 4-İhracatı Geliştirme A.Ş. <sup>(4)</sup>              | İstanbul/Turkey               | 0,16                                    | --   |



NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|   | Total<br>Assets | Shareholders'<br>Equity | Total Fixed<br>Assets | Interest<br>Income | Income on<br>Securities<br>Portfolio | Current<br>Period<br>Profit/(Loss) | Prior Period<br>Profit/(Loss) | Fair Value |
|---|-----------------|-------------------------|-----------------------|--------------------|--------------------------------------|------------------------------------|-------------------------------|------------|
| 1 | 766.973         | 155.774                 | 262.861               | 27.653             | --                                   | 29.975                             | 47.719                        | --         |
| 2 | 1.178.649       | 806.022                 | 25.207                | 110.828            | --                                   | 244.546                            | 95.447                        | --         |
| 3 | 57.464          | 21.246                  | 44.889                | 471                | --                                   | 2.113                              | 2.437                         | --         |
| 4 | --              | --                      | --                    | --                 | --                                   | --                                 | --                            | --         |

<sup>(1)</sup> Information on the financial statements is presented as of the period ended 30 September 2022.<sup>(2)</sup> Information on the financial statements is presented as of the period ended 31 December 2021.<sup>(3)</sup> Information on the financial statements is presented as of the period ended 31 December 2022.<sup>(4)</sup> The Parent Bank has participated in İhracatı Geliştirme A.Ş. on 28 July 2022.

## g. Information on investments in subsidiaries

## 1. Information on shareholders' equity of major subsidiaries

The amounts below are obtained from the financial data of 31 December 2022 prepared in accordance with the legislation to which Denizbank AG is subject to.

|                                 | Denizbank AG      |
|---------------------------------|-------------------|
| Paid-in capital                 | 4.621.528         |
| Share premium                   | 6.790.345         |
| Reserves                        | 11.720.060        |
| Deductions from capital         | 33.904            |
| <b>Total Common Equity</b>      | <b>23.098.029</b> |
| Total additional Tier I capital | --                |
| Deductions from capital         | 135.616           |
| <b>Total Core Capital</b>       | <b>22.962.413</b> |
| Total supplementary capital     | --                |
| <b>Capital</b>                  | <b>22.962.413</b> |
| Deductions from capital         | --                |
| <b>SHAREHOLDERS' EQUITY</b>     | <b>22.962.413</b> |

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## 2. Information on subsidiaries

| Title  | Address<br>(City/Country) | Share<br>percentage of<br>the Bank (%) | Share percentage<br>of other<br>shareholders (%) <sup>(3)</sup> |
|--|---------------------------|--|---|
| 1. İntertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. <sup>(1)</sup>          | Istanbul/Turkey           | 100                                    | --  |
| 2. Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. <sup>(1)</sup> | Istanbul/Turkey           | 100                                    | --  |
| 3. Denizbank AG  | Vienna/Austria            | 100                                    | --  |
| 4. Eurodeniz International Banking Unit Ltd.                               | Nicosia/Cyprus            | 100                                    | --  |
| 5. Deniz Yatırım Menkul Kıymetler A.Ş.                                     | Istanbul/Turkey           | 100                                    | --  |
| 6. Ekspres Bilgi İşlem ve Ticaret A.Ş. <sup>(1)</sup>                      | Istanbul/Turkey           | 71                                     | 29  |
| 7. JSC Denizbank Moskova <sup>(4)</sup>                                    | Moscow/Russia             | 100                                    | --  |
| 8. Deniz Portföy Yönetimi A.Ş.   | Istanbul/Turkey           | --                                     | 100   |
| 9. Deniz Finansal Kiralama A.Ş.  | Istanbul/Turkey           | 100                                    | --  |
| 10. Deniz Faktoring A.Ş.   | Istanbul/Turkey           | 100                                    | --  |
| 11. Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. <sup>(2)</sup>                | Istanbul/Turkey           | --                                     | 75  |
| 12. CR Erdberg Eins GmbH & Co KG <sup>(2)</sup>                            | Vienna/Austria            | --                                     | 100   |
| 13. Fastpay Elektronik Para ve Ödeme Hizmetleri A.Ş.                       | Istanbul/Turkey           | 100                                    | --  |
| 14. Neohub Teknoloji Yazılım Pazarlama ve Danışmanlık A.Ş. <sup>(1)</sup>  | Istanbul/Turkey           | --                                     | 100   |

<sup>(1)</sup> It is not included in TAS 27 equity method implementation.<sup>(2)</sup> They are included in TAS 27 "equity method" although they are not the Bank's direct subsidiaries.<sup>(3)</sup> Represents risk group share percentage of the Bank.<sup>(4)</sup> Denizbank AG sold its subsidiary share in JSC Denizbank Moscow to Denizbank.

|    | Total<br>Assets | Shareholders'<br>Equity | Total<br>Fixed<br>Assets | Interest<br>Income | Income on<br>Securities<br>Portfolio | Current<br>Period<br>Profit/<br>(Loss) | Prior<br>Period<br>Profit/<br>(Loss) | Fair<br>Value | Capital<br>Requirement |
|----|-----------------|-------------------------|--------------------------|--------------------|--------------------------------------|--|--------------------------------------|---------------|------------------------|
| 1  | 1.380.837       | 1.060.387               | 448.044                  | 30.130             | --                                   | 474.547                                | 227.197                              | --            | --                     |
| 2  | 913             | 891                     | --                       | --                 | --                                   | 169                                    | (181)                                | --            | --                     |
| 3  | 114.638.039     | 28.404.214              | 289.938                  | 3.138.318          | 219.990                              | 1.420.377                              | 272.989                              | --            | --                     |
| 4  | 171.899         | 143.502                 | 20                       | 28.579             | --                                   | 2.019                                  | 2.562                                | --            | --                     |
| 5  | 5.132.343       | 2.065.392               | 17.543                   | 411.018            | --                                   | 503.002                                | 268.754                              | --            | --                     |
| 6  | 60.601          | 14.466                  | 10.452                   | 2.638              | --                                   | 2.600                                  | (685)                                | --            | --                     |
| 7  | 5.055.816       | 1.922.002               | 50.920                   | 435.401            | 79.189                               | 723.697                                | 82.520                               | --            | --                     |
| 8  | 100.896         | 83.528                  | 3.068                    | 1.447              | 642                                  | 35.592                                 | 14.565                               | --            | --                     |
| 9  | 11.297.303      | 1.635.468               | 2.209.336                | 795.761            | 23.371                               | 660.792                                | 319.340                              | --            | --                     |
| 10 | 8.289.353       | 530.323                 | 18.361                   | 862.851            | 17.818                               | 240.602                                | 37.842                               | --            | --                     |
| 11 | 1.571.032       | 1.325.617               | 4.357                    | 45.397             | 8.325                                | 606.008                                | 95.307                               | --            | --                     |
| 12 | 697.112         | 607.772                 | 520.301                  | 11                 | --                                   | 5.722                                  | 3.386                                | --            | --                     |
| 13 | 34.325          | 26.479                  | 3.910                    | 2.229              | --                                   | (5.823)                                | (1.902)                              | --            | --                     |
| 14 | 46.017          | 38.030                  | 2.238                    | 3.431              | --                                   | 10.781                                 | (6.742)                              | --            | --                     |

Information on the financial statements is presented as of the period ended 31 December 2022.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

(i) Movement of subsidiaries during the period

|  | Current Period    | Prior Period      |
|--|-------------------|-------------------|
| <b>Balance at the Beginning of the Period</b>                                      | <b>30.716.383</b> | <b>18.786.192</b> |
| <b>Movements During the Period</b>   | <b>6.987.086</b>  | <b>11.930.191</b> |
| Purchases (****)   | 476.440           | 4.000             |
| Bonus Shares Received  | --                | --                |
| Dividends from Current Year Profit <sup>(*)</sup>                                  | 3.889.319         | 1.073.421         |
| Sales  | --                | --                |
| Revaluation Increase, Effect of Inflation and F/X Difference <sup>(**)(****)</sup> | 2.621.327         | 10.852.770        |
| Provision for Impairment   | --                | --                |
| <b>Balance at the End of the Period</b>  | <b>37.703.469</b> | <b>30.716.383</b> |
| <b>Capital Commitments</b>   | <b>--</b>         | <b>--</b>         |
| <b>Share Percentage at the end of Period (%)</b>                                   | <b>--</b>         | <b>--</b>         |

<sup>(\*)</sup> It is the amount added to the unconsolidated financial statements as a result of the application of equity method in accordance with TAS 27 mentioned in Section Three, note I. As of 31 December 2022, there is no dividend income.

<sup>(\*\*)</sup> It consists of other reserves amounting to TL 1.307.232 as of 31 December 2022 (31 December 2021: TL 10.512.562), valuation differences of securities amounting to TL (20.832) (31 December 2021: TL 304.335), cash flow hedge transactions TL 6.775 (31 December 2021: TL 19.233), real estate revaluation TL 53.308 (31 December 2021: TL 58.395) and actuarial gain/(loss) TL (13.176) (31 December 2021: TL 262) as a consequence of equity method implementation in accordance with TAS 27 mentioned in Section Three, note I.

<sup>(\*\*\*)</sup> It includes the fair value of Intertech amounting to TL 1.288.020 as of 31 December 2022 (31 December 2021: TL 566.653) in accordance with TFRS 9.

<sup>(\*\*\*\*)</sup> Denizbank AG sold of its subsidiary share in JSC Denizbank Moscow to Denizbank.

As of 31 December 2020, the capital commitment of TL 4.000 to "Fastpay Elektronik Para ve Dağıtım Hizmetleri A.Ş.", a 100% subsidiary of the Bank, was paid in cash as of 31 March 2021, and the capital increase was completed. With the decision of the Board of Directors of the Bank dated 31 March 2022, it has been decided to increase the capital by TL 25.000 in order to comply with the minimum equity requirement, and to participate in the entire amount increased by the Bank. The capital commitment debt was paid on 31 March 2022 before the capital increase decision was registered.

(ii) Sectorial information on the subsidiaries and the related carrying amounts

|                     | Current Period    | Prior Period      |
|---------------------|-------------------|-------------------|
| Banks               | 30.688.637        | 26.894.162        |
| Insurance Companies | --                | --                |
| Factoring Companies | 530.323           | 291.395           |
| Leasing Companies   | 1.635.467         | 970.894           |
| Finance Companies   | --                | --                |
| Other Subsidiaries  | 4.849.042         | 2.559.932         |
| <b>Total</b>        | <b>37.703.469</b> | <b>30.716.383</b> |

(iii) Quoted subsidiaries: None.

(iv) Subsidiaries disposed during the current period: None.

(v) Subsidiaries acquired during the current period: None.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

## h. Information on jointly controlled partnerships (joint ventures)

| Title   | Share percentage of the Bank (%) | Share percentage of the Group (%) | Current Assets | Non-Current Assets | Non-Current Liabilities | Income  | Expenses  |
|---|----------------------------------|-----------------------------------|----------------|--------------------|-------------------------|---------|-----------|
| Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. | 33                               | 33                                | 189.007        | 114.693            | 45.178                  | 539.423 | (488.306) |

Information on the unaudited financial statements is presented as of the period ended 31 December 2022.

## i. Information on receivables from leasing transactions

None.

## j. Explanation on derivative financial instruments for hedging purpose

None.

## k. Explanation on investment properties

None.

## l. Information on tangible assets

|  | Real Estate    | Vehicles       | Right-of-Use Assets | Other              | Total              |
|--|----------------|----------------|---------------------|--------------------|--------------------|
| <b>Cost At the End Of The Prior Period</b>                     | <b>125.498</b> | <b>2.150</b>   | <b>901.511</b>      | <b>1.703.438</b>   | <b>2.732.597</b>   |
| Transfers  | --             | --             | --                  | --                 | --                 |
| Acquisitions   | --             | --             | 312.966             | 377.561            | 690.527            |
| Revaluation differences  | 97.128         | --             | --                  | --                 | 97.128             |
| Disposals  | --             | (93)           | (11.762)            | (51.491)           | (63.346)           |
| Foreign exchange differences                                   | --             | 201            | 816                 | 322                | 1.339              |
| <b>Cost At the End Of The Period</b>                           | <b>222.626</b> | <b>2.258</b>   | <b>1.203.531</b>    | <b>2.029.830</b>   | <b>3.458.245</b>   |
| <b>Accumulated Depreciation At the End Of The Prior Period</b> | <b>--</b>      | <b>(1.750)</b> | <b>(502.340)</b>    | <b>(1.083.326)</b> | <b>(1.587.416)</b> |
| Transfers  | --             | --             | --                  | --                 | --                 |
| Depreciation fort he period                                    | (1.181)        | (120)          | (256.897)           | (196.678)          | (454.876)          |
| Disposals  | --             | 93             | 11.762              | 42.322             | 54.177             |
| Foreign exchange differences                                   | --             | (212)          | (682)               | (243)              | (1.137)            |
| <b>Accumulated Depreciation At the End Of The Period</b>       | <b>(1.181)</b> | <b>(1.989)</b> | <b>(748.157)</b>    | <b>(1.237.925)</b> | <b>(1.989.252)</b> |
| <b>Net Book Value At The End Of The Period</b>                 | <b>221.445</b> | <b>269</b>     | <b>455.374</b>      | <b>791.905</b>     | <b>1.468.993</b>   |

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". The positive difference between the property values in the expertise reports prepared by the licensed appraisal companies and the net book value of the related properties is followed in the equity accounts and the negative differences are followed in the statement of profit or loss.

Revaluation difference amounting to TL 194.554 (31 December 2021: TL 95.776) is recognised under equity as a result of revaluation process.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### m. Information on intangible assets

|  | Other              | Goodwill  | Total              |
|--|--------------------|-----------|--------------------|
| <b>Cost At the End Of The Prior Period</b>                     | <b>1.608.983</b>   | <b>--</b> | <b>1.608.983</b>   |
| Transfers  | --                 | --        | --                 |
| Acquisitions   | 1.164.947          | --        | 1.164.947          |
| Revaluation differences  | --                 | --        | --                 |
| Disposals  | --                 | --        | --                 |
| Foreign exchange differences                                   | 5.442              | --        | 5.442              |
| <b>Cost At the End Of The Period</b>                           | <b>2.779.372</b>   | <b>--</b> | <b>2.779.372</b>   |
| <b>Accumulated Depreciation At the End Of The Prior Period</b> | <b>(1.117.831)</b> | <b>--</b> | <b>(1.117.831)</b> |
| Transfers  | --                 | --        | --                 |
| Depreciation fort he period                                    | (362.369)          | --        | (362.369)          |
| Disposals  | --                 | --        | --                 |
| Foreign exchange differences                                   | (5.442)            | --        | (5.442)            |
| <b>Accumulated Depreciation At the End Of The Period</b>       | <b>(1.485.642)</b> | <b>--</b> | <b>(1.485.642)</b> |
| <b>Net Book Value At The End Of The Period</b>                 | <b>1.293.730</b>   | <b>--</b> | <b>1.293.730</b>   |

### n. Information on deferred tax asset

Deferred tax is calculated on the basis of deductible and taxable temporary differences as of the balance sheet date and shown in the balance sheet with the net value within the scope of the related regulations.

Deferred tax income recognised in equity resulting from the effect of TAS 27 is TL 7.873 (31 December 2021: TL 73.963).

The following table summarizes the distribution of deferred tax in terms of sources:

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| Miscellaneous Provisions                  | 3.679.689        | 2.599.671        |
| Valuation Differences of Financial Assets | 330.268          | 273.443          |
| Provision for Employee Benefits           | 366.324          | 147.437          |
| Unearned Revenue                          | 187.895          | 96.924           |
| Tax Losses <sup>(*)</sup>                 | --               | 683.860          |
| Other                                     | --               | 96.305           |
| <b>Deferred Tax Assets</b>                | <b>4.564.176</b> | <b>3.897.640</b> |
| Valuation Differences of Derivatives      | (295.391)        | (873.898)        |
| Valuation Differences of Tangible Assets  | (57.793)         | (45.215)         |
| Other                                     | (70.873)         | --               |
| <b>Deferred Tax Liabilities</b>           | <b>(424.057)</b> | <b>(919.113)</b> |
| <b>Net Deferred Tax Assets</b>            | <b>4.140.119</b> | <b>2.978.527</b> |

<sup>(\*)</sup> Tax losses is mainly due to the valuation of financial instruments in accordance with the Tax Procedure Law in the calculation of the corporate tax.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### o. Explanation on non-current assets or disposal groups held for sale and from discontinued operations

None.

### p. Information on other assets

#### 1. Information on prepaid expense, taxes and similar items

Bank's total prepaid expenses are TL 2.135.994 (31 December 2021: TL 811.262).

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

### II. Explanations and disclosures related to unconsolidated liabilities

#### a. Information on deposits

Foreign currency protected deposit product, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign currency exchange rates, started to be offered to bank customers as of the year of 2021 accounting period reported. TL deposits include TL 73.171.134 deposits within this scope as of 30 December 2022 (31 December 2021: TL 3.307.220).

#### 1.Information on maturity structure of deposits

##### Current period - 31 December 2022:

|  | Demand             | 7 Days Notice | Up to 1 Month     | 1-3 Months        | 3-6 Months        | 6 Months- 1 Year  | 1 Year and Over   | Accumulated Deposit Accounts | Total              |
|--|--------------------|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------------------|--------------------|
| Saving Deposits                          | 11.743.607         | --            | 7.320.339         | 27.308.395        | 44.764.344        | 2.986.949         | 3.768.833         | 3.282                        | <b>97.895.749</b>  |
| Foreign Currency Deposits <sup>(*)</sup> | 68.441.719         | --            | 19.722.098        | 37.577.990        | 11.113.563        | 5.993.379         | 4.839.972         | 4.679                        | <b>147.693.400</b> |
| Residents in Turkey                      | 46.366.303         | --            | 16.510.050        | 31.017.537        | 9.512.918         | 4.068.310         | 3.283.418         | 4.540                        | <b>110.763.076</b> |
| Residents Abroad                         | 22.075.416         | --            | 3.212.048         | 6.560.453         | 1.600.645         | 1.925.069         | 1.556.554         | 139                          | <b>36.930.324</b>  |
| Public Sector Deposits                   | 1.117.565          | --            | 541.338           | 362.896           | 193               | --                | --                | --                           | <b>2.021.992</b>   |
| Commercial Deposits                      | 14.118.233         | --            | 11.327.417        | 12.176.529        | 18.777.721        | 4.243.606         | 3.923.452         | --                           | <b>64.566.958</b>  |
| Other Ins. Deposits                      | 338.736            | --            | 222.972           | 643.030           | 430.336           | 89.147            | 18.504            | --                           | <b>1.742.725</b>   |
| Precious Metal Deposits                  | 12.449.445         | --            | 216.469           | 3.137.409         | 711.610           | 782.637           | 712.289           | 5.994                        | <b>18.015.853</b>  |
| Bank Deposits                            | 791.272            | --            | 401.251           | 17.872.030        | 1.738.294         | 702.907           | 158.669           | --                           | <b>21.664.423</b>  |
| Central Bank                             | 413.798            | --            | --                | --                | --                | --                | --                | --                           | <b>413.798</b>     |
| Domestic Banks                           | 3.109              | --            | 1.064             | 201.872           | 190.740           | --                | --                | --                           | <b>396.785</b>     |
| Foreign Banks                            | 373.104            | --            | 400.187           | 17.670.158        | 1.547.554         | 702.907           | 158.669           | --                           | <b>20.852.579</b>  |
| Special Finan. Inst.                     | 1.261              | --            | --                | --                | --                | --                | --                | --                           | <b>1.261</b>       |
| Other                                    | --                 | --            | --                | --                | --                | --                | --                | --                           | <b>--</b>          |
| <b>Total</b>                             | <b>109.000.577</b> | <b>--</b>     | <b>39.751.884</b> | <b>99.078.279</b> | <b>77.536.061</b> | <b>14.798.625</b> | <b>13.421.719</b> | <b>13.955</b>                | <b>353.601.100</b> |

<sup>(\*)</sup> Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 96.418.897 and Commercial Deposit customers at the amount of TL 51.274.503.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

## Prior period - 31 December 2021:

|  | Demand            | 7 Days Notice | Up to 1 Month     | 1-3 Months        | 3-6 Months        | 6 Months- 1 Year | 1 Year and Over  | Accumulated Deposit Accounts | Total              |
|--|-------------------|---------------|-------------------|-------------------|-------------------|------------------|------------------|------------------------------|--------------------|
| Saving Deposits                          | 6.543.320         | --            | 5.918.724         | 25.068.065        | 3.343.938         | 730.340          | 700.538          | 4.737                        | 42.309.662         |
| Foreign Currency Deposits <sup>(*)</sup> | 37.118.867        | --            | 15.423.442        | 32.507.559        | 7.406.925         | 3.758.280        | 3.966.623        | 2.943                        | 100.184.639        |
| Residents in Turkey                      | 33.130.746        | --            | 15.012.130        | 30.795.195        | 6.373.566         | 3.442.033        | 2.936.214        | 2.866                        | 91.692.750         |
| Residents Abroad                         | 3.988.121         | --            | 411.312           | 1.712.364         | 1.033.359         | 316.247          | 1.030.409        | 77                           | 8.491.889          |
| Public Sector Deposits                   | 939.363           | --            | 31.437            | 178.843           | 413               | --               | 53               | --                           | 1.150.109          |
| Commercial Deposits                      | 5.025.752         | --            | 3.760.243         | 3.035.644         | 63.510            | 21.299           | 19.639           | --                           | 11.926.087         |
| Other Ins. Deposits                      | 248.098           | --            | 203.061           | 534.001           | 38.609            | 1.704            | 58.815           | --                           | 1.084.288          |
| Precious Metal Deposits                  | 10.410.262        | --            | 308.623           | 2.388.241         | 322.121           | 880.936          | 536.416          | 12.333                       | 14.858.932         |
| Bank Deposits                            | 431.019           | --            | 430.754           | 11.459.285        | 428.427           | 2.578.050        | --               | --                           | 15.327.535         |
| Central Bank                             | --                | --            | --                | --                | --                | --               | --               | --                           | --                 |
| Domestic Banks                           | 3.075             | --            | 94                | 225.134           | --                | 6.677            | --               | --                           | 234.980            |
| Foreign Banks                            | 427.020           | --            | 430.660           | 11.234.151        | 428.427           | 2.571.373        | --               | --                           | 15.091.631         |
| Special Finan. Inst.                     | 924               | --            | --                | --                | --                | --               | --               | --                           | 924                |
| Other                                    | --                | --            | --                | --                | --                | --               | --               | --                           | --                 |
| <b>Total</b>                             | <b>60.716.681</b> | <b>--</b>     | <b>26.076.284</b> | <b>75.171.638</b> | <b>11.603.943</b> | <b>7.970.609</b> | <b>5.282.084</b> | <b>20.013</b>                | <b>186.841.252</b> |

<sup>(\*)</sup> Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 60.698.632 and Commercial Deposit customers at the amount of TL 39.486.006.

## 2. Information on deposit insurance

(i) Information on saving deposits under the guarantee of insurance and exceeding the limit of insurance

|  | Saving Deposit Insurance Fund |                   | Exceeding the Insurance Coverage Limit |                   |
|--|-------------------------------|-------------------|--|-------------------|
|  | Current Period                | Prior Period      | Current Period                         | Prior Period      |
| Saving Deposits  | 35.687.504                    | 22.588.462        | 62.212.788                             | 19.699.031        |
| Foreign Currency Saving Deposits   | 23.063.342                    | 16.649.353        | 83.124.491                             | 54.352.494        |
| Other Deposits in the form of Saving Deposits                            | --                            | --                | --                                     | --                |
| Foreign Branches' Deposits under Foreign Authorities' Insurance          | --                            | --                | --                                     | --                |
| Off-shore Banking Regions' Deposits under Foreign Authorities' Insurance | --                            | --                | --                                     | --                |
| <b>Total</b>   | <b>58.750.846</b>             | <b>39.237.815</b> | <b>145.337.279</b>                     | <b>74.051.525</b> |

In accordance with the "Regulation on Amending the Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated 27 August 2022 and numbered 31936, official institutions in the presence of credit institutions, credit institutions and all deposits and participation funds, except those belonging to financial institutions, have started to be insured. In this context, commercial deposits covered by the insurance amount to TL 8.283.406 and the relevant amount is not included in the footnote.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

(ii) Saving deposits of real persons which are not under the guarantee of insurance

|  | Current Period | Prior Period   |
|--|----------------|----------------|
| Deposits and Other Accounts in Foreign Branches  | 112.304        | 138.421        |
| Deposits and Other Accounts belong to Major Shareholders with Their Parents, Spouse and Children under Their Wardship                                | --             | --             |
| Deposits and Other Accounts belong to Members of Board of Directors, CEO and Deputy CEO with Their Parents, Spouse and Children under Their Wardship | 187.849        | 127.782        |
| Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of 5237 Numbered Turkish Penal Code dated on 26/09/2004                      | --             | --             |
| Deposits belong to Off-Shore Banks which are established in Turkey   | --             | --             |
| <b>Total</b>   | <b>300.153</b> | <b>266.203</b> |

(iii) Saving deposits in Turkey are not covered by any insurance in any other country since the Bank's headquarter is not located abroad.

## b. Information on derivative financial liabilities held for trading

## 1. Negative differences table for derivative financial liabilities held for trading

|                      | Current Period |                  | Prior Period     |                  |
|----------------------|----------------|------------------|------------------|------------------|
|                      | TL             | FC               | TL               | FC               |
| Forward Transactions | 11.022         | 177.566          | 423.908          | 217.965          |
| Swap Transactions    | 240.451        | 2.033.127        | 821.594          | 1.848.582        |
| Futures Transactions | 2.908          | --               | --               | --               |
| Options              | --             | 1.058.563        | 3                | 137.541          |
| Other                | --             | --               | --               | --               |
| <b>Total</b>         | <b>254.381</b> | <b>3.269.256</b> | <b>1.245.505</b> | <b>2.204.088</b> |

## c. Information on funds borrowed

## 1. Information on banks and other financial institutions

|  | Current Period |                   | Prior Period   |                   |
|--|----------------|-------------------|----------------|-------------------|
|  | TL             | FC                | TL             | FC                |
| Central Bank Loans                                   | --             | --                | --             | --                |
| Domestic Banks and Institutions                      | 632.882        | 1.414.733         | 518.067        | 2.240.150         |
| Foreign Banks, Institutions and Funds <sup>(*)</sup> | --             | 45.929.844        | --             | 44.470.082        |
| <b>Total</b>   | <b>632.882</b> | <b>47.344.577</b> | <b>518.067</b> | <b>46.710.232</b> |

<sup>(\*)</sup> Within the framework of its foreign borrowing program, the Bank obtains funds through securitization transactions based on foreign remittance flows through DFS Funding Corporation, a special purpose institution established abroad.



NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

## 2. Maturity information of funds borrowed

|                      | Current Period |                   | Prior Period   |                   |
|----------------------|----------------|-------------------|----------------|-------------------|
|                      | TL             | FC                | TL             | FC                |
| Short-Term           | 590.314        | 7.214.123         | 302.102        | 8.419.585         |
| Medium and Long-Term | 42.568         | 40.130.454        | 215.965        | 38.290.647        |
| <b>Total</b>         | <b>632.882</b> | <b>47.344.577</b> | <b>518.067</b> | <b>46.710.232</b> |

## 3. Additional explanations on the areas which the Bank's liabilities are concentrated

As of 31 December 2022, 67% of the Bank's liabilities (31 December 2021: 61%) are deposits, 15% (31 December 2021: 23%) are loans received, debts to money markets, securities issued and subordinated loans.

## d. Information on securities issued

|                         | Current Period |                  | Prior Period     |                  |
|-------------------------|----------------|------------------|------------------|------------------|
|                         | TL             | FC               | TL               | FC               |
| Bonds                   | --             | 1.680.854        | 591.353          | --               |
| Bills                   | 65.023         | 494.857          | 3.387.685        | 2.609.796        |
| Asset Backed Securities | --             | --               | --               | --               |
| <b>Total</b>            | <b>65.023</b>  | <b>2.175.711</b> | <b>3.979.038</b> | <b>2.609.796</b> |

The Bank has repurchased the securities it has issued amounting to TL 22.611 and netted them in its financial statements (31 December 2020: TL 384.780).

## e. If other liabilities line of the balance sheet exceeds 10% of the total balance sheet excluding the off balance sheet commitments, the names and amounts of the sub-accounts constituting at least 20% of the other liabilities

Other liabilities do not exceed 10% of the balance sheet total excluding the off-balance sheet commitments.

## 1. Information on lease liabilities (net)

The term of financial leasing contracts is mostly 4 years. Interest rate and the Bank's cash flow are the criteria taken into consideration in the lease contracts. There are no provisions in lease agreements that impose significant obligations on the Bank.

|                   | Current Period   |                | Prior Period   |                |
|-------------------|------------------|----------------|----------------|----------------|
|                   | Gross            | Net            | Gross          | Net            |
| Less than 1 year  | 498.631          | 341.994        | 360.808        | 239.785        |
| Between 1-4 years | 533.777          | 401.428        | 550.550        | 434.856        |
| Over 4 years      | 64.306           | 46.877         | 20.144         | 16.704         |
| <b>Total</b>      | <b>1.096.714</b> | <b>790.299</b> | <b>931.502</b> | <b>691.345</b> |

## g. Information on derivative financial liabilities for hedging purpose

None.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

## h. Explanation on provisions

## 1. Provision for foreign exchange differences on foreign currency indexed loans

None.

The amount of the provision for foreign exchange differences on foreign currency indexed loans are netted against loans under assets in the financial statements.

## TAS 19 requires using the actuarial valuation method for calculation of liabilities.

Accordingly, the following actuarial assumptions were used in the calculation of the total provision for employee termination benefits:

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Discount rate  | 1,91%          | 5,08%        |
| Interest rate  | 21,83%         | 24,00%       |
| Estimated rate of increase in salary/severance pay limit | 19,55%         | 18,00%       |

As of 31 December 2022, TL 916.607 of provision for employee termination benefits (31 December 2021: TL 288.905) and TL 548.690 of unused vacation provisions and other rights (31 December 2021: TL 389.807) were reflected to the financial statements.

Movement of the provision for employee termination benefits during the period is as follows:

|   | Current Period | Prior Period   |
|---|----------------|----------------|
| <b>Balance at the Beginning of the Period</b> | <b>288.905</b> | <b>262.008</b> |
| Changes in the period                         | 289.958        | 72.876         |
| Actuarial loss/(gain)                         | 403.195        | (4.337)        |
| Paid in the period                            | (65.451)       | (41.642)       |
| <b>Balance at the End of the Period</b>       | <b>916.607</b> | <b>288.905</b> |

## 3. Information on other provisions

Information on the items and amounts causing the excess if other provisions exceed 10% of total provisions:

## Current period:

TL 1.043.965 of other provisions represents stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 1.961.333 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 263.824 is the provisions for the litigations against the Bank, TL 4.175.000 includes free provisions and TL 1.109.977 includes other provisions.

## Prior period:

TL 822.875 of other provisions represents stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 642.882 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 215.549 is the provisions for the litigations against the Bank and TL 898.060 includes other provisions.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

**i. Explanations on tax liability****1. Information on current tax liability****(i) Information on tax provision**

As of 31 December 2022, the corporate tax provision is TL 2.122.021 (31 December 2021: None) and it has been offset with advance taxes.

As of 31 December 2022, the Bank's total tax and premium liabilities is TL 2.985.921 (31 December 2021: TL 349.429).

**(ii) Information on tax liabilities**

|  | Current Period   | Prior Period   |
|--|------------------|----------------|
| Corporate tax payables                   | 2.122.021        | --             |
| Taxation on securities                   | 106.991          | 64.230         |
| Taxes on real estate capital gain        | 4.585            | 2.986          |
| Banking Insurance Transaction Tax (BITT) | 539.063          | 151.817        |
| Taxes on foreign exchange transactions   | 17.069           | 43.286         |
| Value added tax payables                 | 26.528           | 13.234         |
| Other                                    | 94.843           | 40.093         |
| <b>Total</b>                             | <b>2.911.100</b> | <b>315.646</b> |

**(iii) Information on premiums**

|   | Current Period | Prior Period  |
|---|----------------|---------------|
| Social security premiums- employee share                    | 31.457         | 14.418        |
| Social security premiums- employer share                    | 36.812         | 16.369        |
| Bank pension fund premium- employee share                   | --             | --            |
| Bank pension fund premium- employer share                   | --             | --            |
| Pension fund membership fees and provisions- employee share | --             | --            |
| Pension fund membership fees and provisions- employer share | --             | --            |
| Unemployment insurance- employee share                      | 2.184          | 999           |
| Unemployment insurance- employer share                      | 4.368          | 1.997         |
| Other   | --             | --            |
| <b>Total</b>  | <b>74.821</b>  | <b>33.783</b> |

**2. Information on deferred tax liability**

The Bank has no deferred tax liabilities remaining after it has been netted off from deferred tax assets. The detail of deferred tax is disclosed in Note "n" of explanations and disclosures related to unconsolidated assets.

**j. Information on liabilities related to non-current assets held for sale and discontinued operations**

None.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

**k. Information on subordinated loans**

|  | Current Period |                   | Prior Period |                   |
|--|----------------|-------------------|--------------|-------------------|
|  | TL             | FC                | TL           | FC                |
| <b>Debt Instruments subject to common equity</b> | --             | --                | --           | --                |
| Subordinated Loans                               | --             | --                | --           | --                |
| Subordinated Debt Instruments                    | --             | --                | --           | --                |
| <b>Debt Instruments subject to tier 2 equity</b> | --             | <b>14.561.492</b> | --           | <b>10.484.778</b> |
| Subordinated Loans                               | --             | 14.561.492        | --           | 10.484.778        |
| Subordinated Debt Instruments                    | --             | --                | --           | --                |
| <b>Total</b>                                     | --             | <b>14.561.492</b> | --           | <b>10.484.778</b> |

Information on subordinated loans is disclosed in Section Four, note I-b.

**l. Information on shareholders' equity****1. Representation of paid-in capital**

|                 | Current Period | Prior Period |
|-----------------|----------------|--------------|
| Share           | 5.696.100      | 5.696.100    |
| Preferred Share | --             | --           |

Paid-in capital of the Bank is shown at nominal value.

**2. Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the upper limit of registered share capital**

The registered share capital system is not applied.

**3. Information on share capital increases and their sources and other information on any increase in capital shares during the current period**

None.

**4. Information on share capital increases from revaluation funds during the current period**

None.

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

The capital is totally paid in and there are no capital commitments.

**6. Prior period indicators of the Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering uncertainty indicators**

Balance sheet of the Bank is managed prudently, to minimize the negative effects of interest rate, foreign currency and credit risks. This policy contributes to the progress of Bank's profitability with a steady increasing trend.

**7. Summary information on the privileges given to stocks representing the capital**

The Bank does not have any preferred stocks.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### 8. Share premiums, shares and equity instruments

|                                   | Current Period | Prior Period |
|-----------------------------------|----------------|--------------|
| Number of Shares <sup>(*)</sup>   | 50.368.526     | 50.368.526   |
| Preferred Shares                  | --             | --           |
| Share Premium <sup>(**)</sup>     | 15             | 15           |
| Share Cancellation Profits        | --             | --           |
| Other Equity Instruments          | --             | --           |
| Total Share Issued <sup>(*)</sup> | 50.369         | 50.369       |

<sup>(\*)</sup> Related to the Bank's capital increase on 27 September 2004. The Bank's capital was increased from TL 202.000 to TL 290.000; and TL 50.369 of the increased TL 88.000 was received in cash through shares issued to the public on 27 September 2004.

<sup>(\*\*)</sup> In the related period, the number of shares with nominal value of "one thousand" Turkish Lira was sold for "two thousand eight hundred seventy-five" Turkish Lira and TL 94.441 share premium was obtained. Inflation valuation difference until December 2004 amounts to TL 3.910 and is followed under the related account in accordance with the regulation. Share premium of TL 60 through obtained from the paid-in capital increase of TL 400.000 on 28 August 2008.

Share premium at an amount of TL 94.501 and inflation adjustment differences of share premium at an amount of TL 3.910 has been added to paid-in capital with the capital increase made by the Bank at the date of 14 October 2015.

Through the capital increase of TL 1.500.000 realised on 28 June 2016, an emission premium of TL 15 was generated.

### 9. Information on marketable securities value increase fund

|   | Current Period   |                    | Prior Period     |                    |
|---|------------------|--------------------|------------------|--------------------|
|   | TL               | FC                 | TL               | FC                 |
| Associates, Subsidiaries and JVs        | 2.300.247        | --                 | 1.012.067        | --                 |
| Valuation Difference and FX Differences | 5.581.031        | (2.241.284)        | 171.774          | (1.337.438)        |
| <b>Total</b>                            | <b>7.881.278</b> | <b>(2.241.284)</b> | <b>1.183.841</b> | <b>(1.337.438)</b> |

### 10. Information on hedging funds

Explanations about hedging funds are in Section Four, note XI.

### 11. Explanations on minority shares

None.

### 12. Explanations on revaluation differences of tangible fixed assets

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". As a result of the revaluation made, the net revaluation difference after tax amounting to TL 345.395 has been accounted for in "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" under equities (31 December 2021: TL 210.158).

### 13. Explanations on profit distribution

At the Ordinary General Assembly Meeting held on 25 March 2022, according to the proposal of the Parent Bank's Board of Directors for profit distribution, TL 177.346 of the net profit for the period of 2021 amounting to TL 3.546.918 was allocated as legal reserves and the remaining TL 3.369.572 was allocated as extraordinary reserves and due to the expiry of the period for keeping the sales earnings subject to the exemption in a special fund account until the end of the 5th year following the sale, as determined in article 5/1-e of the Corporate Tax Law, it has been decided to include the relevant fund account balance of TL 76.275 into extraordinary reserves.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

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

#### a. Explanation on liabilities in off-balance sheet accounts

##### 1. Type and amount of irrevocable loan commitments

Most of Bank's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2022, loan granting commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 30.474.774, TL 80.333.770 and TL 6.613.792 respectively (31 December 2021: TL 21.028.309, TL 42.095.217 and TL 3.369.216 respectively). The details of these items are followed in the off-balance sheet accounts.

##### 2. Structure and amount of possible losses and commitments arising from off-balance sheet items

(i) Non-cash loans including guarantees, bill of guarantee and acceptances of bank and other letters of credit and commitments which can be considered as financial collateral

As of 31 December 2022, Bank has letters of guarantee amounting to TL 66.667.584, bill of guarantee and acceptances amounting to TL 742.939, and guarantees and warranties on letters of credit amounting to TL 15.748.910 and other guarantees and warranties amounting to TL 7.837.322.

As of 31 December 2021, Bank has letters of guarantee amounting to TL 49.057.348, bill of guarantee and acceptances amounting to TL 111.075, and guarantees and warranties on letters of credit amounting to TL 13.493.179 and other guarantees and warranties amounting to TL 4.411.322.

(ii) Final guarantees, provisional guarantees, sureties and similar transactions

|   | Current Period    | Prior Period      |
|---|-------------------|-------------------|
| Provisional Letters of Guarantee              | 1.771.272         | 943.362           |
| Final Letters of Guarantee                    | 39.925.136        | 25.513.388        |
| Letters of Guarantee for Advances             | 6.411.154         | 4.384.604         |
| Letters of Guarantee given to Customs Offices | 364.506           | 290.258           |
| Other Letters of Guarantee                    | 18.195.516        | 17.925.736        |
| <b>Total</b>                                  | <b>66.667.584</b> | <b>49.057.348</b> |

#### 3. Information on non-cash loans

(i) Total amount of non-cash loans

|   | Current Period    | Prior Period      |
|---|-------------------|-------------------|
| Non-Cash Loans Given for Obtaining Cash Loans | 26.032.382        | 22.336.795        |
| With Original Maturity of 1 Year or Less      | 26.032.382        | 22.336.795        |
| With Original Maturity of More Than 1 Year    | --                | --                |
| Other Non-Cash Loans                          | 64.964.256        | 44.736.129        |
| <b>Total</b>                                  | <b>90.996.638</b> | <b>67.072.924</b> |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

(ii) Information on risk concentration on sector basis within the non-cash loans account

|                                      | Current Period    |               |                   |               |
|--------------------------------------|-------------------|---------------|-------------------|---------------|
|                                      | TL                | %             | FC                | %             |
| <b>Agricultural</b>                  | <b>1.878.915</b>  | <b>4,91</b>   | <b>689.664</b>    | <b>1,31</b>   |
| Farming and Cattle                   | 1.815.938         | 4,75          | 659.138           | 1,25          |
| Forestry                             | 1.434             | --            | --                | --            |
| Fishing                              | 61.543            | 0,16          | 30.526            | 0,06          |
| <b>Manufacturing</b>                 | <b>12.418.326</b> | <b>32,46</b>  | <b>22.216.459</b> | <b>42,12</b>  |
| Mining                               | 605.242           | 1,58          | 340.224           | 0,64          |
| Production                           | 10.175.012        | 26,60         | 19.336.296        | 36,66         |
| Electric, Gas, Water                 | 1.638.072         | 4,28          | 2.539.939         | 4,82          |
| <b>Construction</b>                  | <b>6.345.676</b>  | <b>16,59</b>  | <b>12.446.825</b> | <b>23,60</b>  |
| <b>Services</b>                      | <b>12.305.018</b> | <b>32,19</b>  | <b>13.425.689</b> | <b>25,44</b>  |
| Wholesale and Retail Trade           | 8.075.980         | 21,12         | 7.467.812         | 14,16         |
| Hotel and Restaurant Services        | 824.826           | 2,16          | 1.004.655         | 1,90          |
| Transportation and telecommunication | 1.598.385         | 4,18          | 3.707.588         | 7,03          |
| Financial institutions               | 1.054.065         | 2,76          | 1.103.108         | 2,09          |
| Real estate and letting services     | 167.297           | 0,44          | 7.638             | 0,01          |
| Self-employment services             | --                | --            | --                | --            |
| Education services                   | 110.003           | 0,29          | 18.442            | 0,03          |
| Health and social services           | 474.462           | 1,24          | 116.446           | 0,22          |
| <b>Other</b>                         | <b>5.299.220</b>  | <b>13,85</b>  | <b>3.970.846</b>  | <b>7,53</b>   |
| <b>Total</b>                         | <b>38.247.155</b> | <b>100,00</b> | <b>52.749.483</b> | <b>100,00</b> |

|                                      | Prior Period      |               |                   |               |
|--------------------------------------|-------------------|---------------|-------------------|---------------|
|                                      | TL                | %             | FC                | %             |
| <b>Agricultural</b>                  | <b>615.282</b>    | <b>3,96</b>   | <b>404.233</b>    | <b>0,78</b>   |
| Farming and Cattle                   | 612.092           | 3,94          | 404.233           | 0,78          |
| Forestry                             | 459               | --            | --                | --            |
| Fishing                              | 2.731             | 0,02          | --                | --            |
| <b>Manufacturing</b>                 | <b>3.628.081</b>  | <b>23,33</b>  | <b>22.195.827</b> | <b>43,08</b>  |
| Mining                               | 186.014           | 1,20          | 466.821           | 0,91          |
| Production                           | 2.821.026         | 18,14         | 19.588.592        | 38,02         |
| Electric, Gas, Water                 | 621.041           | 3,99          | 2.140.414         | 4,15          |
| <b>Construction</b>                  | <b>3.785.062</b>  | <b>24,34</b>  | <b>10.336.895</b> | <b>20,06</b>  |
| <b>Services</b>                      | <b>5.688.302</b>  | <b>36,59</b>  | <b>15.224.358</b> | <b>29,54</b>  |
| Wholesale and Retail Trade           | 3.482.009         | 22,39         | 7.836.776         | 15,21         |
| Hotel and Restaurant Services        | 317.277           | 2,04          | 2.111.568         | 4,10          |
| Transportation and telecommunication | 795.713           | 5,12          | 3.525.966         | 6,84          |
| Financial institutions               | 804.750           | 5,18          | 1.583.941         | 3,07          |
| Real estate and letting services     | 74.407            | 0,48          | 5.112             | 0,01          |
| Self-employment services             | --                | --            | --                | --            |
| Education services                   | 65.199            | 0,42          | 14.959            | 0,03          |
| Health and social services           | 148.947           | 0,96          | 146.036           | 0,28          |
| <b>Other</b>                         | <b>1.831.870</b>  | <b>11,78</b>  | <b>3.363.014</b>  | <b>6,54</b>   |
| <b>Total</b>                         | <b>15.548.597</b> | <b>100,00</b> | <b>51.524.327</b> | <b>100,00</b> |

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

(iii) Information about the non-cash loans classified first and second group

|                                     | I. Group          |                   | II. Group      |                  |
|-------------------------------------|-------------------|-------------------|----------------|------------------|
|                                     | TL                | FC                | TL             | FC               |
| Letters of Guarantee                | 32.079.307        | 32.987.413        | 609.900        | 990.964          |
| Bill of Guarantee and Acceptances   | 149.232           | 592.290           | --             | 1.417            |
| Letters of Credit                   | 39.625            | 15.626.542        | --             | 82.743           |
| Endorsements                        | --                | --                | --             | --               |
| Underwriting Commitments            | --                | --                | --             | --               |
| Factoring Commitments               | --                | --                | --             | --               |
| Other Commitments and Contingencies | 5.358.091         | 2.468.114         | 11.000         | --               |
| <b>Total</b>                        | <b>37.626.255</b> | <b>51.674.359</b> | <b>620.900</b> | <b>1.075.124</b> |

### b. Information related to derivative financial instruments

|  | Up to 1 month      | 1-3 months         | 3-12 months       | 1-5 years         | More than 5 years | Total              |
|--|--------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| <b>Current Period</b>  |                    |                    |                   |                   |                   |                    |
| <b>Hedging Purpose Derivative Transactions</b>               |                    |                    |                   |                   |                   |                    |
| <b>A. Total Hedging Purpose Derivative Transactions</b>      | --                 | --                 | --                | --                | --                | --                 |
| Fair Value Hedge Transactions                                | --                 | --                 | --                | --                | --                | --                 |
| Cash Flow Hedge Transactions                                 | --                 | --                 | --                | --                | --                | --                 |
| Net Foreign Investment Hedge Transactions                    | --                 | --                 | --                | --                | --                | --                 |
| <b>Types of Trading Transactions</b>                         | --                 | --                 | --                | --                | --                | --                 |
| <b>Foreign Currency Related Derivative Transactions (I)</b>  | <b>186.137.814</b> | <b>128.661.152</b> | <b>35.858.258</b> | <b>373.402</b>    | <b>4.184.741</b>  | <b>355.215.367</b> |
| Forward FC Call Transactions                                 | 4.227.426          | 3.354.199          | 6.696.987         | --                | --                | 14.278.612         |
| Forward FC Pull Transactions                                 | 3.626.928          | 3.260.735          | 6.610.909         | --                | --                | 13.498.572         |
| Swap FC Call Transactions                                    | 69.533.208         | 18.687.543         | 3.568.855         | 272.743           | 2.202.853         | 94.265.202         |
| Swap FC Pull Transactions                                    | 74.301.834         | 22.786.561         | 3.565.434         | 98.789            | 1.981.888         | 102.734.506        |
| Options FC Call Transactions                                 | 16.475.694         | 40.094.097         | 7.733.527         | 1.870             | --                | 64.305.188         |
| Options FC Pull Transactions                                 | 16.484.531         | 40.217.627         | 7.682.546         | --                | --                | 64.384.704         |
| Futures FC Call Transactions                                 | 737.273            | 127.131            | --                | --                | --                | 864.404            |
| Futures FC Pull Transactions                                 | 750.920            | 133.259            | --                | --                | --                | 884.179            |
| <b>Total of Interest Derivative Transactions (II)</b>        | <b>450.000</b>     | <b>551.754</b>     | <b>810.262</b>    | <b>51.649.174</b> | <b>48.632.076</b> | <b>102.093.266</b> |
| Swap Interest Call Transactions                              | 225.000            | 250.000            | 405.131           | 25.824.587        | 23.554.127        | 50.258.845         |
| Swap Interest Pull Transactions                              | 225.000            | 250.000            | 405.131           | 25.824.587        | 23.554.125        | 50.258.843         |
| Options Interest Call Transactions                           | --                 | 25.877             | --                | --                | 761.912           | 787.789            |
| Options Interest Pull Transactions                           | --                 | 25.877             | --                | --                | 761.912           | 787.789            |
| Securities Interest Call Transactions                        | --                 | --                 | --                | --                | --                | --                 |
| Securities Interest Pull Transactions                        | --                 | --                 | --                | --                | --                | --                 |
| Futures Interest Call Transactions                           | --                 | --                 | --                | --                | --                | --                 |
| Futures Interest Pull Transactions                           | --                 | --                 | --                | --                | --                | --                 |
| <b>Other Types of Trading Transactions (III)</b>             | <b>6.288.325</b>   | <b>4.841.747</b>   | <b>6.215.018</b>  | <b>187.076</b>    | <b>--</b>         | <b>17.532.166</b>  |
| <b>B. Total Types of Trading Transactions (I + II + III)</b> | <b>192.876.139</b> | <b>134.054.653</b> | <b>42.883.538</b> | <b>52.209.652</b> | <b>52.816.817</b> | <b>474.840.799</b> |
| <b>Total Derivatives Transactions (A+B)</b>                  | <b>192.876.139</b> | <b>134.054.653</b> | <b>42.883.538</b> | <b>52.209.652</b> | <b>52.816.817</b> | <b>474.840.799</b> |



NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Prior Period   | Up to<br>1 month   | 1-3<br>months     | 3-12<br>months    | 1-5<br>years      | More than<br>5 years | Total              |
|--|--------------------|-------------------|-------------------|-------------------|----------------------|--------------------|
| <b>Hedging Purpose Derivative Transactions</b>               |                    |                   |                   |                   |                      |                    |
| <b>A. Total Hedging Purpose Derivative Transactions</b>      |                    |                   |                   |                   |                      |                    |
| Fair Value Hedge Transactions                                | --                 | --                | --                | --                | --                   | --                 |
| Cash Flow Hedge Transactions                                 | --                 | --                | --                | --                | --                   | --                 |
| Net Foreign Investment Hedge Transactions                    | --                 | --                | --                | --                | --                   | --                 |
| <b>Types of Trading Transactions</b>                         |                    |                   |                   |                   |                      |                    |
| <b>Foreign Currency Related Derivative Transactions (I)</b>  |                    |                   |                   |                   |                      |                    |
| Forward FC Call Transactions                                 | 144.164.096        | 92.651.867        | 16.618.012        | 4.851.769         | 3.419.118            | 261.704.862        |
| Forward FC Pull Transactions                                 | 8.091.811          | 7.211.802         | 3.801.445         | 117.102           | --                   | 19.222.160         |
| Swap FC Call Transactions                                    | 8.023.779          | 6.985.052         | 3.811.354         | 124.689           | --                   | 18.944.874         |
| Swap FC Pull Transactions                                    | 62.167.733         | 37.342.897        | 3.830.921         | 2.344.953         | 1.748.762            | 107.435.266        |
| Options FC Call Transactions                                 | 62.540.997         | 40.384.331        | 4.254.097         | 2.265.025         | 1.670.356            | 111.114.806        |
| Options FC Pull Transactions                                 | 1.553.366          | 349.989           | 466.172           | --                | --                   | 2.369.527          |
| Futures FC Call Transactions                                 | 1.524.560          | 343.945           | 454.023           | --                | --                   | 2.322.528          |
| Futures FC Pull Transactions                                 | 133.316            | 18.088            | --                | --                | --                   | 151.404            |
| Futures FC Pull Transactions                                 | 128.534            | 15.763            | --                | --                | --                   | 144.297            |
| <b>Total of Interest Derivative Transactions (II)</b>        |                    |                   |                   |                   |                      |                    |
| Swap Interest Call Transactions                              | 100.000            | 300.000           | 9.243.858         | 27.157.454        | 46.422.989           | 83.224.301         |
| Swap Interest Pull Transactions                              | 50.000             | 150.000           | 4.621.929         | 13.523.389        | 22.634.881           | 40.980.199         |
| Options Interest Call Transactions                           | 50.000             | 150.000           | 4.621.929         | 13.523.389        | 22.634.880           | 40.980.198         |
| Options Interest Pull Transactions                           | --                 | --                | --                | 55.338            | 576.614              | 631.952            |
| Securities Interest Call Transactions                        | --                 | --                | --                | 55.338            | 576.614              | 631.952            |
| Securities Interest Pull Transactions                        | --                 | --                | --                | --                | --                   | --                 |
| Futures Interest Call Transactions                           | --                 | --                | --                | --                | --                   | --                 |
| Futures Interest Pull Transactions                           | --                 | --                | --                | --                | --                   | --                 |
| <b>Other Types of Trading Transactions (III)</b>             |                    |                   |                   |                   |                      |                    |
| <b>B. Total Types of Trading Transactions (I + II + III)</b> | <b>4.021.029</b>   | <b>3.798.054</b>  | <b>2.706.831</b>  | <b>716.650</b>    | <b>--</b>            | <b>11.242.564</b>  |
| <b>Total Derivatives Transactions (A+B)</b>                  | <b>148.285.125</b> | <b>96.749.921</b> | <b>28.568.701</b> | <b>32.725.873</b> | <b>49.842.107</b>    | <b>356.171.727</b> |

**c. Information on credit derivatives and risk exposures on credit derivatives**

None.

**d. Explanations on contingent assets and liabilities**

In accordance with the precautionary principle regarding the lawsuits filed against the Bank, TL 263.824 (31 December 2021: TL 215.549) provision has been set aside and these provisions are classified under "Other provisions" on the balance sheet. Except for those provisioned, other ongoing lawsuits are unlikely to result in a negative conclusion and cash outflow is not foreseen for them.

**e. Explanations on services carried out on behalf and account of other persons**

The Bank provides purchase, sale, custody, management and consultancy services on behalf and account of other persons.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**IV. Explanations and disclosures related to statement of profit or loss****a. Interest income****1. Information on interest income received from loans**

|  | Current Period    |                  | Prior Period      |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | TL                | FC               | TL                | FC               |
| Short Term Loans   | 14.250.208        | 2.289.730        | 5.450.021         | 620.051          |
| Medium and Long Term Loans                               | 15.766.814        | 3.555.626        | 11.180.346        | 2.009.641        |
| Loans Under Follow-Up                                    | 837.023           | 83.314           | 249.328           | 158.107          |
| Premiums Received from Resource Utilisation Support Fund | --                | --               | --                | --               |
| <b>Total</b>   | <b>30.854.045</b> | <b>5.928.670</b> | <b>16.879.695</b> | <b>2.787.799</b> |

Interest income received from loans also include fees and commissions from cash loans.

**2. Information on interest income received from banks**

|  | Current Period |                | Prior Period  |               |
|--|----------------|----------------|---------------|---------------|
|  | TL             | FC             | TL            | FC            |
| Central Bank of the Republic of Turkey | --             | --             | --            | --            |
| Domestic Banks                         | 31.047         | 96.560         | 83.710        | 254           |
| Foreign Banks                          | --             | 147.078        | 6.582         | 11.740        |
| Foreign Head Offices and Branches      | --             | --             | --            | --            |
| <b>Total</b>                           | <b>31.047</b>  | <b>243.638</b> | <b>90.292</b> | <b>11.994</b> |

The interest income received from required reserves of the Bank with the CBRT is TL 96.849 (1 January - 31 December 2021: TL 333.512).

**3. Information on interest income received from securities**

|   | Current Period    |                  | Prior Period     |                |
|---|-------------------|------------------|------------------|----------------|
|   | TL                | FC               | TL               | FC             |
| Financial Assets at Fair Value Through Profit or Loss             | 51.449            | 89.424           | 10.601           | 11.829         |
| Financial Assets at Fair Value Through Other Comprehensive Income | 8.227.306         | 1.644.330        | 1.058.036        | 445.814        |
| Financial Assets Measured at Amortised Cost                       | 2.426.491         | 167.573          | 366.684          | 50.697         |
| <b>Total</b>  | <b>10.705.246</b> | <b>1.901.327</b> | <b>1.435.321</b> | <b>508.340</b> |

As stated in the chapter III footnote numbered VII, the Bank has government securities in the financial assets at fair value through other comprehensive income and financial assets measured at amortised cost portfolios with a maturity of 5 to 10 years and having CPI indexed 6 months real coupon ratio fixed until maturity. As stated in the Undersecretariat of Treasury's securities indexed CPI Investors Guide, the reference indexes used in calculating the actual coupon payment amounts of these assets are based on the CPI of previous two months.

**4. Information on interest income received from associates and subsidiaries**

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Received from Associates and Subsidiaries | 466.893        | 130.233      |

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

**b. Interest expense****1. Information on interest expense related to funds borrowed**

|  | Current Period |                  | Prior Period  |                  |
|--|----------------|------------------|---------------|------------------|
|  | TL             | FC               | TL            | FC               |
| <b>Banks</b>                           | <b>115.390</b> | <b>3.502.847</b> | <b>70.748</b> | <b>1.615.386</b> |
| Central Bank of the Republic of Turkey | --             | 365.805          | --            | 6.337            |
| Domestic Banks                         | 115.390        | 78.078           | 70.748        | 44.648           |
| Foreign Banks                          | --             | 3.058.964        | --            | 1.564.401        |
| Foreign Head Offices and Branches      | --             | --               | --            | --               |
| <b>Other Institutions</b>              | <b>--</b>      | <b>--</b>        | <b>--</b>     | <b>--</b>        |
| <b>Total</b>                           | <b>115.390</b> | <b>3.502.847</b> | <b>70.748</b> | <b>1.615.386</b> |

Interest expense related to funds borrowed also includes fees and commission expenses.

**2. Information on interest expense paid to associates and subsidiaries**

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Paid to Associates and Subsidiaries | 124.097        | 56.860       |

**3. Information on interest expense paid to securities issued**

|                                    | Current Period |        | Prior Period |        |
|------------------------------------|----------------|--------|--------------|--------|
|                                    | TP             | YP     | TP           | YP     |
| Interest Paid to Securities Issued | 334.897        | 59.012 | 557.863      | 35.433 |

**4. Maturity structure of the interest expense on deposits**

| Account Name            | Time Deposit    |                  |                  |                  |                  |                  | Cumulative Deposit | Total             |
|-------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|--------------------|-------------------|
|                         | Demand Deposits | Up to 1 Month    | Up to 3 Month    | Up to 6 Month    | Up to 1 Year     | More than 1 Year |                    |                   |
| <b>TL</b>               |                 |                  |                  |                  |                  |                  |                    |                   |
| Bank Deposits           | 32              | 131.939          | --               | --               | --               | --               | --                 | <b>131.971</b>    |
| Saving Deposits         | 4               | 943.574          | 3.364.081        | 5.242.214        | 334.265          | 276.382          | 731                | <b>10.161.251</b> |
| Public Sector Deposits  | --              | 22.304           | 64.850           | 299              | --               | --               | --                 | <b>87.453</b>     |
| Commercial Deposits     | --              | 1.226.380        | 976.297          | 920.737          | 591.925          | 285.089          | --                 | <b>4.000.428</b>  |
| Other Deposits          | --              | 42.136           | 246.632          | 49.250           | 19.390           | 6.428            | --                 | <b>363.836</b>    |
| 7 Days Call Account     | --              | --               | --               | --               | --               | --               | --                 | <b>--</b>         |
| <b>Total</b>            | <b>36</b>       | <b>2.366.333</b> | <b>4.651.860</b> | <b>6.212.500</b> | <b>945.580</b>   | <b>567.899</b>   | <b>731</b>         | <b>14.744.939</b> |
| <b>FC</b>               |                 |                  |                  |                  |                  |                  |                    |                   |
| Deposits                | 8               | 213.599          | 878.092          | 350.536          | 90.221           | --               | 94.391             | <b>1.626.847</b>  |
| Bank Deposits           | 20.361          | 343.897          | --               | --               | --               | --               | --                 | <b>364.258</b>    |
| 7 Days Call Account     | --              | --               | --               | --               | --               | --               | --                 | <b>--</b>         |
| Precious Metal Deposits | 19              | 1.871            | 15.249           | 5.349            | 10.413           | 14.518           | 68                 | <b>47.487</b>     |
| <b>Total</b>            | <b>20.388</b>   | <b>559.367</b>   | <b>893.341</b>   | <b>355.885</b>   | <b>100.634</b>   | <b>14.518</b>    | <b>94.459</b>      | <b>2.038.592</b>  |
| <b>Grand Total</b>      | <b>20.424</b>   | <b>2.925.700</b> | <b>5.545.201</b> | <b>6.568.385</b> | <b>1.046.214</b> | <b>582.417</b>   | <b>95.190</b>      | <b>16.783.531</b> |

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

**c. Explanations on dividend income**

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Financial Assets at Fair Value Through Profit or Loss             | --             | --           |
| Financial Assets at Fair Value Through Other Comprehensive Income | 4.042          | 3.373        |
| Other <sup>(*)</sup>  | 34.377         | 19           |
| <b>Total</b>  | <b>38.419</b>  | <b>3.392</b> |

<sup>(\*)</sup> Presents dividend income from unconsolidated subsidiaries and associates.**d. Explanations on trading income/loss**

|                                  | Current Period       | Prior Period         |
|----------------------------------|----------------------|----------------------|
| <b>Income</b>                    | <b>1.557.426.578</b> | <b>1.852.945.492</b> |
| Capital Market Transactions      | 1.348.279            | 368.634              |
| Derivative Financial Instruments | 27.884.867           | 29.949.107           |
| Foreign Exchange Gains           | 1.528.193.432        | 1.822.627.751        |
| <b>Loss (-)</b>                  | <b>1.553.180.630</b> | <b>1.852.853.026</b> |
| Capital Market Transactions      | 1.105.233            | 137.083              |
| Derivative Financial Instruments | 16.559.540           | 16.946.837           |
| Foreign Exchange Losses          | 1.535.515.857        | 1.835.769.106        |
| <b>Net Trading Income/Loss</b>   | <b>4.245.948</b>     | <b>92.466</b>        |

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments amounts to TL 12.423.135 (1 January - 31 December 2021: TL (10.649.322)).

**e. Information on other operating income**

Other operating income consist of fee income from customers for various banking services and income from fixed asset sales.

**f. Provisions for expected credit loss**

|  | Current Period    | Prior Period     |
|--|-------------------|------------------|
| Expected credit loss <sup>(*)</sup>  | 6.720.700         | 6.784.205        |
| 12 months provision for expected credit loss (Stage 1)   | 890.853           | 1.357.160        |
| Significant increase in credit risk (Stage 2)  | (632.174)         | 2.858.604        |
| NPL (Stage 3)  | 6.462.021         | 2.568.441        |
| Provisions for securities impairment   | --                | --               |
| Financial assets at fair value through profit or loss  | --                | --               |
| Financial assets at fair value through other comprehensive income                                  | --                | --               |
| Associates, subsidiaries and provisions for financial assets measured at amortised cost impairment | --                | --               |
| Associates   | --                | --               |
| Subsidiaries   | --                | --               |
| Joint ventures   | --                | --               |
| Others   | 4.439.571         | 286.592          |
| <b>Total</b>   | <b>11.160.271</b> | <b>7.070.797</b> |

<sup>(\*)</sup> Bank has reported the provision for expected credit loss for loans in its financial statements, by netting off the reversals and collections made from loan provisions.



## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### g. Information on other operating expenses

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| Personnel Expenses <sup>(*)</sup>                                 | 3.941.844        | 2.122.204        |
| Reserve for Employee Termination Benefits <sup>(*)</sup>          | 224.508          | 31.234           |
| Reserve for Bank's Social Aid Fund Deficit                        | --               | --               |
| Impairment Losses on Tangible Assets                              | --               | --               |
| Depreciation Charges of Tangible Assets                           | 454.876          | 347.941          |
| Impairment Losses on Intangible Assets                            | --               | --               |
| Goodwill for impairment loss                                      | --               | --               |
| Amortisation Charges of Intangible Assets                         | 362.369          | 216.349          |
| Impairment Losses on Investment Accounted for under Equity Method | --               | --               |
| Impairment of Assets to be Disposed                               | 138.348          | 38.370           |
| Depreciation of Assets to be Disposed                             | --               | --               |
| Impairment of Assets Held for Sale                                | --               | --               |
| Other Operating Expenses  | <b>2.923.347</b> | <b>1.600.665</b> |
| <i>Operational Lease Expenses <sup>(**)</sup></i>                 | <i>144.088</i>   | <i>102.256</i>   |
| <i>Repair and Maintenance Expenses</i>                            | <i>645.289</i>   | <i>336.192</i>   |
| <i>Advertisement Expenses</i>                                     | <i>228.324</i>   | <i>77.899</i>    |
| <i>Other Expenses <sup>(****)</sup></i>                           | <i>1.905.646</i> | <i>1.084.318</i> |
| Losses on Sale of Assets  | 3.609            | 2.585            |
| Other <sup>(****)</sup>   | 1.673.612        | 781.375          |
| <b>Total</b>  | <b>9.722.513</b> | <b>5.140.723</b> |

<sup>(\*)</sup> Personnel expenses and reserve for employee termination benefits are presented in "personnel expenses" in the statement of profit or loss.<sup>(\*\*)</sup> Includes lease expenses evaluated other than the TFRS 16 Standard.<sup>(\*\*\*)</sup> Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationary, heating and lighting, credit card service fee, vehicle expense and other expenses amounting to TL 178.278, TL 39.441, TL 113.190, TL 190.677, TL 995.562, TL 87.796 and TL 300.702 respectively (1 January - 31 December 2021: TL 106.023, TL 20.786, TL 39.872, TL 64.999, TL 444.158, TL 23.473 and TL 385.006 respectively).<sup>(\*\*\*\*)</sup> Other expenses comprise; BITT expenses, SDIF expenses, financial operating fees and others amounting to TL 807.290, TL 498.196, TL 157.862 and TL 210.264 respectively (1 January - 31 December 2021: TL 149.196, TL 331.972, 115.512 and TL 184.695 respectively).

### h. Fees for services received from Independent Auditor/Independent Audit firms

In accordance with the decision of the POA dated 26 March 2021, the information of the fee for the reporting period regarding the services received from the independent auditors or independent audit firms is given in the table below.

|                                      | Current Period | Prior Period |
|--------------------------------------|----------------|--------------|
| Independent audit fee <sup>(*)</sup> | 13.682         | 6.558        |
| Tax consultancy fee                  | --             | --           |
| Other assurance services fee         | 1.160          | 1.391        |
| Other fee for non-audit services     | 287            | 933          |
| <b>Total</b>                         | <b>15.129</b>  | <b>8.882</b> |

Amounts related to audit fees include consolidated data.

<sup>(\*)</sup> The 2022 independent audit fee includes the amount of TL 1.450 (2021: TL 581) paid to a different audit company belonging to JSC Denizbank Moscow.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

### i. Information on profit/loss before tax from continued operations

As 1 January - 31 December 2022, Bank has a profit before tax from continued operations amounting to TL 22.599.778 (1 January - 31 December 2021: TL 4.415.286).

As 1 January - 31 December 2021, a profit before tax from discontinued operations is none (1 January-31 December 2021: None).

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

#### 1. Calculated current tax income or expense and deferred tax income or expense

As 1 January - 31 December 2022, the current tax charge on continued operations amounts to TL 6.270.673 (1 January - 31 December 2021: TL 182.533) while deferred tax charge amounts to TL 9.028.869 (1 January - 31 December 2021: TL 6.978.470) and deferred tax benefit amounts to TL 9.872.778 (1 January - 31 December 2021: TL 6.292.635).

There are no current tax expense on discontinued operations.

### k. Information on continued and discontinued operations net profit/loss

Bank has a net profit is amounting to TL 17.173.014 (31 December 2021: TL 3.546.918). Bank does not have discontinued operations.

### l. Explanations on net profit and loss for the period

#### 1. If the disclosure of the characteristic, dimension and repetition rate of the income and expense items arising from ordinary banking transactions is necessary for the understanding of the Bank's performance during the period, the characteristic and amount of these items

Bank's income from ordinary banking transactions related to the current and previous period are interest income from loans and securities and other banking service income. The main sources of expenditure are interest expenses on deposits and similar borrowing items, which are the funding sources of loans and securities.

**2.** No changes have been made in the accounting estimates which may have a material effect in the current period and materially affect subsequent periods.

**3.** The Bank recognized its associates, in which it has direct or indirect shares, according to equity method in accordance with TAS 27 "Separate Financial Statements" while preparing its unconsolidated financial tables dated 31 December 2022.

**4.** The Bank applies net investment hedge accounting as of 1 July 2015 in order to hedge exchange difference sourcing from equity method implementation for its net investment at a total amount of Euro 1.349 million and US Dollar 7 million belonging to Denizbank AG and Eurodeniz, which are subsidiaries of the Bank. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the exchange rate of these financial liabilities is recognised in hedge funds account under equity.

#### m. If the other lines of the statement of profit or loss exceeds 10% of the period profit/loss, information on components making up at least 20% of other items

DFH Group has accounted for fees and commissions, transfer commissions, account operation fees and insurance brokerage commissions received from credit cards under the "Other" line under the "Fees and Commissions Received" account. Fees and commissions given to credit cards are accounted under the "Other" line under the "Fees and Commissions Given" account.

### V. Explanations related to statement of changes in shareholders' equity

#### a. Explanations on capital increase

None.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

**b. Explanations on issuance of shares**

None.

**c. Adjustments in accordance with TAS 8**

None.

**d. Explanations on profit distribution**

The authorised body of the Bank regarding profit distribution is the General Assembly. As of the prepatation date of the financials, the annual ordinary General Assembly meeting has not been held yet.

**e. Other comprehensive income and expenses**

Unrealised profit/loss" generated by differences at fair values of financial assets at fair value through other comprehensive income is not reflected in the statement of profit or loss of the period till to realise one of the situations that collection of value that corresponds to a financial asset, the sale of the asset, the disposal or loss of the asset and accounted under shareholders' equity as "Securities Valuation Differences". The net amount after tax for the current period is TL 4.505.411.

As of 1 April 2018, Deniz Leasing from subsidiaries of Bank where TAS 27 equity method is applied started to use cash flow hedge accounting within the context of currency risk. After tax profit/(loss) accounted under equity in the current period through cash flow hedge accounting is TL 6.775.

The revaluation increase of the tangible fixed assets amounting to TL 166.678 was netted off with the deferred tax effect of TL 31.441 and was accounted for in equity.

In accordance with TFRS 9, Intertech's fair value change amounting to TL 1.288.020 have been accounted under the equity.

Net amount TL (307.714) after tax regarding the actuarial profit/loss have been accounted under the equity.

Net after tax TL (1.349.783) amount of foreign net investment hedge funds have been accounted for under equity.

Foreign currency translation differences amounting to TL 4.202.349 have been accounted under the equity.

**f. Explanations on amounts transferred to reserves**

The Bank transferred profit for the previous year amounting to TL 3.369.572 (31 December 2021: TL 1.703.564) to extraordinary reserves in 2022. The amount transferred to legal reserves is TL 177.346 (31 December 2021: TL 89.661).

**VI. Explanations related to statement of cash flows****a. Information on cash and cash equivalents**

The components that constitute cash and cash equivalents and the accounting policy used in determining these items:

Cash, foreign currency, cash-in-transit, and demand deposits at banks including the Central Bank are defined as "Cash"; receivables from the money market with an original maturity of less than three months, term deposits in banks, investments in securities except shares are defined as "Cash Equivalent".

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

**1. Cash and cash equivalents at the beginning of the period**

|   | Current Period    | Prior Period      |
|---|-------------------|-------------------|
|   | 01.01.2022        | 01.01.2021        |
| <b>Cash</b>                                 | <b>9.412.019</b>  | <b>3.268.787</b>  |
| Cash in vault, foreign currencies and other | 4.054.102         | 1.406.376         |
| Banks demand deposits                       | 5.357.917         | 1.862.411         |
| <b>Cash and Cash Equivalent</b>             | <b>22.384.218</b> | <b>13.399.721</b> |
| Interbank money market placements           | 219.738           | 1.837.780         |
| Banks time deposits                         | 20.967.881        | 9.634.261         |
| Securities                                  | 1.196.599         | 1.927.680         |
| <b>Total Cash and Cash Equivalents</b>      | <b>31.796.237</b> | <b>16.668.508</b> |

**2. Cash and cash equivalents at the end of the period**

|   | Current Period    | Prior Period      |
|---|-------------------|-------------------|
|   | 31.12.2022        | 31.12.2021        |
| <b>Cash</b>                                 | <b>12.945.628</b> | <b>9.412.019</b>  |
| Cash in vault, foreign currencies and other | 5.206.196         | 4.054.102         |
| Banks demand deposits                       | 7.739.432         | 5.357.917         |
| <b>Cash and Cash Equivalent</b>             | <b>42.176.222</b> | <b>22.384.218</b> |
| Interbank money market placements           | --                | 219.738           |
| Banks time deposits                         | 41.419.949        | 20.967.881        |
| Securities                                  | 756.273           | 1.196.599         |
| <b>Total Cash and Cash Equivalents</b>      | <b>55.121.850</b> | <b>31.796.237</b> |

**b. Cash and cash equivalent assets owned by Bank but not in free use due to legal restrictions or other reasons**

The Bank maintains a total reserve of TL 80.910.089, including the required reserve balances on average in the Central Bank (31 December 2021: TL 47.154.295). Additionally, the restricted amount in foreign banks account is TL 954.746 (31 December 2020: TL 1.332.682).

**c. "Other" items in the statement of cash flows and effect of change in foreign currency exchange rate on cash and cash equivalents**

The "other" item amounting to TL (2.946.368) (31 December 2021: TL (12.279.946)) within the "operating profit before change in assets and liabilities subject of banking operation", consists of other operating expenses, fees and commissions given and capital market transaction losses. With the effect of these changes in the cash flow table, the cash and cash equivalents amounting to TL 31.796.237 at the beginning of the period (31 December 2021: TL 16.668.508) has become TL 55.121.850 at the end of the period (31 December 2021: TL 31.796.237).

The TL 14.902.736 within the "change in assets and liabilities subject of banking operation" (31 December 2021: TL 5.505.982); consists of changes in the "net increase (decrease) in other debts", miscellaneous payables, tax payables, fees, premiums and other liabilities.

The effect of change in foreign currency exchange rate on cash and cash equivalents consists of the rate difference arising from the conversion of the average of the cash and cash equivalent assets in foreign currency to TL with the rates from the beginning and the end of the period; and it amounts to TL 10.807.573 as of 31 December 2022 (31 December 2021: TL 9.061.266).



NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

## VII. Explanations and disclosures related to Bank's risk group

## a. Information on loans and other receivables of Bank's risk group

## Current Period

| Bank's Risk Group <sup>(*)</sup>       | Associates, Subsidiaries and Joint-Ventures |          | Bank's Direct and Indirect Shareholder |          | Other Real Persons and Legal Entities in Risk Group |          |
|--|---|----------|--|----------|---|----------|
|  | Cash  | Non-Cash | Cash                                   | Non-Cash | Cash  | Non-Cash |
| <b>Loans</b>                           |   |          |  |          |   |          |
| Balance at the Beginning of the Period | 3.956.834                                   | 290.053  | 5.518                                  | 6.144    | 559.105   | 14.455   |
| Balance at the End of the Period       | 7.211.504                                   | 372.215  | 51.873                                 | 93.168   | 3.484   | 1.225    |
| Interest and Commission Income         | 506.044                                     | 15       | 185                                    | --       | 191   | 18       |

<sup>(\*)</sup> As described in the Article 49 of Banking Law no.5411.

## Prior Period

| Bank's Risk Group <sup>(*)</sup>       | Associates, Subsidiaries and Joint-Ventures |          | Bank's Direct and Indirect Shareholder |          | Other Real Persons and Legal Entities in Risk Group |          |
|--|---|----------|--|----------|---|----------|
|  | Cash  | Non-Cash | Cash                                   | Non-Cash | Cash  | Non-Cash |
| <b>Loans</b>                           |   |          |  |          |   |          |
| Balance at the Beginning of the Period | 1.726.483                                   | 182.955  | 6.244                                  | 4.963    | 633.963   | 3.156    |
| Balance at the End of the Period       | 3.956.834                                   | 290.053  | 5.518                                  | 6.144    | 559.105   | 14.455   |
| Interest and Commission Income         | 129.245                                     | 71       | --                                     | --       | 7.429   | 1        |

<sup>(\*)</sup> As described in the Article 49 of Banking Law no.5411.

## b. Information on deposits and funds borrowed from Bank's risk group

| Bank's Risk Group <sup>(*)</sup>       | Associates, Subsidiaries and Joint-Ventures |              | Bank's Direct and Indirect Shareholder <sup>(**)</sup> |              | Other Real Persons and Legal Entities in Risk Group |              |
|--|---|--------------|--|--------------|---|--------------|
|  | Current Period                              | Prior Period | Current Period   | Prior Period | Current Period                                      | Prior Period |
| Balance at the Beginning of the Period | 2.716.286                                   | 1.538.854    | 29.596.720   | 15.518.492   | 57.512  | 31.023       |
| Balance at the End of the Period       | 1.125.513                                   | 2.716.286    | 33.675.803   | 29.596.720   | 239.756   | 57.512       |
| Interest and Commission Expense Paid   | 139.496                                     | 73.622       | 1.236.506  | 705.627      | 24.784  | 8.183        |

<sup>(\*)</sup> As described in the Article 49 of Banking Law no.5411.<sup>(\*\*)</sup> Includes the subordinated loans of US Dollar 650 million and Euro 115 million received from ENBD.NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

## c. Information on forward and option agreements and similar agreements made with Bank's risk group

| Bank's Risk Group <sup>(*)</sup>   | Associates, Subsidiaries and Joint-Ventures |              | Bank's Direct and Indirect Shareholder |              | Other Real Persons and Legal Entities in Risk Group |              |
|--|---|--------------|--|--------------|---|--------------|
|  | Current Period                              | Prior Period | Current Period                         | Prior Period | Current Period                                      | Prior Period |
| <b>Transactions for Financial Assets at Fair Value through Profit or Loss Purposes</b> |   |              |  |              |   |              |
| Balance at the Beginning of the Period   | 13.914.186                                  | 7.120.061    | 100.000                                | 101.455      | --  | 18.129       |
| Balance at the End of the Period   | 10.114.722                                  | 13.914.186   | 161.515                                | 100.000      | 68.852  | --           |
| Total Income/(Loss)  | 2.663.973                                   | 2.588.710    | 2.107                                  | 31.056       | 4.432   | (572)        |
| <b>Transactions for Hedging Purposes:</b>  |   |              |  |              |   |              |
| Balance at the Beginning of the Period   | --  | --           | --                                     | --           | --  | --           |
| Balance at the End of the Period   | --  | --           | --                                     | --           | --  | --           |
| Total Income/(Loss)  | --  | --           | --                                     | --           | --  | --           |

<sup>(\*)</sup> As described in the Article 49 of Banking Law no.5411.

## d. Information on benefits provided to top management

As of 31 December 2022, a payment of TL 207.857 (31 December 2021: TL 113.684) has been accrued to the key management of the Bank.

## e. Information on transactions with Bank's risk group

As of 31 December 2022, cash loans and other receivables of the risk group represent 2,6% of Bank's total cash loans and banks; deposits and borrowings represent 8,4% of Bank's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,5% of the total non-cash loans balance.

The Bank conducts financial and operational leasing transactions with Deniz Leasing. As of 31 December 2022, The Bank's net financial lease liabilities arising from these agreements are TL 234.829 (31 December 2021: TL 179.249). Also, the Bank provides agency services for Deniz Yatırım Menkul Kıymetler A.Ş. through its branches.

## VIII. Domestic, foreign and off-shore banking branches or associates and foreign representatives of the Bank

## a. Explanations relating to the Bank's domestic and foreign branch and representatives

|                                   | Number | Number of Employees | Country of Incorporations | Total Assets | Statutory Share Capital |
|-----------------------------------|--------|---------------------|---------------------------|--------------|-------------------------|
|                                   |        |                     |                           |              |                         |
| Domestic branch                   | 670    | 13.134              |                           |              |                         |
| Foreign representation            | -      | -                   | -                         |              |                         |
| Foreign branch                    | -      | -                   | -                         | -            | -                       |
| Off shore banking region branches | 1      | 6                   | 1-Bahreyn                 | 25.986.757   | -                       |

## b. Explanations on the subject in case the Bank opens and closes domestic and foreign branch and representative and changes the organization significantly

The Bank opened 15 new branches and closed 35 branches in 2022.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

## SECTION SIX

## OTHER DISCLOSURES AND FOOTNOTES

## I. Other explanations related to Bank's operations

## a. Other explanations related to Bank's operations

None.

## b. Summary information about ratings of the Banks which has been assigned by the international rating agencies

| Moody's *                              |                  | Fitch Ratings **                |                                      |
|--|------------------|---------------------------------|--------------------------------------|
| Outlook                                | <b>Stable</b>    | Outlook                         | <b>Negative</b>                      |
| Long Term Foreign<br>Currency Deposit  | <b>B3</b>        | Long Term Foreign<br>Currency   | <b>B-</b>                            |
| Short Term Foreign<br>Currency Deposit | <b>Not Prime</b> | Short Term Foreign<br>Currency  | <b>B</b>                             |
| Long Term Local Currency<br>Deposit    | <b>B1</b>        | Long Term Local Currency        | <b>B</b>                             |
| Short Term Local Currency<br>Deposit   | <b>Not Prime</b> | Short Term Local Currency       | <b>B</b>                             |
| Baseline Credit Assessment<br>(BCA)    | <b>caa1</b>      | Viability                       | <b>b-</b>                            |
|  |                  | Shareholder Support<br>National | <b>b-</b><br><b>AA (tur)(Stable)</b> |
| * As of 16.08.2022                     |                  | ** As of 26.07.2022             |                                      |

## c. Subsequent events

Due to the problems caused by the earthquakes in the southeastern part of Turkey, affecting many of our provinces and grieving our whole country, a state of emergency was declared for 10 provinces in the region.

After the disaster, the BRSA, CBRT and BAT put into effect some mitigating regulations for residents in the provinces in the disaster area, and studies are continuing to assess the impact on the Bank's operations and financial situation.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Unconsolidated Financial Report Originally Issued in Turkish, See Note 3.l.c)

## SECTION SEVEN

## INDEPENDENT AUDITOR'S REPORT

## I. Matters to be disclosed related to Independent Auditor's Report

Unconsolidated financial statements and notes of the Bank are subject to independent audit by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Deloitte Touche Tohmatsu Limited) and independent audit report dated 13 February 2023 is presented in front of the unconsolidated financial statements.

## II. Explanations and notes prepared by Independent Auditor

There are no explanations or notes, deemed to be required, and no significant issues which are not mentioned in the prior sections above related to the activities of the Bank.



INDEPENDENT AUDITOR’S REPORT,  
CONSOLIDATED FINANCIAL STATEMENTS AND  
NOTES FOR THE YEAR ENDED 31 DECEMBER 2022

(Convenience Translation of the Independent Auditor’s Report Originally Prepared and Issued in Turkish See Note 3.1.c)

I. Independent Auditor’s Report

II. Publicly Disclosed Consolidated Financial Report

(CONVENIENCE TRANSLATION OF INDEPENDENT  
AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)  
INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Denizbank AŞ.

A) Report on the Audit of the Financial Statements

1) Qualified Opinion

We have audited the financial statements of Denizbank AŞ (the “Bank”) and its consolidated subsidiaries (“the Group”), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of income, consolidated statement of income and expense items accounted for under shareholders’ equity, consolidated statement of changes in shareholders’ equity and consolidated statement of cash flows for the year then ended and, notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements except for the effects of the matter described in the Basis for Qualified opinion paragraph, present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Reporting Regulations” including the regulation on “The Procedures and Principles Regarding Banks’ Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 with No.26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by BRSA and provisions of Turkish Financial Reporting Standards (TFRS) for the matters not legislated by the aforementioned regulations.

2) Basis for Qualified Opinion

The accompanying Consolidated financial statements as at 31 December 2022 include a free provision amounting to TL 4.175.000 thousand, which has been recognized as an expense in the consolidated financial statements in the current period, provided by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. If the mentioned free provision were not provided, the other provisions would decrease by TL 4.175.000 thousand and profit before tax and equity would increase by TL 4.175.000 thousand for the period ended 31 December 2022.

We conducted our audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics for Independent Auditors* (“Code of Ethics”) published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters   | How the matter was addressed in the audit  |
|---|--|
| <p><b><i>Impairment of loans in accordance with TFRS 9 Financial Assets</i></b></p> <p>Impairment of loans is a key area of judgment for the management. The Group has the total loans, receivables from leasing transactions and factoring receivables amounting to TL 374.189.819 thousands, which comprise 60% of the Group's total assets in its consolidated financial statements and the total provision for impairment amounting to TL 31.408.970 as at 31 December 2022.</p> <p>As of 1 January 2018, the Group has started to recognize provisions for impairment of loans in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750.</p> <p>In this respect, the method of provisions for impairment as set out in accordance with the related legislation of BRSA as mentioned in the Section 3 Note VIII of Explanation on Accounting Policies, the expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.</p> <p>The Group exercises significant decisions using judgment, interpretation and assumptions over calculating loan impairments. These judgments, interpretations and assumptions are key in the development of the financial models built to measure the expected credit losses on loans.</p> <p>In addition, the impairment of loans and receivables includes important estimates and assumptions about the effects of the COVID 19 pandemic.</p> | <p>As part of our audit work, the following procedures were performed:</p> <p>We assessed and tested the design, implementation and operating effectiveness of key controls applied by the Group with respect to classification of loans and determination and calculation of impairments. Our information system experts have also participated to perform these procedures.</p> <p>We have assessed and analyzed the relevant contract terms to assess management’s accounting policy and classification of the instrument for selected samples.</p> <p>We have performed loan review procedures on selected samples of loans and receivables by taking into account the effects of COVID 19 pandemic with the objective of identifying whether the loss event had occurred and whether the provision for impairment has been recognized in a timely manner within the framework of the provisions of the relevant legislation.</p> <p>We have tested relevant inputs and assumption used by the management in each stage of the expected credit loss calculation by considering whether the inputs and assumptions appear reasonable, the relationship between the assumptions and whether the assumptions are interdependent and internally consistent, whether the assumptions appropriately reflect current market information and collections, and whether the assumptions appear reasonable when considered collectively with other assumptions, including those for the same accounting estimates and those for other accounting estimates.</p> |

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (referred to as “DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

© 2023. For information, contact Deloitte Touche Tohmatsu Limited.



| Key Audit Matters  | How the matter was addressed in the audit   |
|--|---|
| <p>A significant part of the Group’s corporate loan portfolio has assessed individually. This situation requires significant judgments in the calculation of the expected loan loss provision.</p> <p>Not fulfilling the requirements of the TFRS 9 is a potential risk for the Bank. Failure in determining the loans and receivables that are impaired and not recording the adequate provision for these impaired loans is the aforementioned risk. Accordingly, impairment of loans and receivables is considered as a key audit matter.</p> <p>Related explanations relating to the impairment of loans and receivables in the consolidated financial statements are presented in Section 5 Note I.d.</p> | <p>We have tested historical loss data to validate the completeness and accuracy of key parameters.</p> <p>We have tested whether the model is applied to appropriate groupings of assets which share credit risk characteristics.</p> <p>We tested the application of the model to the relevant inputs and the mathematical integrity of each stage of the expected credit loss calculation.</p> <p>Based on our discussions with the Group management, we evaluated whether the key assumptions and other judgements, underlying the estimations of impairments were reasonable.</p> <p>We assessed expected credit losses determined based on individual assessment per Group’s policy by means of supporting data and evaluated appropriateness via discussions with management.</p> <p>Our specialists are involved in all procedures regarding assumptions of models and individual assessments</p> <p>In order not to ignore the extraordinary situations that did not occur during the model’s consideration periods, the affected portfolios were determined by the Group and all the studies related to the assumptions regarding the expected credit loss provisions were evaluated via discussions with the bank management.</p> <p>We have reviewed disclosures made within the TFRS 9 framework in the financial statements of the Group with respect to loans and receivables and related impairment provisions.</p> |

| Key Audit Matters   | How the matter was addressed in the audit   |
|---|---|
| <p><b>Information Technologies Audit</b></p> <p>The Group and its finance functions are dependent on the IT-infrastructure for the continuity of its operations, and the demand for technology-enabled business services is rapidly growing in the Group and its subsidiaries. Controls over reliability and continuity of the electronic data processing are within the scope of the information systems internal controls audit. The reliance on information systems within the Group means that the controls over access rights, continuity of systems, privacy and integrity of the electronic data are critical and found to be key area of focus as part of our risk-based scoping.</p> | <p>Procedures within the context of our information technology audit work:</p> <ul style="list-style-type: none"><li>– We identified and tested the Group’s controls over information systems with risk-based approach as part of our audit procedures.</li><li>– Information generation comprise layers of information systems that are important for financial statements (including applications, networks, transmission systems and database). The information systems controls tested are categorized in the following areas:<ul style="list-style-type: none"><li>– Access Security</li><li>– Change Management</li><li>– Data Center and Network Operations</li></ul></li><li>– We selected high-risk areas as, log management for database and change management control activities, to prevent and detect whether accesses to financial data had been identified in a timely manner.</li><li>– We tested the accesses management and log management controls underlying all applications that have direct or indirect impacts on financial data generation.</li><li>– Automated controls and integration controls are tested to underly and detect changes and accesses in the process of financial data generation.</li><li>– We also tested the completeness and accuracy of the information produced by the entity and information used in controls reports as inputs to our controls and outputs generated by the IT components.</li><li>– Finally, we understood and tested the controls over database, network, application and operating system layers of applications.</li></ul> |

**4) Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Group Management is responsible for the preparation and fair presentation of the financial statements in accordance with the BRSA Accounting and Reporting Regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

**5) Auditor’s Responsibilities for the Audit of the Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the regulation on “Independent Auditing of Banks” published in the Official Gazette dated 2 April 2015 with No. 29314 and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## B) Other Responsibilities Arising From Regulatory Requirements

In accordance with paragraph four of the Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), nothing has come to our attention that may cause us to believe that the Group's set of accounts for the period 1 January - 31 December 2022 does not comply with TCC and the provisions of the Bank's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Yaman Polat.

### Additional Paragraph for English Translation

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

**DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.**  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Yaman Polat  
Partner

Istanbul, 13 February 2023

## DENİZBANK A.Ş.

## CONSOLIDATED FINANCIAL REPORT AS OF 31 DECEMBER 2022

Address of the Bank's Headquarters  
Büyükdere Caddesi No:141  
34394 - ESENTEPE/İSTANBUL  
Telephone and Fax Numbers  
Tel : 0.212.348 20 00  
Fax: 0.212.336 61 86  
Website of the Bank  
www.denizbank.com  
E-mail address of the Bank  
yatirimciiliskileri@denizbank.com

The consolidated financial report package prepared in accordance with the statement "Financial Statements and Related Disclosures and Footnotes to be Announced to Public" as required by the Banking Regulation and Supervision Agency (BRSA), is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- DISCLOSURES ON ACCOUNTING POLICIES IN RELATED PERIOD
- INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE CONSOLIDATED GROUP
- DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS
- OTHER DISCLOSURES AND FOOTNOTES
- INDEPENDENT AUDITOR'S REPORT

Our structured entity and subsidiaries whose financial statements have been consolidated under this consolidated financial report are as follows:

| Subsidiaries |  |
|--------------|--|
| 1            | Denizbank AG, Vienna                             |
| 2            | Eurodeniz International Banking Unit Ltd.        |
| 3            | Deniz Yatırım Menkul Kıymetler A.Ş.              |
| 4            | JSC Denizbank, Moscow                            |
| 5            | Deniz Portföy Yönetimi A.Ş.                      |
| 6            | Deniz Finansal Kiralama A.Ş.                     |
| 7            | Deniz Faktoring A.Ş.                             |
| 8            | Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.         |
| 9            | CR Erdberg Eins GmbH & Co KG                     |
| 10           | Fastpay Elektronik Para ve Ödeme Hizmetleri A.Ş. |

| Structured Entity |                   |
|-------------------|-------------------|
| 1                 | DFS Funding Corp. |

The consolidated financial statements and related disclosures and footnotes that were subject to independent audit, are prepared in accordance with the "Regulation on Accounting Principles and Documentations", Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements, and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **Thousands of Turkish Lira**.

13 February 2023



**HAKAN ELVERDİ**  
Senior Vice President Financial  
Reporting and Accounting



**RUSLAN ABİL**  
Executive Vice President  
Financial Affairs



**HAKAN ATEŞ**

Member of Board of Directors  
and President and Chief  
Executive Officer



**HESHAM ABDULLA QASSIM  
ALQASSIM**  
Chairman of Board of Directors



**BJORN LENZMANN**  
Member of Board of Directors  
and Audit and Risk Committee



**AHMED MOHAMMED AQIL  
QASSIM ALQASSIM**  
Member of Board of Directors  
and Audit and Risk Committee

Contact information for questions on this financial report:

Name/Title : İmge İhtiyar/Department Head, International Reporting and Consolidation Department  
Tel No : 0 212 348 5997  
Fax No : 0 212 336 6186

## CONTENTS

|   | <u>PAGE</u> |
|---|-------------|
| <b>SECTION ONE</b>  |             |
| <b>General Information</b>  |             |
| I. History of the Parent Bank including its incorporation date, initial status, amendments to legal status  | 356         |
| II. Capital structure of the Parent Bank, shareholders holding directly or indirectly, individually or collectively, the management and supervision of the Parent Bank changes in these matters during the year, if any and the explanation regarding the Group that the Bank is involved   | 357         |
| III. Explanations regarding the chairman and the members of board of directors, members of audit committee, general manager and executive vice presidents, if any, their shareholdings and areas of responsibility in the Parent Bank   | 358         |
| IV. Explanations regarding the persons and institutions that have qualified shares in the Parent Bank   | 359         |
| V. Type of services of the Parent Bank and summary information including the areas of activity  | 359         |
| VI. A short explanation on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods. | 360         |
| VII. Existing or potential, actual and legal barriers to immediate transfer of capital or repayment of debts between the Parent Bank and its subsidiaries   | 360         |
| <b>SECTION TWO</b>  |             |
| <b>Consolidated Financial Statements</b>  |             |
| I. Consolidated statement of financial position (balance sheet)   | 362         |
| II. Consolidated statement of off-balance sheet items   | 364         |
| III. Consolidated statement of profit or loss   | 366         |
| IV. Consolidated statement of profit or loss and other comprehensive income   | 367         |
| V. Consolidated statement of changes in shareholders' equity  | 368         |
| VI. Consolidated statement of cash flows  | 370         |
| VII. Consolidated profit distribution table   | 371         |
| <b>SECTION THREE</b>  |             |
| <b>Accounting Policies</b>  |             |
| I. Explanations on the presentation principles  | 372         |
| II. Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies   | 373         |
| III. Information regarding the consolidated subsidiaries  | 374         |
| IV. Explanations on forward and option contracts and derivative instruments   | 375         |
| V. Explanations on interest income and expenses   | 375         |
| VI. Explanations on fee and commission income and expenses  | 376         |
| VII. Explanations on financial assets   | 376         |
| VIII. Explanations on expected credit loss  | 377         |
| IX. Explanations on offsetting financial instruments  | 382         |
| X. Explanations on sale and repurchase agreements and transactions related to the lending of securities   | 382         |
| XI. Explanations on non-current assets held for sale and from discontinued operations and liabilities related to these assets   | 382         |
| XII. Explanations on goodwill and other intangible assets   | 383         |
| XIII. Explanations on tangible assets   | 383         |
| XIV. Explanations on investment property  | 384         |
| XV. Explanations on leasing transactions  | 384         |

|   | <u>PAGE</u> |
|---|-------------|
| XVI. Explanations on provisions and contingent liabilities  | 384         |
| XVII. Explanations on obligations for employee benefits   | 384         |
| XXVII. Explanations on tax applications   | 385         |
| XIX. Additional explanations on borrowings  | 387         |
| XX. Explanations on issuance of share certificates  | 387         |
| XXI. Explanations on bill of guarantee and acceptances  | 387         |
| XXII. Explanations on government incentives   | 387         |
| XXIII. Explanations on segment reporting  | 387         |
| XXIV. Explanations on other matters   | 387         |
| XXV. Classifications  | 387         |
| <b>SECTION FOUR</b>   |             |
| <b>Information on Consolidated Financial Structure and Risk Management</b>  |             |
| I. Explanations related to the consolidated shareholders' equity  | 388         |
| II. Explanations related to the consolidated credit risk  | 396         |
| III. Explanations related to the consolidated foreign currency exchange rate risk                                     | 415         |
| IV. Explanations related to the consolidated interest rate risk   | 417         |
| V. Position risk of equity shares arising from banking accounts   | 422         |
| VI. Explanations related to the consolidated liquidity risk   | 422         |
| VII. Explanations related to leverage ratio   | 428         |
| VIII. Explanations related to risk management   | 431         |
| IX. Explanations related to presentation of financial assets and liabilities at their fair value                      | 462         |
| X. Explanations related to transactions carried out on behalf and account of other parties and fiduciary transactions | 464         |
| XI. Explanations related to hedging transactions  | 465         |
| XII. Explanations related to the consolidated segment reporting   | 465         |
| <b>SECTION FIVE</b>   |             |
| <b>Disclosures and Footnotes to Consolidated Financial Statements</b>   |             |
| I. Explanations and disclosures related to consolidated assets  | 468         |
| II. Explanations and disclosures related to consolidated liabilities  | 486         |
| III. Explanations and disclosures related to consolidated off-balance sheet items                                     | 494         |
| IV. Explanations and disclosures related to consolidated statement of profit or loss                                  | 499         |
| V. Explanations related to consolidated statement of changes in shareholders' equity                                  | 505         |
| VI. Explanations related to consolidated statement of cash flows  | 506         |
| VII. Explanations and disclosures related to DFS Group's risk group   | 507         |
| VIII. Domestic, foreign and off-shore banking branches or associates and foreign representatives of the Parent Bank   | 509         |
| <b>SECTION SIX</b>  |             |
| <b>Other Disclosures and Footnotes</b>  |             |
| I. Other explanations related to DFS Group's operations   | 510         |
| <b>SECTION SEVEN</b>  |             |
| <b>Interim Activity Report</b>  |             |
| I. Matters to be disclosed related to Independent Auditor's Report  | 511         |
| II. Explanations and notes prepared by Independent Auditor  | 511         |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)  
(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

SECTION ONE  
GENERAL INFORMATION

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

Denizbank A.Ş. (“the Bank”) following the resolution of the High Council of Privatization numbered 97/5 and dated 20 March 1997 to privatize 100% of shares of Denizbank A.Ş., share sale agreement between Zorlu Holding A.Ş. and the Privatization Administration was signed on 29 May 1997 and the Bank started its activities on 25 August 1997 upon the receipt of its official authorisation. Bank’s shares have been quoted on Borsa Istanbul (“BIST”) on 1 October 2004.

Dexia Participation Belgique SA, owned 100% directly and indirectly by Dexia SA/NV, acquired 75% of the outstanding shares of the Bank from Zorlu Holding A.Ş. on 17 October 2006, and Dexia Participation Belgique SA’s partnership share has reached 99,85% with subsequent acquisitions following the share transfer.

On 27 December 2012, 99,85% of the Bank’s shares were transferred from Dexia Group to Sberbank of Russia (“Sberbank”) with a total purchase price of TL 6,90 billion (Euro 2,98 billion).

On 22 May 2018, Emirates NBD Bank PJSC (Emirates NBD) and Sberbank of Russia (Sberbank) signed a definite contract regarding the sales of 99,85% share of the Bank held by Sberbank and with the “Renewed Contract” signed on 2 April 2019, the parties have reached an agreement to the amount of TL 15,48 billion within the rearranged framework regarding the total amount of the relevant shares based on the consolidated equity of the Bank amounting to TL 15,51 billion. Upon obtaining the approvals of the regulatory authorities of Turkey, Russia, United Arab Emirates and the other countries where the Bank operates, the share transfer was completed on 31 July 2019.

As of 31 July 2019, as a result of ENBD’s acquisition of 99,85% of DenizBank’s shares, obligations arose for ENBD to make mandatory tender offer (MTO) for the Bank as per the provisions of the Capital Markets Board’s (CMB) Communiqué on Takeover Bids (II-26.1); and sell-out right; the Bank’s shareholders other than ENBD got the right to sell their shares to ENBD as per the provisions of the CMB’s Communiqué on Squeeze Out and Selling Rights (II-27.2).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)  
(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

Within the scope of the Communiqué on Squeeze Out and Selling Rights, the rights to sell were used by other shareholders within the three-month sell-out right-ending period between 1 August 2019 and 31 October 2019. Upon completion of the three-month sell-out right-ending period on 31 October 2019, ENBD applied to the Bank on 3 November 2019, requesting the exclusion of other shareholders, who did not use their right to sell. In this context, in the process of ENBD’s exercising its right to squeeze out and removing it from the BIST; regarding the amendment of Article 6 of the Bank’s articles of association and the capital decrease by canceling 1.426.214,154 public shares of other shareholders who do not use the Bank’s right to sell, and making capital allocation to the ENBD simultaneously with the shares issued against these shares. Necessary regulatory approvals were obtained and were approved at the Extraordinary General Assembly Meeting held on 12 December 2019. The “Issuance Document” approved by the CMB with the decisions of the mentioned General Assembly Meeting was registered in the trade registry on 13 December 2019.

Within the scope of Central Registry Agency application, the shares of the shareholders other than the controlling shareholder were canceled, the newly issued shares were transferred to the controlling shareholder account and TL 21,2, which is the price determined in accordance with the CMB regulations, was paid to the shareholders on 13 December 2019. At the end of this transaction, the share of ENBD in the Bank has reached to 100%. Following the completion of the process, the Bank’s shares were removed from the stock market as of 16 December 2019.

At the Board of Directors’ meeting dated 9 January 2020, it has been decided to be submitted to the approval of the General Assembly for the increase of the full TL 3.316.100.000 paid-in capital of the Bank by full TL 2.380.000.000 in cash, and amending the Article 6 titled “Capital of the Bank” of the Articles of Association of the Bank. The amendment was approved in the Extraordinary General Assembly Meeting held on 3 February 2020. The total capital increase amounting to full TL 2.380.000.000 was paid in cash by ENBD before the registration of the capital increase.

II. Capital structure of the Parent Bank, shareholders holding directly or indirectly, individually or collectively, the management and supervision of the Parent Bank changes in these matters during the year, if any and the explanation regarding the Group that the Bank is involved

| Name of the Shareholder | Current Period <sup>(*)</sup> |               | Prior Period <sup>(*)</sup> |               |
|-------------------------|-------------------------------|---------------|-----------------------------|---------------|
|                         | Amount (Full TL)              | Share (%)     | Amount (Full TL)            | Share (%)     |
| Emirates NBD Bank PJSC  | 5.696.099.996                 | 100,00        | 5.696.099.996               | 100,00        |
| Other                   | 4                             | --            | 4                           | --            |
| <b>Total</b>            | <b>5.696.100.000</b>          | <b>100,00</b> | <b>5.696.100.000</b>        | <b>100,00</b> |

<sup>(\*)</sup> Explanation is given in Section One, note I.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### III. Explanations regarding the chairman and the members of board of directors, members of audit committee, general manager and executive vice presidents, if any, their shareholdings and areas of responsibility in the Parent Bank

| Name   | Title   | Shares owned (%) |
|--|---|------------------|
| <b>Chairman of the Board of Directors</b>      |   |                  |
| Hesham Abdulla Qassim Alqassim                 | Chairman  | --               |
| <b>Board of Directors <sup>(1)</sup></b>       |   |                  |
| Hakan Ateş                                     | Member and CEO  | --               |
| Ahmed Mohammed Aqil Qassim Alqassim            | Member  | 0.00000002       |
| Derya Kumru                                    | Member  | --               |
| Shayne Keith Nelson                            | Member  | --               |
| Tanju Kaya                                     | Member  | --               |
| Burcu Çalıkılı                                 | Member  | --               |
| Bjorn Lenzmann                                 | Member  | --               |
| <b>Audit Committee</b>                         |   |                  |
| Ahmed Mohammed Aqil Qassim Alqassim            | Member  | --               |
| Bjorn Lenzmann                                 | Member  | --               |
| <b>Executive Vice Presidents<sup>(3)</sup></b> |   |                  |
| Bora Böcügöz                                   | Treasury, Financial Institutions and Investment                                 | --               |
| Ruslan Abil                                    | Financial Affairs   | --               |
| Mustafa Özel                                   | Branch and Central Operations   | --               |
| Mehmet Aydoğdu                                 | Wholesale Banking   | --               |
| Cem Demirağ                                    | Head of Internal Control Unit and Compliance                                    | --               |
| Ali Murat Dizdar                               | Chief Legal Advisor   | --               |
| Ayşenur Hıçkiran                               | Retail Banking  | --               |
| Selim Efe Teoman                               | Corporate and Commercial Credits  | --               |
| Ramazan Işık                                   | Head of Internal Audit  | --               |
| Engin Eskiduman                                | SME Banking and Public Financing  | --               |
| Necip Yavuz Elkin                              | Human Resources and Deniz Academy   | --               |
| Burak Koçak                                    | Agricultural Banking  | --               |
| Oğuzhan Özark <sup>(2)</sup>                   | Individual and Private Banking  | --               |
| Sinan Yılmaz                                   | Head of Risk Management Group   | --               |
| Edip Kürşad Başer                              | Retail, SME, Agricultural Banking Credits Allocation and IFRS                   | --               |
| Verda Beril Yüzer Oğuz                         | Financial Institutions and Sustainability Coordination                          | --               |
| Umut Özdoğan                                   | Digital Transformation, Change Management and Non-Branch Channels               | --               |
| Savaş Çıtak                                    | Project Finance, Financial Restructuring and Credits International Coordination | --               |
| Kishore Swayamberdud Bhat                      | Credit Allocation   | --               |
| Mustafa Okan Çetinkaya                         | Analytics, Data and Customer Value Management Policies                          | --               |
| Halit Cihan Tunçbilek                          | Payment Systems   | --               |
| Ali Rıza Aydın                                 | Information Security and Information Technologies Risk Management               | --               |
| Okan Aksu                                      | Treasury Group  | --               |
| Ümit Recep Uğur                                | Corporate and Commercial Banking Group  | --               |
| Serkan Boran <sup>(4)</sup>                    | Credit Follow-up  | --               |
| Rasim Orman <sup>(4)</sup>                     | Secretariat General and Litigations   | --               |

<sup>(1)</sup> Hakan Ateş, Hesham Abdulla Qassim Alqassim, Ahmed Mohammed Aqil Qassim Alqassim, Shayne Keith Nelson, Jonathan Edward Morris, Bjorn Lenzmann, Derya Kumru, Tanju Kaya and Burcu Çalıkılı have been appointed to Real Persons for the Member of the Board of Directors at the Ordinary General Assembly of the Parent Bank held on 25 March 2022.

With the decision of the Parent Bank dated 2 January 2023; as of 31 December 2022, it has been decided to accept the resignation of Jonathan Edward Morris from his position as a Member of the Board of Directors and to appoint Aazar Ali Khwaja to serve his position until the first General Assembly.

<sup>(2)</sup> With the Parent Bank's Board of Directors Decision dated 1 February 2022 The Parent Bank's Executive Vice President responsible for Private Banking and Investment Sales Group, Cemil Cem Önenç, resigned on 31 January 2022 to serve as a senior manager in our subsidiaries. As of 1 February 2022, it has been decided to change the title of İzzet Oğuzhan Özark, Executive Vice President responsible for the Retail Banking Group of the Parent Bank, to Executive Vice President responsible for the Retail and Private Banking Group.

<sup>(3)</sup> Hayri Cansever, who served as the Secretariat General and Deputy General Manager responsible for the Foreign Subsidiaries Group at the Parent Bank, resigned from his position on 31 May 2022 to serve as a senior manager in the subsidiaries of the Parent Bank.

<sup>(4)</sup> Serkan Boran was appointed as Executive Vice President responsible for Credit Follow-up Group and Rasim Orman as Executive Vice President responsible for Secretariat General and Litigations Group with the Board of Directors decision of the Parent Bank dated 2 August 2022.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### IV. Explanations regarding the persons and institutions that have qualified shares in the Parent Bank

| Commercial Title       | Share Amounts | Share Percentages | Paid-in Capital | Unpaid Capital |
|------------------------|---------------|-------------------|-----------------|----------------|
| Emirates NBD Bank PJSC | 5.696.100     | 100%              | 5.696.100       | --             |

ENBD is the controlling party of the Parent Bank's capital having both direct and indirect qualified shares.

As of 31 December 2022 the capital structure of ENBD is as follows:

| Shareholders                    | Share Percentages |
|---------------------------------|-------------------|
| Investment Corporation of Dubai | 55,76%            |
| Capital Assets LLC              | 5,33%             |
| Publicly traded                 | 38,91%            |
| <b>Total</b>                    | <b>100,00%</b>    |

### V. Type of services of the Parent Bank and summary information including the areas of activity

The Parent Bank is a private sector deposit bank which provides banking services to its customers through 670 domestic branches and 1 foreign branch as of 31 December 2022.

Activities of the Parent Bank as stated in the 3rd clause of the Articles of Association are as follows:

In accordance with the Banking Law and regulations;

- Performing all kinds of banking activities,
- Dealing with transactions on all kinds of capital market instruments within the limits set by the related regulations and Capital Market Law regulations,
- Participating, undertaking the management and performing control activities in domestic and foreign entities and banks, financial institutions and all kinds of investment partnerships by obtaining the permission of the Banking Regulation and Supervision Agency in accordance with the Banking Law, by purchasing its shares or share certificates,
- Conducting all kinds of insurance agency transactions in domestic and abroad and signing insurance agency agreements with insurance companies for this purpose.

Apart from the above-mentioned activities, in case different activities deemed advantageous and necessary for the Parent Bank are to be undertaken in the future, they will be submitted to approval of the General Assembly based on Board of Director's decision and the Parent Bank will be able to implement activities after the relevant decision is made by General Assembly.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### **VI. A short explanation on application differences between consolidation practices as per the Regulation on Preparation of Consolidated Financial Statements of Banks and as per the Turkish Accounting Standards, and entities subject to full or proportional consolidation or deducted from equity or not subject to any of these three methods.**

Pursuant to "Communiqué on Preparation of Consolidated Financial Statements of Banks", Banks are obliged to prepare consolidated financial statements with their associates and subsidiaries qualifying as credit institution and financial institution by applying Turkish Accounting Standards. There is no difference between the consolidated financial statements based on the related Communiqué and those prepared in accordance with Turkish Accounting Standards except the scope difference regarding non-financial associates and subsidiaries. Information in regards to consolidated subsidiaries and consolidation methods are given in Section Three, note III.

### **VII. Existing or potential, actual and legal barriers to immediate transfer of capital or repayment of debts between the Parent Bank and its subsidiaries**

None.

## **SECTION TWO**

### **CONSOLIDATED FINANCIAL STATEMENTS**

- I. Consolidated Statement of Financial Position (Balance Sheet)
- II. Consolidated Statement of Off-Balance Sheet Items
- III. Consolidated Statement of Profit or Loss
- IV. Consolidated Statement of Profit or Loss and Other Comprehensive Income
- V. Consolidated Statement of Changes in Shareholders' Equity
- VI. Consolidated Statement of Cash Flows
- VII. Consolidated Profit Distribution Table

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(BALANCE SHEET) AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

|  |         | Audited<br>CURRENT PERIOD<br>(31/12/2022) |                    |                    | Audited<br>PRIOR PERIOD<br>(31/12/2021) |                    |                    |
|--|---------|---|--------------------|--------------------|---|--------------------|--------------------|
| ASSETS   | Note    | TL  | FC                 | Total              | TL                                      | FC                 | Total              |
| <b>I. FINANCIAL ASSETS (Net)</b>   |         | <b>54.128.080</b>                         | <b>177.525.552</b> | <b>231.653.632</b> | <b>15.271.789</b>                       | <b>128.959.576</b> | <b>144.231.365</b> |
| <b>1.1 Cash and Cash Equivalents</b>   |         | <b>9.896.881</b>                          | <b>135.144.718</b> | <b>145.041.599</b> | <b>4.732.225</b>                        | <b>101.441.196</b> | <b>106.173.421</b> |
| 1.1.1 Cash and Balances with Central Bank  | (5.1.a) | 8.708.259                                 | 103.447.563        | 112.155.822        | 3.947.901                               | 76.940.474         | 80.888.375         |
| 1.1.2 Banks  | (5.1.a) | 1.172.266                                 | 31.734.915         | 32.907.181         | 546.733                                 | 24.516.258         | 25.062.991         |
| 1.1.3 Due From Money Markets   |         | 16.415                                    | -                  | 16.415             | 237.803                                 | -                  | 237.803            |
| 1.1.4 Expected Credit Loss (-)   |         | 59  | 37.760             | 37.819             | 212                                     | 15.536             | 15.748             |
| <b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>                   | (5.1.b) | <b>1.486.387</b>                          | <b>1.335.065</b>   | <b>2.821.452</b>   | <b>118.300</b>                          | <b>1.087.240</b>   | <b>1.205.540</b>   |
| 1.2.1 Government Debt Securities   |         | 452.368                                   | 819.141            | 1.271.509          | 37.136                                  | 99.181             | 136.317            |
| 1.2.2 Equity Instruments   |         | -   | 456.942            | 456.942            | 34.000                                  | 391.041            | 425.041            |
| 1.2.3 Other Financial Assets   |         | 1.034.019                                 | 58.982             | 1.093.001          | 47.164                                  | 597.018            | 644.182            |
| <b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>       | (5.1.c) | <b>41.116.476</b>                         | <b>36.142.261</b>  | <b>77.258.737</b>  | <b>8.668.005</b>                        | <b>20.439.483</b>  | <b>29.107.488</b>  |
| 1.3.1 Government Debt Securities   |         | 41.115.526                                | 35.108.721         | 76.224.247         | 8.667.539                               | 19.417.655         | 28.085.194         |
| 1.3.2 Equity Instruments   |         | 950                                       | 680                | 1.630              | 466                                     | 515                | 981                |
| 1.3.3 Other Financial Assets   |         | -   | 1.032.860          | 1.032.860          | -                                       | 1.021.313          | 1.021.313          |
| <b>1.4 Derivative Financial Assets</b>   |         | <b>1.628.336</b>                          | <b>4.903.508</b>   | <b>6.531.844</b>   | <b>1.753.259</b>                        | <b>5.991.657</b>   | <b>7.744.916</b>   |
| 1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss             | (5.1.b) | 1.628.336                                 | 4.903.508          | 6.531.844          | 1.753.259                               | 5.991.657          | 7.744.916          |
| 1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income | (5.1.j) | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)</b>                       |         | <b>203.991.845</b>                        | <b>157.102.840</b> | <b>361.094.685</b> | <b>107.373.238</b>                      | <b>125.476.967</b> | <b>232.850.205</b> |
| <b>2.1 Loans</b>   | (5.1.d) | <b>200.398.906</b>                        | <b>157.156.109</b> | <b>357.555.015</b> | <b>120.404.889</b>                      | <b>122.807.633</b> | <b>243.212.522</b> |
| <b>2.2 Lease Receivables</b>   | (5.1.i) | <b>2.536.262</b>                          | <b>6.036.736</b>   | <b>8.572.998</b>   | <b>1.318.698</b>                        | <b>3.908.960</b>   | <b>5.227.658</b>   |
| <b>2.3 Factoring Receivables</b>   |         | <b>6.471.628</b>                          | <b>1.590.178</b>   | <b>8.061.806</b>   | <b>1.820.376</b>                        | <b>1.258.395</b>   | <b>3.078.771</b>   |
| <b>2.4 Other Financial Assets Measured at Amortised Cost</b>                       | (5.1.e) | <b>11.146.415</b>                         | <b>7.170.493</b>   | <b>18.316.908</b>  | <b>1.531.183</b>                        | <b>5.593.638</b>   | <b>7.124.821</b>   |
| 2.4.1 Government Debt Securities   |         | 11.146.415                                | 7.170.493          | 18.316.908         | 1.531.183                               | 5.593.638          | 7.124.821          |
| 2.4.2 Other Financial Assets   |         | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>2.5 Expected Credit Loss (-)</b>  |         | <b>16.561.366</b>                         | <b>14.850.676</b>  | <b>31.412.042</b>  | <b>17.701.908</b>                       | <b>8.091.659</b>   | <b>25.793.567</b>  |
| <b>III. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (NET)</b>     | (5.1.o) | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| 3.1 Held for Sale  |         | -   | -                  | -                  | -                                       | -                  | -                  |
| 3.2 Discontinued Operations  |         | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>IV. EQUITY INVESTMENTS</b>  |         | <b>2.693.629</b>                          | <b>698</b>         | <b>2.694.327</b>   | <b>1.397.350</b>                        | <b>528</b>         | <b>1.397.878</b>   |
| <b>4.1 Investments in Associates (Net)</b>   | (5.1.f) | <b>21.855</b>                             | <b>-</b>           | <b>21.855</b>      | <b>13.596</b>                           | <b>-</b>           | <b>13.596</b>      |
| 4.1.1 Associates Valued Based on Equity Method                                     |         | -   | -                  | -                  | -                                       | -                  | -                  |
| 4.1.2 Unconsolidated Associates  |         | 21.855                                    | -                  | 21.855             | 13.596                                  | -                  | 13.596             |
| <b>4.2 Subsidiaries (Net)</b>  | (5.1.g) | <b>2.668.974</b>                          | <b>698</b>         | <b>2.669.672</b>   | <b>1.380.954</b>                        | <b>528</b>         | <b>1.381.482</b>   |
| 4.2.1 Unconsolidated Financial Subsidiaries  |         | -   | -                  | -                  | -                                       | -                  | -                  |
| 4.2.2 Unconsolidated Non-Financial Subsidiaries                                    |         | 2.668.974                                 | 698                | 2.669.672          | 1.380.954                               | 528                | 1.381.482          |
| <b>4.3 Joint Ventures (Net)</b>  | (5.1.h) | <b>2.800</b>                              | <b>-</b>           | <b>2.800</b>       | <b>2.800</b>                            | <b>-</b>           | <b>2.800</b>       |
| 4.3.1 Joint Ventures Valued Based on Equity Method                                 |         | -   | -                  | -                  | -                                       | -                  | -                  |
| 4.3.2 Unconsolidated Joint Ventures  |         | 2.800                                     | -                  | 2.800              | 2.800                                   | -                  | 2.800              |
| <b>V. PROPERTY AND EQUIPMENT (Net)</b>   | (5.1.k) | <b>3.681.548</b>                          | <b>676.144</b>     | <b>4.357.692</b>   | <b>2.212.669</b>                        | <b>528.329</b>     | <b>2.740.998</b>   |
| <b>VI. INTANGIBLE ASSETS (Net)</b>   | (5.1.l) | <b>1.337.505</b>                          | <b>185.281</b>     | <b>1.522.786</b>   | <b>524.059</b>                          | <b>99.641</b>      | <b>623.700</b>     |
| 6.1 Goodwill   |         | -   | -                  | -                  | -                                       | -                  | -                  |
| 6.2 Other  |         | 1.337.505                                 | 185.281            | 1.522.786          | 524.059                                 | 99.641             | 623.700            |
| <b>VII. INVESTMENT PROPERTIES (Net)</b>  | (5.1.m) | <b>709.270</b>                            | <b>-</b>           | <b>709.270</b>     | <b>369.625</b>                          | <b>-</b>           | <b>369.625</b>     |
| <b>VIII. CURRENT TAX ASSET</b>   |         | <b>18.886</b>                             | <b>12.301</b>      | <b>31.187</b>      | <b>435.513</b>                          | <b>110.391</b>     | <b>545.904</b>     |
| <b>IX. DEFERRED TAX ASSET</b>  | (5.1.n) | <b>4.359.442</b>                          | <b>(1.813)</b>     | <b>4.357.629</b>   | <b>3.083.118</b>                        | <b>1.451</b>       | <b>3.084.569</b>   |
| <b>X. OTHER ASSETS (Net)</b>   | (5.1.p) | <b>15.302.415</b>                         | <b>3.277.491</b>   | <b>18.579.906</b>  | <b>6.758.095</b>                        | <b>3.281.545</b>   | <b>10.039.640</b>  |
| <b>TOTAL ASSETS</b>  |         | <b>286.222.620</b>                        | <b>338.778.494</b> | <b>625.001.114</b> | <b>137.425.456</b>                      | <b>258.458.428</b> | <b>395.883.884</b> |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(BALANCE SHEET) AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

|   |          | Audited<br>CURRENT PERIOD<br>(31/12/2022) |                    |                    | Audited<br>PRIOR PERIOD<br>(31/12/2021) |                    |                    |
|---|----------|---|--------------------|--------------------|---|--------------------|--------------------|
| LIABILITIES   | Note     | TL  | FC                 | Total              | TL                                      | FC                 | Total              |
| <b>I. DEPOSITS</b>  | (5.11.a) | <b>167.353.570</b>                        | <b>272.053.441</b> | <b>439.407.011</b> | <b>57.084.400</b>                       | <b>209.581.903</b> | <b>266.666.303</b> |
| <b>II. FUNDS BORROWED</b>   | (5.11.c) | <b>5.692.037</b>                          | <b>44.889.467</b>  | <b>50.581.504</b>  | <b>2.909.771</b>                        | <b>45.946.536</b>  | <b>48.856.307</b>  |
| <b>III. DUE TO MONEY MARKETS</b>  |          | <b>1.152.556</b>                          | <b>12.329.241</b>  | <b>13.481.797</b>  | <b>1.045.007</b>                        | <b>7.003.000</b>   | <b>8.048.007</b>   |
| <b>IV. SECURITIES ISSUED (Net)</b>  | (5.11.d) | <b>3.616.862</b>                          | <b>5.181.864</b>   | <b>8.798.726</b>   | <b>5.294.546</b>                        | <b>5.099.084</b>   | <b>10.393.630</b>  |
| 4.1 Bills   |          | 3.616.862                                 | 494.857            | 4.111.719          | 4.725.194                               | 2.609.796          | 7.334.990          |
| 4.2 Assets Backed Securities  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 4.3 Bonds   |          | -   | 4.687.007          | 4.687.007          | 569.352                                 | 2.489.288          | 3.058.640          |
| <b>V. FUNDS</b>   |          | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| 5.1 Borrower Funds  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 5.2 Other   |          | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>                       |          | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| <b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>  |          | <b>191.400</b>                            | <b>3.230.133</b>   | <b>3.421.533</b>   | <b>1.367.463</b>                        | <b>3.092.383</b>   | <b>4.459.846</b>   |
| 7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss                   | (5.11.b) | 191.400                                   | 3.230.133          | 3.421.533          | 1.367.463                               | 3.092.383          | 4.459.846          |
| 7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income       | (5.11.g) | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>VIII. FACTORING LIABILITIES</b>  |          | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| <b>IX. LEASE LIABILITIES</b>  | (5.11.f) | <b>582.746</b>                            | <b>73.177</b>      | <b>655.923</b>     | <b>544.420</b>                          | <b>63.393</b>      | <b>607.813</b>     |
| <b>X. PROVISIONS</b>  | (5.11.h) | <b>7.930.557</b>                          | <b>2.359.220</b>   | <b>10.289.777</b>  | <b>3.078.921</b>                        | <b>308.735</b>     | <b>3.387.656</b>   |
| 10.1 Restructuring Provisions   |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 10.2 Reserve for Employee Benefits  |          | 1.545.044                                 | 132.230            | 1.677.274          | 713.087                                 | 52.511             | 765.598            |
| 10.3 Insurance for Technical Provision (Net)  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 10.4 Other Provisions   |          | 6.385.513                                 | 2.226.990          | 8.612.503          | 2.365.834                               | 256.224            | 2.622.058          |
| <b>XI. CURRENT TAX LIABILITY</b>  | (5.11.i) | <b>3.133.140</b>                          | <b>44.465</b>      | <b>3.177.605</b>   | <b>390.612</b>                          | <b>30.103</b>      | <b>420.715</b>     |
| <b>XII. DEFERRED TAX LIABILITIES</b>  | (5.11.i) | <b>305.780</b>                            | <b>348.652</b>     | <b>654.432</b>     | <b>7.213</b>                            | <b>154.580</b>     | <b>161.793</b>     |
| <b>XIII. NON CURRENT LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)</b>        | (5.11.j) | <b>-</b>                                  | <b>-</b>           | <b>-</b>           | <b>-</b>                                | <b>-</b>           | <b>-</b>           |
| 13.1 Held for Sale  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 13.2 Discontinued Operations  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>   |          | <b>-</b>                                  | <b>14.561.492</b>  | <b>14.561.492</b>  | <b>-</b>                                | <b>10.484.778</b>  | <b>10.484.778</b>  |
| 14.1 Loans  | (5.11.k) | -   | 14.561.492         | 14.561.492         | -                                       | 10.484.778         | 10.484.778         |
| 14.2 Other Debt Instruments   |          | -   | -                  | -                  | -                                       | -                  | -                  |
| <b>XV. OTHER LIABILITIES</b>  | (5.11.e) | <b>17.056.022</b>                         | <b>8.052.316</b>   | <b>25.108.338</b>  | <b>8.268.567</b>                        | <b>5.080.435</b>   | <b>13.349.002</b>  |
| <b>XVI. SHAREHOLDERS' EQUITY</b>  | (5.11.l) | <b>27.779.798</b>                         | <b>27.083.178</b>  | <b>54.862.976</b>  | <b>7.142.511</b>                        | <b>21.905.523</b>  | <b>29.048.034</b>  |
| 16.1 Paid-in Capital  |          | 5.696.100                                 | -                  | 5.696.100          | 5.696.100                               | -                  | 5.696.100          |
| 16.2 Capital Reserves   |          | (8.485)                                   | -                  | (8.485)            | 67.576                                  | -                  | 67.576             |
| 16.2.1 Share Premium  |          | 15  | -                  | 15                 | 15                                      | -                  | 15                 |
| 16.2.2 Share Cancellation Profits   |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 16.2.3 Other Capital Reserves   |          | (8.500)                                   | -                  | (8.500)            | 67.561                                  | -                  | 67.561             |
| 16.3 Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss |          | 2.045.730                                 | 181.661            | 2.227.391          | 983.351                                 | 128.363            | 1.111.714          |
| 16.4 Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss     |          | (10.412.753)                              | 21.837.631         | 11.424.878         | (14.670.865)                            | 18.722.863         | 4.051.998          |
| 16.5 Profit Reserves  |          | 13.695.768                                | 1.562.572          | 15.258.340         | 10.072.575                              | 1.562.572          | 11.635.147         |
| 16.5.1 Legal Reserves   |          | 789.750                                   | 5.019              | 794.769            | 612.404                                 | 5.019              | 617.423            |
| 16.5.2 Status Reserves  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 16.5.3 Extraordinary Reserves   |          | 12.906.018                                | 1.557.553          | 14.463.571         | 9.460.171                               | 1.557.553          | 11.017.724         |
| 16.5.4 Other Profit Reserves  |          | -   | -                  | -                  | -                                       | -                  | -                  |
| 16.6 Income or (Loss)   |          | 16.460.205                                | 3.500.780          | 19.960.985         | 4.842.479                               | 1.491.399          | 6.333.878          |
| 16.6.1 Prior Periods' Income or (Loss)  |          | 1.289.842                                 | 1.497.118          | 2.786.960          | 1.697.059                               | 1.129.942          | 2.827.001          |
| 16.6.2 Current Period Income or (Loss)  |          | 15.170.363                                | 2.003.662          | 17.174.025         | 3.145.420                               | 361.457            | 3.506.877          |
| 16.7 Minority Shares  |          | 303.233                                   | 534                | 303.767            | 151.295                                 | 326                | 151.621            |
| <b>TOTAL LIABILITIES</b>  |          | <b>234.794.468</b>                        | <b>390.206.646</b> | <b>625.001.114</b> | <b>87.133.431</b>                       | <b>308.750.453</b> | <b>395.883.884</b> |

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



CONSOLIDATED STATEMENT OF  
OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|   |           | Audited            |                    |                    | Audited            |                    |                    |
|---|-----------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   |           | CURRENT PERIOD     |                    |                    | PRIOR PERIOD       |                    |                    |
|   |           | (31/12/2022)       |                    |                    | (31/12/2021)       |                    |                    |
|   | Note      | TL                 | FC                 | Total              | TL                 | FC                 | Total              |
| <b>A. OFF BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I+II+III)</b>                |           |                    |                    |                    |                    |                    |                    |
| <b>I. GUARANTEES</b>  | (5.III.a) | <b>280.463.874</b> | <b>431.587.810</b> | <b>712.051.684</b> | <b>140.165.138</b> | <b>386.297.562</b> | <b>526.462.700</b> |
| 1.1. Letters of Guarantee   |           | 32.610.102         | 34.171.233         | 66.781.335         | 15.212.934         | 33.889.533         | 49.102.467         |
| 1.1.1. Guarantees Subject to State Tender Law                                       |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.1.2. Guarantees Given for Foreign Trade Operations                                |           | 79.021             | 285.484            | 364.505            | 79.021             | 211.237            | 290.258            |
| 1.1.3. Other Letters of Guarantee   |           | 32.531.081         | 33.885.749         | 66.416.830         | 15.133.913         | 33.678.296         | 48.812.209         |
| 1.2. Bank Acceptances   |           | 149.232            | 593.707            | 742.939            | 16.000             | 95.075             | 111.075            |
| 1.2.1. Import Letter of Acceptance  |           | 149.232            | 593.707            | 742.939            | 16.000             | 95.075             | 111.075            |
| 1.2.2. Other Bank Acceptances   |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.3. Letters of Credit  |           | 39.625             | 15.599.066         | 15.638.691         | -                  | 13.467.228         | 13.467.228         |
| 1.3.1. Documentary Letters of Credit  |           | 39.625             | 9.176.192          | 9.215.817          | -                  | 9.363.617          | 9.363.617          |
| 1.3.2. Other Letters of Credit  |           | -                  | 6.422.874          | 6.422.874          | -                  | 4.103.611          | 4.103.611          |
| 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. Purchase Guarantees for Securities Issued                                      |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.7. Factoring Related Guarantees   |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 1.8. Other Collaterals  |           | 5.369.075          | 2.468.114          | 7.837.189          | 224.246            | 4.187.068          | 4.411.314          |
| 1.9. Other Sureties   |           | 8                  | -                  | 8                  | -                  | -                  | -                  |
| <b>II. COMMITMENTS</b>  | (5.III.a) | <b>122.289.970</b> | <b>10.436.910</b>  | <b>132.726.880</b> | <b>70.586.725</b>  | <b>8.607.686</b>   | <b>79.194.411</b>  |
| 2.1. Irrevocable Commitments  |           | 120.499.257        | 9.930.700          | 130.429.957        | 69.815.160         | 8.414.531          | 78.229.691         |
| 2.1.1. Asset Purchase and Sale Commitments  |           | 1.797.147          | 5.284.738          | 7.081.885          | 2.795.299          | 5.314.135          | 8.109.434          |
| 2.1.2. Deposit Purchase and Sales Commitments                                       |           | -                  | 2.990.235          | 2.990.235          | -                  | -                  | -                  |
| 2.1.3. Share Capital Commitments to Associates and Subsidiaries                     |           | 35.625             | -                  | 35.625             | -                  | -                  | -                  |
| 2.1.4. Loan Granting Commitments  |           | 30.474.774         | -                  | 30.474.774         | 21.028.309         | -                  | 21.028.309         |
| 2.1.5. Securities Issuance Brokerage Commitments                                    |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 2.1.6. Commitments for Reserve Deposit Requirements                                 |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 2.1.7. Commitments for Cheque Payments  |           | 6.613.792          | -                  | 6.613.792          | 3.369.186          | -                  | 3.369.186          |
| 2.1.8. Tax and Fund Obligations from Export Commitments                             |           | 2.396              | -                  | 2.396              | 2.210              | -                  | 2.210              |
| 2.1.9. Commitments for Credit Card Limits   |           | 80.333.770         | -                  | 80.333.770         | 42.095.217         | -                  | 42.095.217         |
| 2.1.10. Commitments for Promotional Operations Re-Credit Cards and Banking Services |           | 14.925             | -                  | 14.925             | 10.334             | -                  | 10.334             |
| 2.1.11. Receivables from "Short" Sale Commitments On Securities                     |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 2.1.12. Payables for "Short" Sale Commitments On Securities                         |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 2.1.13. Other Irrevocable Commitments   |           | 1.226.828          | 1.655.727          | 2.882.555          | 514.605            | 3.100.396          | 3.615.001          |
| 2.2. Revocable Commitments  |           | 1.790.713          | 506.210            | 2.296.923          | 771.565            | 193.155            | 964.720            |
| 2.2.1. Revocable Loan Granting Commitments  |           | 1.790.154          | 506.210            | 2.296.364          | 771.006            | 193.155            | 964.161            |
| 2.2.2. Other Revocable Commitments  |           | 559                | -                  | 559                | 559                | -                  | 559                |
| <b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>  | (5.III.b) | <b>120.005.862</b> | <b>368.318.780</b> | <b>488.324.642</b> | <b>54.125.233</b>  | <b>326.050.972</b> | <b>380.176.205</b> |
| 3.1. Hedging Purpose Derivatives  |           | -                  | -                  | -                  | -                  | -                  | -                  |
| 3.1.1. Fair Value Hedge   |           | -                  | -                  | -                  | -                  | -                  | -                  |

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

CONSOLIDATED STATEMENT OF  
OFF-BALANCE SHEET ITEMS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|  |      | Audited              |                      |                      | Audited              |                    |                      |
|--|------|----------------------|----------------------|----------------------|----------------------|--------------------|----------------------|
|  |      | CURRENT PERIOD       |                      |                      | PRIOR PERIOD         |                    |                      |
|  |      | (31/12/2022)         |                      |                      | (31/12/2021)         |                    |                      |
|  | Note | TL                   | FC                   | Total                | TL                   | FC                 | Total                |
| 3.1.2. Cash Flow Hedge                                     |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.1.3. Hedging of a Net Investment in Foreign Subsidiaries |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.2. Trading Purpose Derivatives                           |      | 120.005.862          | 368.318.780          | 488.324.642          | 54.125.233           | 326.050.972        | 380.176.205          |
| 3.2.1. Forward Foreign Currency Purchases/ Sales           |      | 6.113.314            | 21.683.876           | 27.797.190           | 6.886.608            | 31.230.745         | 38.117.353           |
| 3.2.1.1. Forward Foreign Currency Purchases                |      | 5.709.037            | 8.579.485            | 14.288.522           | 5.118.578            | 14.078.246         | 19.196.824           |
| 3.2.1.2. Forward Foreign Currency Sales                    |      | 404.277              | 13.104.391           | 13.508.668           | 1.768.030            | 17.152.499         | 18.920.529           |
| 3.2.2. Currency and Interest Rate Swaps                    |      | 51.934.327           | 259.046.906          | 310.981.233          | 46.114.568           | 278.316.450        | 324.431.018          |
| 3.2.2.1. Currency Swaps-Purchases                          |      | 4.328.821            | 98.810.550           | 103.139.371          | 2.207.372            | 121.757.029        | 123.964.401          |
| 3.2.2.2. Currency Swaps-Sales                              |      | 42.245.506           | 69.298.664           | 111.544.170          | 37.547.196           | 91.269.814         | 128.817.010          |
| 3.2.2.3. Interest Rate Swaps-Purchases                     |      | 2.680.000            | 45.468.847           | 48.148.847           | 3.180.000            | 32.644.804         | 35.824.804           |
| 3.2.2.4. Interest Rate Swaps-Sales                         |      | 2.680.000            | 45.468.845           | 48.148.845           | 3.180.000            | 32.644.803         | 35.824.803           |
| 3.2.3. Currency, Interest Rate and Security Options        |      | 61.074.042           | 69.191.428           | 130.265.470          | 912.955              | 5.043.004          | 5.955.959            |
| 3.2.3.1. Currency Options-Purchases                        |      | 41.117.590           | 23.187.598           | 64.305.188           | 423.349              | 1.946.178          | 2.369.527            |
| 3.2.3.2. Currency Options-Sales                            |      | 19.956.452           | 44.428.252           | 64.384.704           | 489.606              | 1.832.922          | 2.322.528            |
| 3.2.3.3. Interest Rate Options-Purchases                   |      | -                    | 787.789              | 787.789              | -                    | 631.952            | 631.952              |
| 3.2.3.4. Interest Rate Options-Sales                       |      | -                    | 787.789              | 787.789              | -                    | 631.952            | 631.952              |
| 3.2.3.5. Securities Options-Purchases                      |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.2.3.6. Securities Options-Sales                          |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.2.4. Currency Futures                                    |      | 884.179              | 864.404              | 1.748.583            | 211.102              | 218.209            | 429.311              |
| 3.2.4.1. Currency Futures-Purchases                        |      | -                    | 864.404              | 864.404              | -                    | 218.209            | 218.209              |
| 3.2.4.2. Currency Futures-Sales                            |      | 884.179              | -                    | 884.179              | 211.102              | -                  | 211.102              |
| 3.2.5. Interest Rate Futures                               |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.2.5.1. Interest Rate Futures-Purchases                   |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.2.5.2. Interest Rate Futures-Sales                       |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 3.2.6. Others  |      | -                    | 17.532.166           | 17.532.166           | -                    | 11.242.564         | 11.242.564           |
| <b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>              |      | <b>1.650.727.568</b> | <b>900.096.278</b>   | <b>2.550.823.846</b> | <b>948.539.132</b>   | <b>601.539.131</b> | <b>1.550.078.263</b> |
| <b>IV. ITEMS HELD IN CUSTODY</b>                           |      | <b>55.430.483</b>    | <b>65.785.451</b>    | <b>121.215.934</b>   | <b>36.778.789</b>    | <b>40.784.116</b>  | <b>77.562.905</b>    |
| 4.1. Customers' Securities and Portfolios Held             |      | 139.984              | -                    | 139.984              | 139.984              | -                  | 139.984              |
| 4.2. Securities Held in Custody                            |      | 47.708.203           | 55.589.317           | 103.297.520          | 32.928.199           | 32.744.424         | 65.672.623           |
| 4.3. Checks Received for Collection                        |      | 5.844.200            | 6.169.880            | 12.014.080           | 2.370.920            | 5.335.577          | 7.706.497            |
| 4.4. Commercial Notes Received for Collection              |      | 1.736.848            | 1.113.785            | 2.850.633            | 1.338.438            | 660.911            | 1.999.349            |
| 4.5. Other Assets Received for Collection                  |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 4.6. Assets Received for Public Offering                   |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 4.7. Other Items under Custody                             |      | 1.248                | 2.912.469            | 2.913.717            | 1.248                | 2.043.204          | 2.044.452            |
| 4.8. Custodians  |      | -                    | -                    | -                    | -                    | -                  | -                    |
| <b>V. PLEDGED ITEMS</b>                                    |      | <b>1.593.785.660</b> | <b>831.525.556</b>   | <b>2.425.311.216</b> | <b>910.519.155</b>   | <b>558.257.143</b> | <b>1.468.776.298</b> |
| 5.1. Securities  |      | 4.191.742            | 362.796              | 4.554.538            | 3.982.023            | 165.843            | 4.147.866            |
| 5.2. Guarantee Notes                                       |      | 977.706.210          | 272.272.517          | 1,249.978.727        | 533.553.514          | 188.100.808        | 721.654.322          |
| 5.3. Commodities   |      | 34.485.125           | 46.047.323           | 80.532.448           | 24.060.966           | 30.189.746         | 54.250.712           |
| 5.4. Warrants  |      | -                    | -                    | -                    | -                    | -                  | -                    |
| 5.5. Immovables  |      | 460.511.105          | 301.007.188          | 761.518.293          | 228.948.349          | 197.132.534        | 426.080.883          |
| 5.6. Other Pledged Items                                   |      | 116.891.478          | 211.835.732          | 328.727.210          | 119.974.303          | 142.668.212        | 262.642.515          |
| 5.7. Pledged Items-Depository                              |      | -                    | -                    | -                    | -                    | -                  | -                    |
| <b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>  |      | <b>1.511.425</b>     | <b>2.785.271</b>     | <b>4.296.696</b>     | <b>1.241.188</b>     | <b>2.497.872</b>   | <b>3.739.060</b>     |
| <b>TOTAL OFF BALANCE SHEET ITEMS (A+B)</b>                 |      | <b>1.931.191.442</b> | <b>1.331.684.088</b> | <b>3.262.875.530</b> | <b>1.088.704.270</b> | <b>987.836.693</b> | <b>2.076.540.963</b> |

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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|                            |   |          | Audited            | Audited            |
|----------------------------|---|----------|--------------------|--------------------|
|                            |   |          | CURRENT PERIOD     | PRIOR PERIOD       |
|                            |   | Note     | (01/01-31/12/2022) | (01/01-31/12/2021) |
| <b>INCOME AND EXPENSES</b> |   |          |                    |                    |
| <b>I.</b>                  | <b>INTEREST INCOME</b>  | (5.IV.a) | <b>55.226.848</b>  | <b>25.225.057</b>  |
| 1.1                        | Interest on Loans   |          | 40.398.742         | 21.933.822         |
| 1.2                        | Interest on Reserve Requirements  |          | 175.518            | 333.512            |
| 1.3                        | Interest on Banks   |          | 385.278            | 121.986            |
| 1.4                        | Interest on Money Market Transactions   |          | 257.185            | 67.313             |
| 1.5                        | Interest on Marketable Securities Portfolio   |          | 12.949.341         | 2.109.020          |
| 1.5.1                      | Fair Value Through Profit or Loss   |          | 184.461            | 28.267             |
| 1.5.2                      | Fair Value Through Other Comprehensive Income   |          | 10.170.816         | 1.663.298          |
| 1.5.3                      | Measured at Amortized Cost  |          | 2.594.064          | 417.455            |
| 1.6                        | Financial Lease Interest Income   |          | 736.199            | 362.495            |
| 1.7                        | Other Interest Income   |          | 324.585            | 296.909            |
| <b>II.</b>                 | <b>INTEREST EXPENSE (-)</b>   | (5.IV.b) | <b>23.575.517</b>  | <b>12.238.564</b>  |
| 2.1                        | Interest on Deposits  |          | 17.365.710         | 8.605.669          |
| 2.2                        | Interest on Funds Borrowed  |          | 4.040.038          | 1.985.578          |
| 2.3                        | Interest Expense on Money Market Transactions   |          | 786.342            | 474.625            |
| 2.4                        | Interest on Securities Issued   |          | 1.137.832          | 941.553            |
| 2.5                        | Interest on Leases  |          | 145.695            | 131.313            |
| 2.6                        | Other Interest Expenses   |          | 99.900             | 99.826             |
| <b>III.</b>                | <b>NET INTEREST INCOME (I - II)</b>   |          | <b>31.651.331</b>  | <b>12.986.493</b>  |
| <b>IV.</b>                 | <b>NET FEES AND COMMISSIONS INCOME</b>  |          | <b>6.619.745</b>   | <b>4.162.925</b>   |
| 4.1                        | Fees and Commissions Received   |          | 9.934.566          | 6.096.094          |
| 4.1.1                      | Non-Cash Loans  |          | 731.620            | 503.288            |
| 4.1.2                      | Other   | (5.IV.m) | 9.202.946          | 5.592.806          |
| 4.2                        | Fees and Commissions Paid (-)   |          | 3.314.821          | 1.933.169          |
| 4.2.1                      | Non-Cash Loans  |          | 16.548             | 10.709             |
| 4.2.2                      | Other   | (5.IV.m) | 3.298.273          | 1.922.460          |
| <b>V</b>                   | <b>DIVIDEND INCOME</b>  | (5.IV.c) | <b>39.808</b>      | <b>4.215</b>       |
| <b>VI.</b>                 | <b>TRADING INCOME/LOSS (Net)</b>  | (5.IV.d) | <b>5.736.536</b>   | <b>597.451</b>     |
| 6.1                        | Trading Gains/(Losses) on Securities  |          | 198.819            | 350.751            |
| 6.2                        | Gains/(Losses) on Derivate Financial Transactions   |          | 11.904.368         | 12.440.714         |
| 6.3                        | Foreign Exchange Gains/(Losses)   |          | (6.366.651)        | (12.194.014)       |
| <b>VII.</b>                | <b>OTHER OPERATING INCOME</b>   | (5.IV.e) | <b>2.201.836</b>   | <b>859.119</b>     |
| <b>VIII.</b>               | <b>GROSS OPERATING INCOME (III+IV+V+VI+VII)</b>   |          | <b>46.249.256</b>  | <b>18.610.203</b>  |
| <b>IX.</b>                 | <b>EXPECTED CREDIT LOSS (-)</b>   | (5.IV.f) | <b>6.976.280</b>   | <b>7.572.296</b>   |
| <b>X.</b>                  | <b>OTHER PROVISION EXPENSES (-)</b>   | (5.IV.f) | <b>4.447.027</b>   | <b>297.001</b>     |
| <b>XI.</b>                 | <b>PERSONNEL EXPENSE (-)</b>  | (5.IV.g) | <b>4.984.073</b>   | <b>2.616.198</b>   |
| <b>XII.</b>                | <b>OTHER OPERATING EXPENSES (-)</b>   | (5.IV.g) | <b>6.146.024</b>   | <b>3.468.103</b>   |
| <b>XIII.</b>               | <b>NET OPERATING INCOME/LOSS (VIII-IX-X-XI-XII)</b>                                       |          | <b>23.695.852</b>  | <b>4.656.605</b>   |
| <b>XIV.</b>                | <b>INCOME AFTER MERGER</b>  |          | -                  | -                  |
| <b>XV.</b>                 | <b>INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b> |          | -                  | -                  |
| <b>XVI.</b>                | <b>INCOME/(LOSS) ON NET MONETARY POSITION</b>   |          | -                  | -                  |
| <b>XVII.</b>               | <b>PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XIII+...+XVI)</b>                    | (5.IV.i) | <b>23.695.852</b>  | <b>4.656.605</b>   |
| <b>XVIII.</b>              | <b>TAX PROVISIONS FOR CONTINUED OPERATIONS (±)</b>  | (5.IV.j) | <b>(6.369.681)</b> | <b>(1.116.834)</b> |
| 18.1                       | Current Tax Provision   |          | (6.854.909)        | (328.684)          |
| 18.2                       | Deferred Tax Income Effect (+)  |          | (9.415.777)        | (6.997.837)        |
| 18.3                       | Deferred Tax Expense Effect (-)   |          | 9.901.005          | 6.209.687          |
| <b>XIX.</b>                | <b>CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)</b>                  | (5.IV.k) | <b>17.326.171</b>  | <b>3.539.771</b>   |
| <b>XX.</b>                 | <b>INCOME FROM DISCONTINUED OPERATIONS</b>  |          | -                  | -                  |
| 20.1                       | Income from Non-Current Assets Held for Sale  |          | -                  | -                  |
| 20.2                       | Profit from Sales of Associates, Subsidiaries and Joint Ventures                          |          | -                  | -                  |
| 20.3                       | Income from Other Discontinued Operations   |          | -                  | -                  |
| <b>XXI.</b>                | <b>EXPENSES FOR DISCONTINUED OPERATIONS (-)</b>   |          | -                  | -                  |
| 21.1                       | Expenses for Non-current Assets Held for Sale   |          | -                  | -                  |
| 21.2                       | Loss from Sales of Associates, Subsidiaries and Joint Ventures                            |          | -                  | -                  |
| 21.3                       | Expenses for Other Discontinued Operations  |          | -                  | -                  |
| <b>XXII.</b>               | <b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)</b>                       |          | -                  | -                  |
| <b>XXIII.</b>              | <b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>                                      |          | -                  | -                  |
| 23.1                       | Current Tax Provision   |          | -                  | -                  |
| 23.2                       | Deferred Tax Expense Effect (+)   |          | -                  | -                  |
| 23.3                       | Deferred Tax Income Effect (-)  |          | -                  | -                  |
| <b>XXIV.</b>               | <b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>                   |          | -                  | -                  |
| <b>XXV.</b>                | <b>NET PROFIT/(LOSS) (XIX+XXIV)</b>   | (5.IV.l) | <b>17.326.171</b>  | <b>3.539.771</b>   |
| 25.1                       | Profit/(Loss) of Group  |          | 17.174.025         | 3.506.877          |
| 25.2                       | Profit/(Loss) of Minority Shares (-)  |          | 152.146            | 32.894             |
|                            | Profit/(Loss) Per Share (full TRY)  |          | 3,04               | 0,62               |

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

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|             |   |  | Audited            | Audited            |
|-------------|---|--|--------------------|--------------------|
|             |   |  | CURRENT PERIOD     | PRIOR PERIOD       |
|             |   |  | (01/01-31/12/2022) | (01/01-31/12/2021) |
| <b>I.</b>   | <b>CURRENT PERIOD INCOME/LOSS</b>   |  | <b>17.326.171</b>  | <b>3.539.771</b>   |
| <b>II.</b>  | <b>OTHER COMPREHENSIVE INCOME</b>   |  | <b>8.488.557</b>   | <b>2.415.595</b>   |
| <b>2.1</b>  | <b>Not Reclassified Through Profit or Loss</b>  |  | <b>1.115.677</b>   | <b>677.501</b>     |
| 2.1.1       | Property and Equipment Revaluation Increase/Decrease  |  | 166.639            | 131.809            |
| 2.1.2       | Intangible Assets Revaluation Increase/Decrease   |  | -                  | -                  |
| 2.1.3       | Defined Benefit Pension Plan Remeasurement Gain/Loss  |  | (420.567)          | 3.751              |
| 2.1.4       | Other Comprehensive Income Items Not Reclassified Through Profit or Loss  |  | 1.288.020          | 566.618            |
| 2.1.5       | Tax on Other Comprehensive Income Items Not Reclassified Through Profit or Loss   |  | 81.585             | (24.677)           |
| <b>2.2</b>  | <b>Reclassified Through Profit or Loss</b>  |  | <b>7.372.880</b>   | <b>1.738.094</b>   |
| 2.2.1       | Foreign Currency Translation Differences  |  | 4.208.066          | 11.097.794         |
| 2.2.2       | Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income |  | 5.966.897          | (1.768.927)        |
| 2.2.3       | Cash Flow Hedge Income/Loss   |  | 9.033              | 24.303             |
| 2.2.4       | Foreign Net Investment Hedge Income/Loss  |  | (3.042.832)        | (10.029.249)       |
| 2.2.5       | Other Comprehensive Income Items Reclassified Through Profit or Loss  |  | -                  | -                  |
| 2.2.6       | Tax on Other Comprehensive Income Items Reclassified Through Profit or Loss   |  | 231.716            | 2.414.173          |
| <b>III.</b> | <b>TOTAL COMPREHENSIVE INCOME (I+II)</b>  |  | <b>25.814.728</b>  | <b>5.955.366</b>   |

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



# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|   |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss  |                 |                |                            | Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss |  |   |           |  |             |              |             |                               |                                 |                                     |                 |              |            |  |  |
|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|-----------------|----------------|----------------------------|---|--|---|-----------|--|-------------|--------------|-------------|-------------------------------|---------------------------------|-------------------------------------|-----------------|--------------|------------|--|--|
|   |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 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) |                 |                |                            | Foreign Currency Translation Differences  |  | Accumulated Revaluation and/or Remeasurement Gain/Loss of the Financial Assets at Fair Value Through Other Comprehensive Income |           | 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) |             |              |             | Prior Period Profit or (Loss) | Current Period Profit or (Loss) | Total Equity Expect Minority Shares | Minority Shares | Total Equity |            |  |  |
| Audited CHANGES IN SHAREHOLDERS' EQUITY ITEMS |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | Note   | Paid in Capital | Share Premiums | Share Cancellation Profits | Other capital reserves  | Accumulated Revaluation Increase/ Decrease of Fixed Assets | Accumulated Remeasurement Gain/Loss of Defined Benefit Pension Plan   |           |  |             |              |             |                               | Profit reserves                 |                                     |                 |              |            |  |  |
| PRIOR PERIOD                                  |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                 |                |                            |   |  |   |           |  |             |              |             |                               |                                 |                                     |                 |              |            |  |  |
| 01/01-31/12/2021                              |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                 |                |                            |   |  |   |           |  |             |              |             |                               |                                 |                                     |                 |              |            |  |  |
| I.  | Prior Period End Balance  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 5.696.100  | 15              | --             | 67.561                     | 116.964   | (133.631)  | 450.880   |           | 9.512.358  | 189.880     | (7.388.334)  | 9.841.922   | 2.761.883                     | 1.858.343                       | 22.973.941                          | 53.494          | 23.027.435   |            |  |  |
| II.   | Corrections and Accounting Policy Changes Made According to TAS 8 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5.V.c)  | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
| 2.1   | Effects of Corrections  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
| 2.2   | Effects of the Changes in Accounting Policies                     |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           |            |  |  |
| III.  | Adjusted Beginning Balance (I+II)                                 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 5.696.100  | 15              | --             | 67.561                     | 116.964   | (133.631)  | 450.880   |           | 9.512.358  | 189.880     | (7.388.334)  | 9.841.922   | 2.761.883                     | 1.858.343                       | 22.973.941                          | 53.494          | 23.027.435   |            |  |  |
| IV.   | Total Comprehensive Income  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5.V.e)  | --              | --             | --                         | --  | 107.132  | 3.751   | 566.618   |  | 11.097.798  | (1.355.538)  | (8.004.166) | --                            | --                              | 3.506.877                           | 5.922.472       | 32.894       | 5.955.366  |  |  |
| V.  | Capital Increase by Cash  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5.V.a)  | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | 65.233       | 65.233     |  |  |
| VI.   | Capital Increase by Internal Sources                              |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5.V.a)  | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
| VII.  | Paid in Capital Inflation Adjustment Difference                   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           |            |  |  |
| VIII.   | Convertible Bonds to Share  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
| IX.   | Subordinated Debt Instruments                                     |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           |            |  |  |
| X.  | Increase/Decrease by Other Changes                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           |            |  |  |
| XI.   | Profit Distribution   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5.V.d)  | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | 1.793.225                     | 65.118                          | (1.858.343)                         | --              | --           | --         |  |  |
| 11.1  | Dividends Paid  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           |            |  |  |
| 11.2  | Transfers to Reserves   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5.V.f)  | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | 1.793.225                     | 65.118                          | (1.858.343)                         | --              | --           | --         |  |  |
| 11.3  | Other   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
|   |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                 |                |                            |   |  |   |           |  |             |              |             |                               |                                 |                                     |                 |              |            |  |  |
| Period End Balance (III+IV+.....+X+XI)        |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 5.696.100  | 15              | --             | 67.561                     | 224.096   | (129.880)  | 1.017.498   |           | 20.610.156   | (1.165.658) | (15.392.500) | 11.635.147  | 2.827.001                     | 3.506.877                       | 28.896.413                          | 151.621         | 29.048.034   |            |  |  |
|   |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                 |                |                            |   |  |   |           |  |             |              |             |                               |                                 |                                     |                 |              |            |  |  |
| CURRENT PERIOD                                |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                 |                |                            |   |  |   |           |  |             |              |             |                               |                                 |                                     |                 |              |            |  |  |
| 01/01-31/12/2022                              |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                 |                |                            |   |  |   |           |  |             |              |             |                               |                                 |                                     |                 |              |            |  |  |
| I.  | Prior Period End Balance  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 5.696.100  | 15              | --             | 67.561                     | 224.096   | (129.880)  | 1.017.498   |           | 20.610.156   | (1.165.658) | (15.392.500) | 11.635.147  | 2.827.001                     | 3.506.877                       | 28.896.413                          | 151.621         | 29.048.034   |            |  |  |
| II.   | Corrections and Accounting Policy Changes Made According to TAS 8 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5.V.c)  | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
| 2.1   | Effects of Corrections  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
| 2.2   | Effects of the Changes in Accounting Policies                     |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
| III.  | Adjusted Beginning Balance (I+II)                                 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 5.696.100  | 15              | --             | 67.561                     | 224.096   | (129.880)  | 1.017.498   |           | 20.610.156   | (1.165.658) | (15.392.500) | 11.635.147  | 2.827.001                     | 3.506.877                       | 28.896.413                          | 151.621         | 29.048.034   |            |  |  |
| IV.   | Total Comprehensive Income  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5.V.e)  | --              | --             | --                         | --  | 135.211  | (307.714)   | 1.288.180 |  | 4.207.882   | 4.504.531    | (1.339.533) | --                            | --                              | 17.174.025                          | 25.662.582      | 152.146      | 25.814.728 |  |  |
| V.  | Capital Increase by Cash  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5.V.a)  | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
| VI.   | Capital Increase by Internal Sources                              |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5.V.a)  | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
| VII.  | Paid in Capital Inflation Adjustment Difference                   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           |            |  |  |
| VIII.   | Convertible Bonds to Share  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
| IX.   | Subordinated Debt Instruments                                     |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           |            |  |  |
| X.  | Increase/Decrease by Other Changes                                |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | 214                        | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | 214                                 | --              | 214          |            |  |  |
| XI.   | Profit Distribution   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5.V.d)  | --              | --             | --                         | (76.275)  | --   | --  | --        | --   | --          | --           | --          | 3.623.193                     | (40.041)                        | (3.506.877)                         | --              | --           | --         |  |  |
| 11.1  | Dividends Paid  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
| 11.2  | Transfers to Reserves   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5.V.f)  | --              | --             | --                         | --  | (76.275)   | --  | --        | --   | --          | --           | --          | 3.623.193                     | (40.041)                        | (3.506.877)                         | --              | --           | --         |  |  |
| 11.3  | Other   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | --   | --              | --             | --                         | --  | --   | --  | --        | --   | --          | --           | --          | --                            | --                              | --                                  | --              | --           | --         |  |  |
|   |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |                 |                |                            |   |  |   |           |  |             |              |             |                               |                                 |                                     |                 |              |            |  |  |
| Period End Balance (III+IV+.....+X+XI)        |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 5.696.100  | 15              | --             | (8.500)                    | 359.307   | (437.594)  | 2.305.678   |           | 24.818.038   | 3.338.873   | (16.732.033) | 15.258.340  | 2.786.960                     | 17.174.025                      | 54.559.209                          | 303.767         | 54.862.976   |            |  |  |

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

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)  
(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|        |  |          | Audited                              | Audited                            |
|--------|--|----------|--------------------------------------|------------------------------------|
|        |  | Note     | CURRENT PERIOD<br>(01/01-31/12/2022) | PRIOR PERIOD<br>(01/01-31/12/2021) |
| A.     | CASH FLOWS FROM BANKING OPERATIONS   |          |                                      |                                    |
| 1.1    | Operating profit before changes in operating assets and liabilities (+)                              |          | 19.527.654                           | 4.693.370                          |
| 1.1.1  | Interest received (+)  |          | 43.114.249                           | 24.380.303                         |
| 1.1.2  | Interest paid (-)  |          | 21.008.175                           | 11.790.318                         |
| 1.1.3  | Dividends received (+)   |          | 39.808                               | 4.215                              |
| 1.1.4  | Fees and commissions received (+)  |          | 9.934.566                            | 6.039.009                          |
| 1.1.5  | Other income (+)   |          | 1.396.448                            | 562.189                            |
| 1.1.6  | Collections from previously written off loans and other receivables (+)                              |          | 6.753.601                            | 4.430.341                          |
| 1.1.7  | Cash payments to personnel and service suppliers (-)   |          | 4.538.316                            | 2.432.694                          |
| 1.1.8  | Taxes paid (-)   |          | 5.192.498                            | 858.856                            |
| 1.1.9  | Other (+/-)  | (5.VI.c) | (10.972.029)                         | (15.640.819)                       |
| 1.2    | Changes in operating assets and liabilities subject to banking operations                            |          | 23.262.848                           | 24.414.702                         |
| 1.2.1  | Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss (+/-)               |          | (2.224.058)                          | (408.584)                          |
| 1.2.2  | Net (increase) decrease in due from banks (+/-)  |          | (2.452.464)                          | (254.686)                          |
| 1.2.3  | Net (increase) decrease in loans   |          | (116.531.526)                        | (28.470.312)                       |
| 1.2.4  | Net (increase) decrease in other assets (+/-)  |          | (22.008.167)                         | (10.893.934)                       |
| 1.2.5  | Net increase (decrease) in bank deposits (+/-)   |          | 4.220.113                            | (1.982.856)                        |
| 1.2.6  | Net increase (decrease) in other deposits (+/-)  |          | 159.299.332                          | 41.123.731                         |
| 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 (+/-)  |          | (14.851.531)                         | 19.296.377                         |
| 1.2.9  | Net increase (decrease) in matured payables (+/-)  |          | -                                    | -                                  |
| 1.2.10 | Net increase (decrease) in other liabilities (+/-)   | (5.VI.c) | 17.811.149                           | 6.004.966                          |
| I.     | Net cash provided from banking operations(+/-)   |          | 42.790.502                           | 29.108.072                         |
| B.     | CASH FLOWS FROM INVESTING ACTIVITIES   |          |                                      |                                    |
| II.    | Net cash provided from/used in investing activities(+/-)   |          | (38.119.714)                         | (7.521.581)                        |
| 2.1    | Cash paid for the purchase of associates, subsidiaries and joint ventures (-)                        |          | 6.082                                | 7.193                              |
| 2.2    | Cash obtained from the sale of associates, subsidiaries and joint ventures (+)                       |          | -                                    | 7.185                              |
| 2.3    | Cash paid for the purchase of tangible and intangible asset (-)                                      |          | 1.663.157                            | 2.851.884                          |
| 2.4    | Cash obtained from the sale of tangible and intangible asset (+)                                     |          | 1.612.802                            | 556.289                            |
| 2.5    | Cash paid for the purchase of financial assets at fair value through other comprehensive income (-)  |          | 35.325.846                           | 17.311.352                         |
| 2.6    | Cash obtained from the sale of financial assets at fair value through other comprehensive income (+) |          | 6.617.457                            | 10.841.435                         |
| 2.7    | Cash paid for the purchase of financial assets at amortised cost (-)                                 |          | 10.242.395                           | -                                  |
| 2.8    | Cash obtained from sale of financial assets at amortised cost (+)                                    |          | -                                    | -                                  |
| 2.9    | Other (+/-)  |          | 887.507                              | 1.243.939                          |
| C.     | CASH FLOWS FROM FINANCING ACTIVITIES   |          |                                      |                                    |
| III.   | Net cash flows from financing activities (+/-)   |          | (7.925.457)                          | (7.665.317)                        |
| 3.1    | Cash obtained from funds borrowed and securities issued (+)  |          | 38.987.045                           | 46.148.995                         |
| 3.2    | Cash outflow from funds borrowed and securities issued (-)   |          | 46.389.136                           | 53.465.948                         |
| 3.3    | Equity instruments issued (+)  |          | -                                    | -                                  |
| 3.4    | Dividends paid (-)   |          | -                                    | -                                  |
| 3.5    | Payments for lease liabilities (-)   |          | 523.366                              | 348.364                            |
| 3.6    | Other (+/-)  |          | -                                    | -                                  |
| IV.    | Effect of change in foreign exchange rate on cash and cash equivalents(+/-)                          | (5.VI.c) | 25.648.403                           | 23.536.614                         |
| V.     | Net increase in cash and cash equivalents  | (5.VI.c) | 22.393.734                           | 37.457.788                         |
| VI.    | Cash and cash equivalents at the beginning of the period (+)   | (5.VI.a) | 78.357.335                           | 40.899.547                         |
| VII.   | Cash and Cash Equivalents at the End of the Period   | (5.VI.a) | 100.751.069                          | 78.357.335                         |

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

CONSOLIDATED PROFIT DISTRIBUTION TABLE  
FOR THE PERIOD ENDED 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)  
(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|       |  | Audited                              | Audited                            |
|-------|--|--------------------------------------|------------------------------------|
|       |  | CURRENT PERIOD<br>(01/01-31/12/2022) | PRIOR PERIOD<br>(01/01-31/12/2021) |
| I.    | DISTRIBUTION OF CURRENT YEAR INCOME <sup>(*)</sup>       |                                      |                                    |
| 1.1   | CURRENT YEAR INCOME                                      | -                                    | -                                  |
| 1.2   | TAXES AND DUTIES PAYABLE (-)                             | -                                    | -                                  |
| 1.2.1 | Corporate Tax (Income Tax)                               | -                                    | -                                  |
| 1.2.2 | Income withholding tax                                   | -                                    | -                                  |
| 1.2.3 | Other taxes and duties                                   | -                                    | -                                  |
| A.    | NET INCOME FOR THE YEAR (1.1-1.2)                        | -                                    | -                                  |
| 1.3   | PRIOR YEAR LOSSES (-)                                    | -                                    | -                                  |
| 1.4   | FIRST LEGAL RESERVES (-)                                 | -                                    | -                                  |
| 1.5   | OTHER STATUTORY RESERVES (-)                             | -                                    | -                                  |
| B.    | NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5)] | -                                    | -                                  |
| 1.6   | FIRST DIVIDEND TO SHAREHOLDERS (-)                       | -                                    | -                                  |
| 1.6.1 | To owner of ordinary shares                              | -                                    | -                                  |
| 1.6.2 | To owner of preferred shares                             | -                                    | -                                  |
| 1.6.3 | To owner of preferred shares (preem private rihgts)      | -                                    | -                                  |
| 1.6.4 | To profit sharing bonds                                  | -                                    | -                                  |
| 1.6.5 | To holders of profit or loss sharing certificates        | -                                    | -                                  |
| 1.7   | DIVIDENDS TO PERSONNEL (-)                               | -                                    | -                                  |
| 1.8   | DIVIDENDS TO BOARD OF DIRECTORS (-)                      | -                                    | -                                  |
| 1.9   | SECOND DIVIDEND TO SHAREHOLDERS (-)                      | -                                    | -                                  |
| 1.9.1 | To owner of ordinary shares                              | -                                    | -                                  |
| 1.9.2 | To owner of preferred shares                             | -                                    | -                                  |
| 1.9.3 | To owner of preferred shares (preem private rihgts)      | -                                    | -                                  |
| 1.9.4 | To profit sharing bonds                                  | -                                    | -                                  |
| 1.9.5 | To holders of profit or loss sharing certificates        | -                                    | -                                  |
| 1.10  | SECOND LEGAL RESERVES (-)                                | -                                    | -                                  |
| 1.11  | STATUTORY RESERVES (-)                                   | -                                    | -                                  |
| 1.12  | GENERAL RESERVES   | -                                    | -                                  |
| 1.13  | OTHER RESERVES   | -                                    | -                                  |
| 1.14  | SPECIAL FUNDS  | -                                    | -                                  |
| II.   | DISTRIBUTION OF RESERVES                                 |                                      |                                    |
| 2.1   | APPROPRIATED RESERVES                                    | -                                    | -                                  |
| 2.2   | SECOND LEGAL RESERVES (-)                                | -                                    | -                                  |
| 2.3   | DIVIDENDS TO SHAREHOLDERS (-)                            | -                                    | -                                  |
| 2.3.1 | To owner of ordinary shares                              | -                                    | -                                  |
| 2.3.2 | To owner of preferred shares                             | -                                    | -                                  |
| 2.3.3 | To owner of preferred shares (preem private rihgts)      | -                                    | -                                  |
| 2.3.4 | To profit sharing bonds                                  | -                                    | -                                  |
| 2.3.5 | To holders of profit or loss sharing certificates        | -                                    | -                                  |
| 2.4   | DIVIDENDS TO PERSONNEL (-)                               | -                                    | -                                  |
| 2.5   | DIVIDENDS TO BOARD OF DIRECTORS (-)                      | -                                    | -                                  |
| III.  | EARNINGS PER SHARE                                       |                                      |                                    |
| 3.1   | TO OWNERS OF ORDINARY SHARES                             | -                                    | -                                  |
| 3.2   | TO OWNERS OF ORDINARY SHARES (%)                         | -                                    | -                                  |
| 3.3   | TO OWNERS OF PRIVILAGED SHARES                           | -                                    | -                                  |
| 3.4   | TO OWNERS OF PRIVILAGED SHARES (%)                       | -                                    | -                                  |
| IV.   | DIVIDEND PER SHARE                                       |                                      |                                    |
| 4.1   | TO OWNERS OF ORDINARY SHARES                             | -                                    | -                                  |
| 4.2   | TO OWNERS OF ORDINARY SHARES (%)                         | -                                    | -                                  |
| 4.3   | TO OWNERS OF PRIVILAGED SHARES                           | -                                    | -                                  |
| 4.4   | TO OWNERS OF PRIVILAGED SHARES (%)                       | -                                    | -                                  |

<sup>(\*)</sup> According to Turkish Commercial Code, profit distribution table is prepared based on unconsolidated financial statements and not on consolidated financial statements.

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### SECTION THREE

#### ACCOUNTING POLICIES

##### I. Explanations on the presentation principles

##### a. Preparation of the consolidated financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks

Consolidated financial statements have been prepared in accordance with the regulations, communiqués, explanations and circulars published with respect to accounting and financial reporting principles by the Banking Regulation and Supervision Agency ("BRSA") within the framework of the provisions of the Regulation on the Procedures and Principles for Accounting Practices and Retention of Documents by Banks published in the Official Gazette no. 26333 dated 1 November 2006 in relation with the Banking Law no. 5411, as well as the Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") enforced by the Public Oversight Accounting and Auditing Standards Authority ("POA") (hereinafter collectively referred to as "BRSA Accounting and Financial Reporting Legislation"). The form and contents of the consolidated financial statements which have been prepared and which will be disclosed to public have been prepared in accordance with the "Communiqué on the Financial Statements and Related Explanations and Footnotes to be Announced to Public by the Banks" and "Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks" as well as the communiqués that introduce amendments and additions to these. Parent Bank keeps its accounting records in Turkish Lira, in accordance with the Banking Law, Turkish Code of Commerce and Turkish Tax legislation.

Consolidated financial statements have been prepared based on historical cost principle, except for the financial assets and liabilities measured at their fair values.

The amounts in the consolidated financial statements and explanations and footnotes relating to these statements have been expressed in Thousands of Turkish Lira unless otherwise stated.

In the preparation of consolidated financial statements according to TAS, the management of the Parent Bank should make assumptions and estimations regarding the assets and liabilities in the balance sheet and the contingent issues as of the balance sheet date. These assumptions and estimations include the fair value calculations and impairment of financial assets and are reviewed regularly, necessary corrections are made and the effects of these corrections are reflected in the statement of profit or loss. The assumptions and estimations used are explained in the related footnotes.

The Parent Bank and its consolidated subsidiaries are referred to as "DFS Group" in the footnotes related to the consolidated financial statements.

##### b. Accounting policies and changes in the presentation of financial statements

Accounting policies and valuation principles used in the preparation of the consolidated financial statements are determined in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by BRSA, and in cases where a specific regulation is not made, TAS/TFRS (hereinafter collectively referred to as "BRSA Accounting and Financial Reporting Legislation") put into effect by POA shall be valid.

POA made an announcement on 20 January 2022 regarding the application of TAS 29, "Financial Reporting in Hyperinflationary Economies" (IAS 29 Financial Reporting in Hyperinflationary Economies) for entities adopting Turkish Financial Reporting Standards ("TFRS") for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements dated 31 December 2022 in accordance with TAS 29.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

Within the scope of the Benchmark Interest Rate Reform process, which continues on a global basis, the Bank has transactions in loans, securities, borrowing and derivative instruments. The required infrastructure developments for each product have been started in our bank in 2021, and developments for products that have a significant weight in the Bank's balance sheet have been completed and started to be used. On the other hand, it should be noted that a significant part of the current transactions are indexed to EURIBOR and USD LIBOR reference interest rates, EURIBOR will be continued to be used after the transition, and USD LIBOR rates will be continued to be published in Overnight, 1M, 3M, 6M and 1Y grades until 2023/June. It is not expected that there will be an issue in the conversion process of existing transactions.

Provisions for foreign currency financial assets started to be recognized in foreign currency accounts on 31 December 2022. The effect of foreign exchange difference accounted for in Expected Loss Provisions related to this application is TL 2.501.061 and shown in Expected Loss Provisions (31 December 2021: TL 3.109.801).

##### c. Additional paragraph for convenience translation:

The differences between the standards set out by 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) 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.

### II. Explanation on the strategy for the use of financial instruments and transactions denominated in foreign currencies

#### a. Strategy for the use of financial instruments

DFS Group's external sources of funds are comprised of deposits with various maturity periods, and external borrowings. Funds provided are generally fixed rate and are interested in high yield financial assets. The majority of the funds are allocated to high yield, fixed or floating interest instruments, such as Turkish Lira and foreign currency Government debt securities and eurobonds in order to diversify the assets and support liquidity as well as being allocated to loans with a selective approach. The liquidity structure that ensures meeting all liabilities falling due, is formed by keeping sufficient levels of cash and cash equivalents by diversifying the sources of funds. The Bank assesses the maturity structure of the sources, and the maturity structure and yield of assets at market conditions and adopts a high yield policy in long-term assets.

DFS Group carries risks within pre-determined risk limits in short-term currency, interest and price movements in money and capital markets and due to changes in market conditions. These positions are closely monitored by the Risk Management System of the Parent Bank and the necessary precautions are taken if the limits are exceeded or should there be a change in the market environment. In order to avoid interest rate risk, assets and liabilities with fixed and floating interests are monitored, taking the maturity structure into consideration. The asset-liability balance is monitored on a daily basis in accordance with the maturity structure and foreign currency type. The risks associated with short-term positions are hedged through derivatives such as forwards, swaps and options.

The net foreign currency position of DFS Group in foreign enterprises is evaluated together with the Parent Bank's net foreign currency position and all positions are evaluated within the framework of risk limits.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### b. Transactions denominated in foreign currencies

#### Foreign currency exchange rates used in converting transactions denominated in foreign currencies and their presentation in the financial statements

The DFS Group recognises the transactions denominated in foreign currencies in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates” and the foreign exchange gains and losses arising from transactions that are completed as of the end of the period are converted to TL by using historical foreign currency exchange rates. As at the end of the reporting dates, balances of the foreign currency denominated assets and liabilities are converted into TL by using foreign currency exchange rates of the Parent Bank and the resulting exchange differences are recorded as foreign exchange gains and losses. The Parent Bank’s foreign currency exchange rates used in valuations as of the period ends are as follows:

|           | 31 December 2022 | 31 December 2021 |
|-----------|------------------|------------------|
| US Dollar | TL 18,6983       | TL 13,3290       |
| Euro      | TL 19,9349       | TL 15,0867       |

#### Foreign exchange gains and losses included in the net profit and loss

As of 31 December 2022, net foreign exchange loss included in the statement of profit or loss amounts to TL 6.366.651 (1 January - 31 December 2021: TL 12.194.014 net foreign exchange loss).

#### Total amount of valuation fund arising from foreign currency exchange rate differences

Parent Bank has translated the assets and liabilities of its FC subsidiaries within the scope of consolidation from the period-end closure exchange rate and has converted the income and expense items to Turkish Lira using annual average Parent Bank rates. Translation difference profit/loss amounts arising from the conversion of statements of profit or loss of the consolidated subsidiaries to Turkish Lira and the Turkish Lira equivalent of their equities as well as the “Subsidiaries” amounts accounted for at the Parent Bank are accounted in the consolidated financial statements under “Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss”.

Total of the relevant conversion differences are TL 24.199.291 as of 31 December 2022 (31 December 2021: TL 20.159.089).

The foreign exchange difference of TL 618.747 (31 December 2021: TL 451.067) arising from the translation of the financial statements of Bahrain branch of the Parent Bank to Turkish Lira in accordance with TAS 21 has been recorded under “Other Accumulated Comprehensive Income That Will Be Reclassified in Profit or Loss”.

In order to hedge the foreign exchange rate risk arising from the foreign currency subsidiaries of the DFS Group, a net investment hedging strategy is applied. The same amounts of foreign currency deposits are designated as hedging instruments and the effective portion of the change caused by the change in exchange rate of these financial liabilities is recognised in hedge funds account under equity.

### III. Information regarding the consolidated subsidiaries

Consolidated financial statements have been prepared in accordance with TFRS 10, the “Turkish Accounting Standard for Consolidated Financial Statements”.

Deniz Yatırım Menkul Değerler A.Ş. (Deniz Yatırım), Eurodeniz International Banking Unit Ltd. (Eurodeniz), Deniz Portföy Yönetimi A.Ş. (Deniz Portföy), Denizbank AG, JSC Denizbank, Deniz Finansal Kiralama A.Ş. (Deniz Leasing), Deniz Faktoring A.Ş. (Deniz Faktoring), Deniz Gayrimenkul Yatırım Ortaklığı A.Ş. (Deniz GYO) CR Erdberg Eins GmbH & Co KG (CR Erdberg) and Fastpay Elektronik Para ve Ödeme Hizmetleri A.Ş. (“Fastpay”) shares of which are owned directly or indirectly by the Parent Bank are the subsidiaries included to the full scope consolidation.

DFS Funding Co. is the structured entity established for the Parent Bank’s securitization transactions, and consolidated in the accompanying consolidated financial statements. The Parent Bank or any of its subsidiaries do not have any shareholding interests in this company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

Among the subsidiaries of the Parent Bank, Intertech Bilgi İşlem ve Pazarlama Ticaret A.Ş. (“Intertech”) and Deniz Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş. (“Deniz Kültür”) and its affiliate controlled together, Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (“Bantaş”); Intertech’s subsidiary Açık Deniz Radyo ve Televizyon İletişim Yayıncılık Ticaret ve Sanayi A.Ş. and Neohub Teknoloji Yazılım Pazarlama ve Danışmanlık A.Ş.; Deniz Yatırım’s subsidiary Ekspres Bilgi İşlem ve Ticaret Anonim Şirketi (“Ekspres Bilgi İşlem”); Denizbank AG’s subsidiary Deniz Immobilien Service GmbH (“Deniz Immobilien”) have not been included to the consolidation since they are non-financial subsidiaries.

#### Important changes in consolidated subsidiaries during the period

None.

#### Consolidation principles of the subsidiaries

Subsidiaries are the entities whose capital or management is controlled directly or indirectly by the Parent Bank. Subsidiaries are consolidated through the full consolidation method.

Control is considered as possessing power of the Bank over an investment in a legal entity, being exposed to variable returns due to its relationship with the legal entity invested, or having the right to use in these returns, and having the ability to use its power over the investee to influence the amount of returns.

This method aims to combine hundred percent of the assets, liabilities, income, expenses and off-balance sheet items of the subsidiaries included in the consolidated financial statements with the assets, liabilities, income, expenses and off-balance sheet items of the Parent Bank and to present minority rights as separate items in the balance sheet and the statement of profit or loss.

The carrying amount of the Parent Bank’s investment in each subsidiary has been settled with the portion of the Parent Bank in the equity of the subsidiaries.

All intercompany transactions and intercompany balances between the consolidated subsidiaries and the Parent Bank are eliminated.

Financial statements used in the consolidation are prepared as of 31 December 2022 and in order to ensure the application of the identical accounting policies for similar transactions and events in similar circumstances, necessary adjustments were made on these financial statements of the subsidiaries considering the materiality level.

### IV. Explanations on forward and option contracts and derivative instruments

DFS Group’s derivative transactions mainly consist of foreign currency and interest rate swaps, foreign currency options and foreign currency forward contracts.

In accordance with TFRS 9, forward foreign currency purchase/sale contracts, swaps, options and futures are classified as “Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss”. Derivative transactions are recorded with their fair values at contract date. Also, the notional amounts of liabilities and assets arising from the derivative transactions are recorded in off-balance sheet items at their contractual amounts.

Derivative transactions are valued at fair value subsequent to initial recognition and are presented in the “Derivative Financial Assets/Liabilities at Fair Value Through Profit or Loss” items of the consolidated balance sheet depending on the positive or negative fair value amounts. Gains and losses arising from the change in the fair value are recognised in the statement of profit or loss. Fair value of derivatives are calculated either by marking the fair values in the market or by using the discounted cash flow model.

### V. Explanations on interest income and expenses

Interest income and expenses are recognised by applying the effective interest method. DFS Group accrues interest based on expected cash flows for its non-performing loans.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### VI. Explanations on fee and commission income and expenses

Fee and commission income and expenses are recognised on an accrual basis or via effective interest method and in accordance with TFRS 15 “Revenue from Customer Contracts Standard” and with their nature, other than the fee and commission incomes in respect of certain banking transactions which are recognized as income as they are collected. Incomes gained through contracts or through services related to transactions such as the purchase or sale of assets for a third real or legal person are recognised as income at the time of collection.

### VII. Explanations on financial assets

DFS Group classifies and recognises its financial assets as “Financial Assets at Fair Value through Profit/Loss”, “Financial Assets at Fair Value through Other Comprehensive Income” or “Financial Assets measured at amortised cost”. These financial assets are recognised or derecognised in accordance with the “Recognition and Derecognition from Financial Statements” under the third section of TFRS 9 regarding the classification and measurement of financial instruments, published in the Official Gazette dated 19 January 2017 and numbered 29953 by POA. Financial assets are measured at their fair values at initial recognition in the financial statements. In the initial measurement of financial assets other than “Financial Assets at Fair Value through Profit/Loss”, transaction costs are added to the fair value or deducted from the fair value.

DFS Group includes a financial asset in the statement of financial position only when it becomes a party to the contractual terms of the financial instrument. During the initial recognition of a financial asset the business model determined by the Parent Bank management and the nature of the contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Parent Bank management is changed, all affected financial assets are reclassified and reclassification is applied prospectively. In such cases, no adjustments are made to the gain, loss or interest previously recognised in the financial statements.

#### a. Financial assets at fair value through profit or loss

“Financial assets at fair value through profit or loss” are financial assets other than those are managed with business model that aims 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 if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets the fair value through profit or loss are initially recognised at fair value and remeasured at their fair value after initial recognition. All gain and loss arising from these valuations are reflected in the statement of profit or loss.

#### 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 those are solely payments of principal and interest at certain dates are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognised by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss. “Unrealised gains and losses” arising from the difference between the amortised cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Other Accumulated Comprehensive Income or Expense to be Reclassified through Profit or Loss” under shareholders’ equity. When these securities are collected or disposed, the accumulated fair value differences reflected in the equity are reflected to the statement of profit or loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

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, the entity may make an irrevocable decision to present subsequent changes in the fair value of the investment in an equity instrument that is not held for trading purposes under the other comprehensive income. If this decision is made, dividends received from such investment are recognised under profit or loss in the financial statements.

#### c. Financial assets measured at amortised cost

When the financial assets are held under business model aimed to collect contractual cash flows and contractual terms of the financial assets include solely payments of principal and interest in certain dates, the financial asset is classified as financial assets measured at amortised cost.

Financial assets measured at amortised cost are initially recognised at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognised at amortised cost by using “effective interest rate (internal rate of return) method” following their recognition. Interest income obtained from financial assets measured at amortised cost is accounted in the statement of profit or loss.

Parent Bank’s portfolio of financial assets at fair value through other comprehensive income and the financial assets measured at amortised cost includes CPI indexed government bonds with a maturity of 5 - 10 years and which the real coupon rates of 6 months are fixed throughout the maturity. As stated by the undersecretariat of Treasury in CPI indexed investor guide, the reference indexes used in the calculation of the actual coupon payment amounts of these securities are formed according to the CPI indexes of two months prior to the coupon payment date.

### VIII. Explanations on expected credit loss

As of 1 January 2018, the Bank allocates provision for expected credit loss on financial assets measured at amortised cost and measured at fair value through other comprehensive income, also loan commitments and non-cash loans that are not carried at fair value through profit or loss in accordance with TFRS 9 ‘Financial Instruments’ standard requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750.

The provision for expected credit loss is weighted according to the probabilities determined by taking into consideration possible results and reflects the time value of money as an unbiased amount, past events, current conditions and forecasts of future economic conditions as reasonable and supportable information that can be obtained without incurring excessive cost or effort at the reporting date.

According to TFRS 9, it is evaluated whether there is a significant increase in credit risk at each reporting date after the initial recognition of each financial instrument for which impairment is required to be evaluated.

The provision for expected credit loss calculation is performed to estimate the loss that the financial instrument will incur in the case of default.

Financial instruments are allocated to one of the following stages due to the deterioration in loan quality at initial recognition:

**Stage 1:** Financial instruments for which a 12-month provision for expected credit loss is calculated and no significant increase in credit risk is detected;

**Stage 2:** Financial instruments with a significant increase in credit risk and the provision for expected credit loss calculated for lifetime;

**Stage 3:** Impaired, non-performing (defaulted) loans.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### Significant increase in credit risk

Qualitative and quantitative evaluations are made in determining the significant increase in credit risk.

#### Qualitative evaluation:

If any of the following conditions are met as a result of qualitative evaluation, the relevant financial asset is classified as Stage 2 (significant increase in credit risk).

As of the reporting date,

- Lifetime expected credit losses are applied on an account basis for customers whose delay reaches 30 days. The Bank does not enforce this estimate only when it has positive, reasonable and supportable information about the customer repayment.
- In case a loan is restructured, it is monitored in Stage 2 during the monitoring period specified in the relevant regulations starting from the date of structuring. At the end of the monitoring period, if there is no significant deterioration in the loan, the transaction can be moved back to Stage 1.
- Existence of indemnified non-cash loans are considered as a significant risk increase.

#### Quantitative evaluation:

The significant increase in credit risk is quantitatively based on comparing the probability of default calculated at the opening of the loan with the probability of default on the same reporting date.

As of the reporting period ended on 31 December 2022, the effects of COVID-19 on financial results and asset quality have been evaluated and reflected to the calculation of the expected loan loss provisions in the light of the information and developments with maximum effort. In this process, the Parent Bank reviewed the cash flow expectations and scenario weights for its commercial and corporate loans, that evaluated individually, and reflected the related effects to the expected credit loss with the best estimation approach.

The financial instruments in Stage 1 are financial instruments that has been recognised for the first time in the financial statements or do not have a significant increase in the credit risk after the initial recognition in the financial statements. For these instruments, credit risk impairment provision is calculated as the provision for expected credit loss for 12-month default risk from the reporting date.

After the initial recognition, if a significant increase is observed in the credit risk and result of the provision for credit risk impairment for the financial instruments mentioned in Stage 2 is calculated as the provision for expected credit loss over the default risk through the remaining life from the reporting date.

Financial instruments in Stage 3 are assumed to be defaulted and therefore impaired. For such financial instruments, provision is calculated based on the expected lifetime credit loss.

Loans belonging to customers included in the scope of the "Financial Restructuring Framework Agreement" are classified regardless of the past due days criterion.

The provision for expected credit loss is calculated either as collectively or individually.

Financial instruments bearing common credit risk characteristics are grouped for provision for expected credit loss calculated collectively.

In the Parent Bank, grouping of credit risks according to common characteristics was made according to their 'risk segments'. The standards for the classification of credit risks by risk segments have been prepared in accordance with the Basel II recommendations for the assessment of capital adequacy based on credit risk in the context of the standard internal rating-based approach ("IRB"). The purpose of classifying credit risks according to risk segments is to determine the approach for analyzing and evaluating credit risk for the relevant risk segment.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

The credit risk classification is as follows:

- Segment classification for non-retail loans are made based on all risks of the counterparty and the loan products requested by the counterparty, at the counterparty level and it is ensured that a counterparty is classified in a single risk segment;
- Segment classification for retail loans is based on both product level and counterparty characteristics. This means that counterparty's credit risks can be classified into different risk segments.

The main groupings on the basis of risk segment for the calculation of provision for expected credit loss are as follows:

- Corporate/Commercial loans
- Medium enterprises (ME) loans
- Small enterprises (SE) loans
- Agricultural loans
- Consumer loans
- Mortgage loans
- Vehicle loans
- Overdraft
- Credit cards
- Loans granted to local governments
- Project financing loans
- Central administrations
- Banks

The provision for expected credit loss assessed collectively are calculated by using the components such as exposure at default (EAD), probability of default (PD), loss given default (LGD) and effective interest rate of the loan.

### Exposure at default

The amount of default is the expected economic receivable amount at the time of default.

In order to calculate the provision for expected credit loss, the EAD value of each loan is calculated by discounting the expected principal and interest payments from the future dates to the reporting date using the effective interest rate. The loan conversion rate is also applied to the EAD value.

### Probability of default

Probability of default indicates the probability of default of the borrower within a certain period of time.

There are two types of PD values calculated in accordance with TFRS 9 requirements:

- 12-month PD: Estimation of the probability of default within 12 months after the reporting date of the financial instrument.
- Lifetime default probability: Estimation of the probability of default over the remaining life of the financial instrument.

The credit ratings, which are the outputs of the internal rating systems used by the Parent Bank in the loan allocation processes are used to classify customers in the calculation of provision for expected credit loss.

Internal rating systems used for non-retail customers are mainly divided into Corporate/Commercial, ME, SE and Agriculture model groups. Internal ratings in the Corporate/Commercial and ME model groups take into account the qualitative evaluation elements along with the quantitative characteristics of the customer such as indebtedness, liquidity and size. Internal ratings in the SE and Agriculture model groups reflect behavioural information, such as the trend of the customer's total limit utilisation rate within the banking sector, overdraft product life at the Parent Bank, or the recent frequency of delays in loan payments.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

Internal rating systems for individual customers also differ at the level of Consumer, Mortgage, Vehicle Loans, Overdraft and Credit Card product groups. In order to generate these scores, behavioural data such as customer's trend in limit utilisation rate in the Bank and sector, frequency of current delays, cross-product ownership and payment routine of other products are used.

In the first step, the outputs of internal rating systems for PD calculations in accordance with TFRS 9 are grouped on the basis of risk segments according to common characteristics of credit risks. Retrospective historical default data of these groups have been prepared. In order to generate reasonable and valid accumulated default rates, a bucket generation analysis has been performed for the default data obtained from the model.

PD curves have been generated by regression method using the suitable statistical distribution from the data obtained for the buckets generated. The resulting PD values have been converted into 'point-in-time' PD values in accordance with TFRS 9 since they represent PD values 'throughout the life cycle'. In the last step, prospective macroeconomic expectations have been reflected in the PD.

For credit risk groups those do not have sufficient historical default data, external default statistics or minimum PD rates in Basel documentation are used.

Internal validation of the process described above is carried out at the end of 2022.

### Loss given default

Loss given default define the economic loss to be incurred by the debtor in case of default, proportionally.

For the purpose of calculating the provision for expected credit loss, two types of LGD rate are calculated: LGD ratio for the unsecured credit risk and LGD ratio for the secured credit risk.

LGD ratio for unsecured credit risk is calculated by using the Parent Bank's collection data in the previous periods and is grouped on the basis of risk segments according to the common characteristics of credit risks.

The following TFRS 9 requirements have been taken into consideration for the LGD ratio calculation for unsecured credit risk:

- Long-term LGD is used (excluding regression effect is excluded)
- Conservative approach is excluded, if any
- Indirect costs are excluded, if any
- The figures obtained are discounted by the effective interest rate

The LGD ratio for secured loan risk is calculated by considering the collateral structure for each loan. To calculate this ratio, the consideration rates and liquidation periods for each type of collateral and effective interest rates of the loan to which the collateral belongs are used are determined by the Parent Bank for each type of collateral. Historical data have been used to determine the relevant consideration rates and liquidation periods; if these data are not available, the best estimates are used.

For unsecured credit risk groups that do not have sufficient historical collection data, the standard rate in Basel documentation is used.

Internal validation of the process described above is carried out at the end of 2022.

### Effective interest rate

The effective interest rate is the discount rate that equals the future expected cash payments and collections those are expected to occur over the expected life of the financial asset or liability to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### Discrete (individual) assessment

In addition to the provision for expected credit loss collectively calculated, a provision for expected credit loss based on the individual evaluation of the financial instruments exceeding a certain risk or within the scope determined by the Bank management are calculated. The calculation has been performed using at least two scenarios for each financial instrument in accordance with the discounted cash flow method in accordance with the "Guidelines on the Calculation of Provision for Expected Credit Loss under TFRS 9" announced by BRSA to banks on 26 February 2018 and the internal policies. The final provision for expected credit loss of the financial instrument is calculated by weighing the provision for expected credit loss calculated for the related scenarios with the probability of occurrence of these scenarios.

Apart from the expected loan loss provisions, the affected portfolios are determined and additional expected loan loss provisions are calculated in order not to ignore the extraordinary situations that did not occur during the consideration periods of the Bank's model.

### Low credit risk

In accordance with TFRS 9, the financial instrument's credit risk is considered to be low given the fact that the default risk of the financial instrument is low, the borrower has a strong structure to meet the contractual cash flow obligations in the short term, and the negative changes in the economic conditions and operating conditions in the longer term reduce the borrower's ability to fulfil the contractual cash flow obligations, but this is not considered to be happening in a large context.

It has not been concluded that financial instruments have a low credit risk only if the risk of loss of the financial instruments is considered low because of the value of the collateral and if the credit risk of the related financial instrument is not considered low without this collateral.

Furthermore, it is not considered that the financial instruments have low credit risk just because the establishment has less risk than other financial instruments or the credit risk of the region in which it operates.

In the case of low risk determination of any financial instrument and also assuming that the loan risk does not increase significantly after the first recognition in the financial statements, the relevant financial instrument is evaluated in Stage 1.

Financial instruments considered as having low credit risk under TFRS 9 are as below:

- Receivables from CBRT.
- Risks where the counterparty is the Republic of Turkey's Treasury
- Loans granted to subsidiaries of the main shareholder
- Transactions with banks with AAA rating

### Forward macroeconomic information

The Parent Bank uses models to reflect macroeconomic expectations in the assessment of significant increase in credit risk and expected credit loss calculation. These models differ according to risk segments and products. In forward-looking expectations, three different scenarios as base, pessimistic and optimistic are taken into account in proportion to their assigned realization probabilities. For periods beyond the macroeconomic forecast length, the long-term average of default is included in the calculation.

Macroeconomic variables considered in the models used; Gross Domestic Product (GDP) growth rate, unemployment rate, 3-month Treasury bill yield rate, 5-year CDS Premium, USDTRY and EURTRY parities. Models are reviewed annually, renewed for segments deemed necessary and subjected to validation process.

The Parent Bank has reflected its future expectations to the expected credit loss calculation in the financial statements, with the current economic conditions taking into account possible different scenarios and management evaluation. The work carried out will be reviewed periodically in the future and updated according to expectations.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### Participation of senior management in TFRS 9 processes

Within the scope of the internal systems, risk management, corporate governance and regulations on the classification of loans and reliable loan risk applications issued in accordance with Banking Law No. 5411 and pursuant to the Article 20 of the “Regulation on Procedures and Principles Regarding Classification of Loans and Provisions to be Reserved” published in the Official Gazette dated 22 June 2016 and No. 29750, ‘TFRS 9 Management Committee’ has been established in accordance with the “Guidelines on the the Calculation of Provision for Expected Credit Loss under TFRS 9” (‘Good Practice Guide’) prepared by BRSA.

In accordance with TFRS 9, the Committee is responsible for the control of the classification and measurement of financial instruments, the approval of business models, and the control of an adequate calculation of the provision for expected credit loss. Committee is also responsible for controlling the establishment and maintenance of the Parent Bank’s current policies and processes in accordance with TFRS 9 and related good practice guidelines.

The Committee is responsible for ensuring that the provision for expected credit loss are based on reliable and robust methods, that these methods are documented, developed, timely updated and are properly accounted.

The members of the Committee are Executive Board Member responsible for Loans, Assistant General Manager responsible for Financial Affairs, Assistant General Managers responsible for the duties of the Board Member responsible for loans and Assistant General Manager responsible for Risk.

### IX. Explanations on offsetting financial instruments

Financial assets and liabilities are presented on a net basis on the balance sheet when the Group has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

### X. Explanations on sale and repurchase agreements and transactions related to the lending of securities

Government bonds and treasury bills sold to customers under repurchase agreements are classified under “Financial Assets at Fair Value through Profit or Loss”, “Financial Assets at Fair Value through Other Comprehensive Income” and “Financial Assets Measured at Amortised Cost” according to the purpose of retaining the asset in the accompanying consolidated balance sheet and are subjected to valuation as per the valuation principles of the relevant portfolio. Funds obtained from repurchase agreements are presented in the liabilities of the consolidated balance sheet in “Receivables from money market” line. The accrual amounts corresponding to the period is calculated for the part of the difference between the sales and repurchase prices determined by the relevant repo agreements. Accrued interest expenses calculated for funds obtained from repurchase agreements are presented in “Due to money markets” account in liability part of the consolidated balance sheet.

Securities purchased with resale commitments are presented under “Due from money markets” line in the balance sheet. The accrual amounts for the corresponding part to the period of the resale and repurchase price difference determined in reverse repurchase agreements are calculated using the effective interest method. The Parent Bank has no securities which are subject to borrowing activities.

### XI. Explanations on non-current assets held for sale and from discontinued operations and liabilities related to these assets

Non-current asset held-for-sale consist of tangible assets acquired with respect to non-performing loans, and are recognised in the financial statements in accordance with “TFRS 5 Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations”.

A discontinued operation is a part of a bank that is either disposed of or classified as held for sale. It refers to a separate main line of business or geographical region of activities. It is part of the sale of a separate main line of business or geographical area of activities under a coordinated plan alone or a subsidiary acquired exclusively with a view to resale.

As of 31 December 2022, DFS Group does not have non-current assets held for sale and discontinued operations.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### XII. Explanations on goodwill and other intangible assets

#### a. Goodwill

Goodwill represents the excess of the total acquisition costs over the shares owned in the net assets of the acquired company at the date of acquisition. The “net goodwill” resulted from the acquisition of the investment and to be included in the consolidated balance sheet, is calculated based on the financial statements of the investee company as adjusted according to the required accounting principles. Assets of the acquired company which are not presented on financial statements but separated from goodwill at fair values of tangible assets (credit card brand value, customer portfolio etc.) and/or contingent liabilities to financial statements in process of acquisition.

In accordance with “TFRS 3 - Business Combinations”, the goodwill is not amortised, instead it is annually tested for impairment or more frequently when changes in circumstances indicate impairment according to “Turkish Accounting Standard 36 (TAS 36) - Impairment of Assets”.

#### b. Other intangible assets

Intangible assets are initially recognised in accordance with TAS 38 “Intangible Fixed Assets” at the cost value including acquisition costs and other direct expenses necessary to make the asset usable. Intangible assets are valuated at amounts remaining after deducting accumulated depreciation and any accumulated impairment losses from the cost value in the period following their recognition.

Intangible fixed assets consist of software programs, license rights, data/telephone lines and the customer portfolio values of credit cards and individual loans.

Intangible fixed assets acquired before 1 January 2003 and after 31 December 2006 are amortised according to straight-line method, whereas those received between these dates are amortised according to declining balance method. The useful life of the assets is determined by assessing the expected useful life of the asset, technical, technological or other types of obsolescence and maintenance costs necessary to obtain the expected economic benefit from the asset.

Maintenance costs related to the computer software currently in use are expensed in the period in which they occur.

### XIII. Explanations on tangible assets

DFS Group has passed to revaluation model from cost model in the framework of TAS 16 “Tangible Fixed Assets” in valuation of properties in use as of 31 December 2016, while it tracks all of its remaining tangible fixed assets by cost model in accordance with TAS 16. Positive differences between property value in expertise reports prepared by licensed valuation firms and net carrying amount of the related property are recorded under equity accounts while negative differences are posted to the statement of profit or loss.

|                          | Estimated Economic Life (Year) | Depreciation Rate |
|--------------------------|--------------------------------|-------------------|
| <b>Movables</b>          |                                |                   |
| - Office machinery       | 4 Years                        | 10% - 50%         |
| - Furniture and fixtures | 5 Years                        | 10% - 50%         |
| - Motor vehicles         | 5 Years                        | 20% - 50%         |
| - Other equipment        | 10 Years                       | 2,50% - 50%       |
| <b>Real estate</b>       | 50 Years                       | 2% - 3,03%        |

Maintenance and repair costs incurred for a tangible asset are recognised as expense. The capital expenditures which expand the capacity of the tangible asset or increase the future benefit of the asset are capitalized on the cost of the tangible asset.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

There are no pledges, mortgages and other measures or commitments given for the purchase of tangible fixed assets.

### XIV. Explanations on investment property

Property, and land and buildings held for the purpose of earning rent or appreciation or for both, rather than being used in the production of goods and services or sold for administrative purposes or during the normal course of business are classified as “investment property” and they are valued with fair value method. Any gains or losses arising from changes in the fair value of investment property are recognised in profit or loss in the period in which they are incurred.

Investment property is derecognised through disposal or withdrawal from use and when no future economic benefit is expected from its disposal. Gains or losses arising from the disposal of investment property are recognised in profit or loss in the period in which they occur.

### XV. Explanations on leasing transactions

Fixed assets acquired through financial leasing are classified as tangible assets and depreciated in line with the related fixed assets group. The obligations arising from the lease contracts are presented under “Lease Liabilities” under liabilities. Interest expenses and foreign exchange differences related to leasing activities are reflected to the statement of profit or loss.

DFS Group has finance lease transactions as “Lessor” via its subsidiary, Deniz Leasing. The lease receivables related to leased assets are recorded as finance lease receivables. The asset subject to the financial leasing is presented in the balance sheet as receivable equal to the net leasing amount. Interest income is recognised over the term of the lease using the net investment method which reflects a constant periodic rate of return and the unrecognised portion is followed under unearned interest income account.

With the “IFRS 16 Leases” standard effective from 1 January 2019, the difference between operating leases and financial leases has been eliminated and the leasing transactions have been presented under “Liabilities from Leasing Operations”.

On 5 June 2020, Public Oversight Accounting and Auditing Standards Authority (“POA”) has changed to IFRS 16 “Leases” standard by publishing Privileges Granted in Lease Payments - “Amendments to IFRS 16 Leases” concerning Covid-19. With this change, tenants are exempted from whether there has been a change in the rental privileges in lease payments due to Covid19. This change did not have a significant impact on the financial status or performance of the DFS Group.

### XVI. Explanations on provisions and contingent liabilities

Specific and general provisions for loans and other receivables as well as the provisions and contingent liabilities other than the provisions for possible risks are recognised in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets” standard; provisions are recognised immediately when they arise as a result of past events and DFS Group estimates the amount of the liability and reflects this amount in the consolidated financial statements. It is considered “Contingent” in cases where the amount of the obligation cannot be estimated. For contingent liabilities; if the probability of the realisation of the condition is higher than the probability of non-realisation and can be measured reliably, a provision is recognised; and where they are not able to be measured reliably or there is no probability of realisation of the condition or less than the probability of non-realisation, such liabilities are disclosed in the footnotes.

### XVII. Explanations on obligations for employee benefits

The Parent Bank recognises employee benefits in accordance with TAS 19 “Employee Benefits” standard.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

The Parent Bank in accordance with existing legislation in Turkey, is liable to pay retirement and notice payments to each employee whose employment is terminated due to reasons other than resignation or misconduct. Except to this extents, the Parent Bank is liable to pay severance payment to each employee whose employment is terminated due to retirement, death, military service and to female employees following their marriage within one year leave the job of their own accords pursuant to Article 14 of the Labour Law.

In accordance with TAS 19, DFS Group recognises provision by estimating the present value of the probable future obligation of severance pay. Actuarial gains and losses arising after 1 January 2013 are accounted for under equity in accordance with revised TAS 19.

DFS Group has recognised vacation pay liability amount which is calculated from unused vacation to financial statement as a provision.

### XXVII. Explanations on tax applications

#### a. Current tax

By amending the first paragraph of Article 32 of the Corporate Tax Law numbered 5520 with the 25th article of the Law numbered 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810, the corporate tax rate has been determined as 25% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies.

With Tax Procedure Law Circular/115, the deadlines for some tax returns to be submitted as of 1 April 2019 have been extended until a new determination is made. With the said circular, the corporation tax declaration can be declared from the first day of the fourth month to the evening of the last day following the month in which the relevant accounting period is closed.

The provision for corporate tax for the period is reflected as the “Current Tax Liability” in the liabilities and “Current Tax Provision” in the statement of profit or loss.

In accordance with the Corporate Tax Law, carry forward tax losses shown on the declaration can be deducted from the corporate tax base for up to five years. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

Besides institutions reside in Turkey, dividends paid to the offices or the institutions earning through their permanent representatives in Turkey are not subject to withholding tax. According to the decision no. 4936 of the Presidential Decision published in the Official Gazette no. 31697 dated 22 December 2021, article 94 of the Income Tax Law No. 193 and certain duty rates included in the articles no.15 and 30 of the new Corporate Tax Law no.5520 are revised. In this respect, the withholding tax rate applied to the dividend payments made to non-resident companies, tax-exempt narrow and full taxpayer institutions/real persons, limited and full taxpayer real persons, excluding non-residents who earn income through a workplace or their permanent representative in Turkey is 10%. While applying the withholding tax rates on dividend payments to the foreign based institutions and the real persons, the withholding tax rates covered in the related Avoidance of Double Taxation Treaty are taken into account. Addition of profit to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The foreign subsidiaries of DFS Group that operate in Austria, the Russian Federation and Cyprus are subject to corporate tax rates of 25%, 20% and 2%, respectively.

Current tax effects related to transactions recognised directly in equity are also recognised in equity.

Within the scope of the temporary article 32 added to the Tax Procedure Law No. 213 with Article 52 of the Law No. 7338, the fixed assets in the Bank’s balance sheet have been revalued in terms of tax legislation. A tax of 2% has been paid on the capital gains resulting from the mentioned valuation

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### b. Deferred tax

The Group calculates and recognises deferred tax in accordance with TAS 12 "Income Taxes" for the temporary differences between the accounting policies and valuation principles applied and the tax basis determined in accordance with the tax legislation.

The deferred tax assets and liabilities of the entities included in the consolidation have been netted within themselves and have not been netted in the consolidated balance sheet. As a result of this, deferred tax asset amounting to TL 4.357.629 as of 31 December 2022 (31 December 2021: TL 3.084.569) and deferred tax liabilities amounting to TL 654.432 (31 December 2021: TL 161.793) have been recognised in the accompanying financial statements.

The deferred tax liability is calculated for all taxable temporary differences whereas deferred tax assets arising from deductible temporary differences are calculated provided that it is highly likely to benefit from these differences in the future by generating taxable profit.

Deferred taxes directly related to equity items are recognised and offset in related equity accounts.

In deferred tax calculations, 25% rate is used for corporations in Turkey (31 December 2021: 23% and 20%).

### c. Transfer pricing

In the framework of the provisions on "Disguised Profit Distribution Through Transfer Pricing" regulated under article 13 of Corporate Tax Law no. 5520, pursuant to the Corporate Tax Law General Communiqué no. 1, which became effective upon its promulgation in the Official Gazette dated 3 April 2007 and numbered 26482, Corporate Tax Law General Communiqué no. 3, which became effective upon its promulgation in the Official Gazette dated 20 November 2008 and numbered 27060, Council of Ministers Decree no. 2007/12888, which became effective upon its promulgation in the Official Gazette dated 6 December 2007 and numbered 26722, Council of Minister Decree no. 2008/13490, which became effective upon its promulgation in the Official Gazette dated 13 April 2008 and numbered 26846, "General Communiqué No. 1 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 18 November 2007 and numbered 26704 and "General Communiqué No. 2 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 22 April 2008 and numbered 26855, "General Communiqué No. 3 on Disguised Profit Distribution Through Transfer Pricing", which became effective upon its promulgation in the Official Gazette dated 7 December 2017 and numbered 30263 and the Communiqué on the Amendment of the "General Communiqué on Disguised Profit Distribution through Transfer Pricing" no. 1, which became effective after being published in the Official Gazette dated 01 September 2020 and numbered 31231, profits shall be deemed to have been wholly or partially distributed in a disguised manner through transfer pricing if companies engage in the sales or purchases of goods or services with related parties at prices or amounts defined contrary to the arm's length principle. Buying, selling, manufacturing and construction operations and services, renting and leasing transactions, borrowing or lending money, bonuses, wages and similar payments are deemed as purchase of goods and services in any case and under any condition.

Corporate taxpayers are obliged to fill in the "The Form on Transfer Pricing, Controlled Foreign Corporation and Thin Capital" regarding the purchases or sales of goods or services they perform with related parties during a fiscal period and submit it to their tax office in the attachment of the corporate tax return.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

The taxpayers registered in the Large Taxpayers Tax Administration (Büyük Mükellefler Vergi Dairesi Başkanlığı) must prepare the "Annual Transfer Pricing Report" in line with the designated format for their domestic and cross-border transactions performed with related parties during a fiscal period until the filing deadline of the corporate tax return, and if requested after the expiration of this period, they must submit the report to the Administration or those authorized to conduct tax inspection. The organizational structure of corporate taxpayers, who are affiliated to the multinational business group and whose asset size in the balance sheet and net sales amount in the income statement are both TL 500 million and above, which are attached to the corporate tax declaration for the previous accounting period, the definition of the business activities, the intangible rights they have, it is obligatory to prepare the general report containing the financial transactions of the group and the financial and tax status of the group for the previous year until the end of the current year and submit it to the Administration or those authorized to conduct tax inspections, if requested. According to the consolidated financial statements of the previous accounting period from the reported accounting period, total consolidated group income of EUR 750 million and over multinational enterprises resident group in Turkey ultimate parent company or proxy business, the reported accounting period's income until the end of twelfth month, before tax it prepares a country-based report including profit/loss, accrued and paid corporate tax, capital, previous year profits, number of employees and tangible assets other than cash and cash equivalents, and submits it to the Administration electronically.

### XIX. Additional explanations on borrowings

Borrowings are initially recognised at cost representing their fair value and remeasured at amortised cost based on the internal rate of return at next periods. Foreign currency borrowings have been translated using the foreign currency buying rates of the Parent Bank at the balance sheet date. Interest expense incurred for the period has been recognised in the accompanying financial statements.

General hedging techniques are used for borrowings against liquidity and currency risks. The Parent Bank, if required, borrows funds from domestic and foreign institutions. The Parent Bank also borrows funds in the forms of syndication loans and securitization loans from foreign institutions.

### XX. Explanations on issuance of share certificates

In 2022 and 2021, the Parent Bank does not have issuance of share certificates.

### XXI. Explanations on bill of guarantee and acceptances

Bill of guarantee and acceptances are followed-up as off-balance sheet liabilities as possible debts and commitments. Cash transactions regarding guarantee and acceptances are realised simultaneously with the customer payments.

As of the balance sheet date, there are no bill of guarantee and acceptances shown as liability against assets.

### XXII. Explanations on government incentives

As of the balance sheet date, DFS Group does not have any government incentives used.

### XXIII. Explanations on segment reporting

Segment reporting is presented in Section Four, note XII.

### XXIV. Explanations on other matters

None.

### XXV. Classifications

None.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### SECTION FOUR

#### INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT

##### I. Explanations related to the consolidated shareholders' equity

Capital and capital adequacy ratio are calculated in accordance with the "Regulation on Equities of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

As of 31 December 2022 the equity of the Group amounts to TL 74.428.156 (31 December 2021: TL 42.311.833) while its capital adequacy standard ratio is 17,57% (31 December 2021: 16,83%).

As a result of the volatility in the financial markets arising from COVID-19 pandemic, the BRSA issued a press release on 23 March 2020, announcing measures, which will remain in effect until 31 December 2020. With the regulation numbered 9312 dated 8 December 2020, and extended until 30 September 2021 were extended until a contrary Board Decision is taken with the regulation numbered 9795 dated 19 September 2021. Accordingly;

-In the calculation of the amount subject to credit risk, in accordance with the "Regulation on Assessment and Evaluation of the Capital Adequacy of Banks"; it can be used the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date, when determining the amounts of monetary assets and non-monetary assets, other than items in foreign currency measured in historical cost, in accordance with Turkish Accounting Standards and the relevant special provision amounts.

With the regulation numbered 9624 dated 17 June 2021 as of 23 March 2020, if the net valuation differences of the securities in the portfolio of "Financial Assets at Fair Value Through Other Comprehensive Income" are negative, these differences will not be taken into account in the amount of equity to be used for capital adequacy ratio, which will be calculated in accordance with the "Regulation on Equities of Banks". With the regulation dated 21 December 2021 and numbered 9996, in case the net valuation differences of the securities acquired before 21 December 2021 in the portfolio of "Financial Assets at Fair Value Through Other Comprehensive Income" are negative, these differences may not be taken into account in the equity amount.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

#### a. Components of consolidated equity items

|   | Current Period<br>31 December 2022 | Prior Period<br>31 December 2021 |
|---|------------------------------------|----------------------------------|
| <b>COMMON EQUITY TIER I CAPITAL</b>   |                                    |                                  |
| Paid-in capital following all debts in terms of claim in liquidation of the Bank  | 5.696.100                          | 5.696.100                        |
| Share issue premiums  | 15                                 | 15                               |
| Reserves  | 15.258.340                         | 11.635.147                       |
| Gains recognised in equity as per TAS <sup>(1)</sup>  | 16.406.352                         | 6.943.145                        |
| Profit  | 19.960.985                         | 6.333.878                        |
| Current Period Profit   | 17.174.025                         | 3.506.877                        |
| Prior Period Profit   | 2.786.960                          | 2.827.001                        |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period  | 992                                | 778                              |
| Minorities' Share   | 303.767                            | 151.621                          |
| <b>Common Equity Tier I Capital Before Deductions</b>   | <b>57.626.551</b>                  | <b>30.760.684</b>                |
| <b>Deductions from Common Equity Tier I Capital</b>   |                                    |                                  |
| Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks   | --                                 | --                               |
| Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS   | 791.583                            | 244.781                          |
| Improvement costs for operating leasing   | 102.568                            | 69.116                           |
| Goodwill (net of related tax liability)   | --                                 | --                               |
| Other intangibles other than mortgage-servicing rights (net of related tax liability)   | 1.522.786                          | 623.700                          |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)   | --                                 | --                               |
| Differences are not recognised 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  | --                                 | --                               |
| Unrealised gains and losses due to changes in own credit risk on fair valued liabilities  | --                                 | --                               |
| Defined-benefit pension fund net assets   | --                                 | --                               |
| Direct and indirect investments of the Bank in its own Common Equity  | --                                 | --                               |
| Shares obtained contrary to the 4th clause of the 56th Article of the Law   | --                                 | --                               |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank | --                                 | --                               |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | --                                 | --                               |
| Portion of mortgage servicing rights exceeding 10% of the Common Equity   | --                                 | --                               |
| Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity  | --                                 | 632.785                          |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|   | Current Period<br>31 December 2022 | Prior Period<br>31 December 2021 |
|---|------------------------------------|----------------------------------|
| 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 the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital                         | --                                 | --                               |
| Excess amount arising from mortgage servicing rights  | --                                 | --                               |
| Excess amount arising from deferred tax assets based on temporary differences   | --                                 | --                               |
| Other items to be defined by the BRSA   | --                                 | --                               |
| Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital   | --                                 | --                               |
| <b>Total Deductions From Common Equity Tier I Capital</b>   | <b>2.416.937</b>                   | <b>1.570.382</b>                 |
| <b>Total Common Equity Tier I Capital</b>   | <b>55.209.614</b>                  | <b>29.190.302</b>                |
| <b>ADDITIONAL TIER I CAPITAL</b>  |                                    |                                  |
| Preferred Stock not Included in Common Equity and the Related Share Premiums  | --                                 | --                               |
| Debt instruments and premiums approved by BRSA  | --                                 | --                               |
| Debt instruments and premiums approved by BRSA (Temporary Article 4)  | --                                 | --                               |
| Third parties' share in the Additional Tier I capital   | --                                 | --                               |
| Third parties' share in the Additional Tier I capital (Temporary Article 3)   | --                                 | --                               |
| <b>Additional Tier I Capital before Deductions</b>  | <b>--</b>                          | <b>--</b>                        |
| <b>Deductions from Additional Tier I Capital</b>  |                                    |                                  |
| 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 Consolidated 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 Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital -  | --                                 | --                               |
| Other items to be defined by the BRSA   | --                                 | --                               |
| <b>Transition from the Core Capital to Continue to deduce Components</b>  |                                    |                                  |
| Goodwill and other intangible assets and related deferred tax liabilities which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-) | --                                 | --                               |
| Net deferred tax asset/liability which is not deducted from Common Equity Tier I 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 (-)  | --                                 | --                               |
| <b>Total Deductions From Additional Tier I Capital</b>  | <b>--</b>                          | <b>--</b>                        |
| <b>Total Additional Tier I Capital</b>  | <b>--</b>                          | <b>--</b>                        |
| <b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>  | <b>55.209.614</b>                  | <b>29.190.302</b>                |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|   | Current Period<br>31 December 2022 | Prior Period<br>31 December 2021 |
|---|------------------------------------|----------------------------------|
| <b>TIER II CAPITAL</b>  |                                    |                                  |
| Debt instruments and share issue premiums deemed suitable by the BRSA   | 14.446.409                         | 10.398.821                       |
| Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)   | --                                 | --                               |
| Third parties' share in the Tier II Capital   | --                                 | --                               |
| Third parties' share in the Tier II Capital (Temporary Article 3)   | --                                 | --                               |
| Provisions (Article 8 of the Regulation on the Equity of Banks)   | 4.821.377                          | 2.800.069                        |
| <b>Tier II Capital Before Deduction</b>   | <b>19.267.786</b>                  | <b>13.198.890</b>                |
| <b>Deductions From Tier II Capital</b>  |                                    |                                  |
| Direct and indirect investments of the Bank on its own Tier II Capital (-)  | --                                 | --                               |
| Investments of Bank to Banks that invest on Bank's Tier II and components of equity issued by financial institutions with the conditions declared in Article 8.   | --                                 | --                               |
| Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank   | --                                 | --                               |
| Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank   | --                                 | --                               |
| Other items to be defined by the BRSA (-)   | --                                 | --                               |
| <b>Total Deductions from Tier II Capital</b>  | <b>--</b>                          | <b>--</b>                        |
| <b>Total Tier II Capital</b>  | <b>19.267.786</b>                  | <b>13.198.890</b>                |
| <b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>  | <b>74.477.400</b>                  | <b>42.389.192</b>                |
| <b>Deductions from Total Capital</b>  |                                    |                                  |
| Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law  | --                                 | --                               |
| Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years   | --                                 | --                               |
| Other items to be defined by the BRSA   | 49.244                             | 77.359                           |
| <b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>   |                                    |                                  |
| The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be deducted from Common Equity Tier I capital, Additional Tier I of the issued common share capital of the entity which will not be 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, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not be 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, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not be deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds   | --                                 | --                               |



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

|  | Current Period<br>31 December 2022 | Prior Period<br>31 December 2021 |
|--|------------------------------------|----------------------------------|
| <b>TOTAL CAPITAL</b>   |                                    |                                  |
| Total Capital ((The sum of Tier I Capital and Tier II Capital))  | 74.428.156                         | 42.311.833                       |
| Total risk weighted amounts  | 423.588.063                        | 251.444.727                      |
| <b>CAPITAL ADEQUACY RATIOS</b>   |                                    |                                  |
| Core Capital Adequacy Ratio (%)  | 13,03                              | 11,61                            |
| Tier I Capital Adequacy Ratio (%)  | 13,03                              | 11,61                            |
| Capital Adequacy Ratio (%)   | 17,57                              | 16,83                            |
| <b>BUFFERS</b>   |                                    |                                  |
| Total additional Common Equity Tier I Capital requirement ratio  | 2,583                              | 2,602                            |
| Bank specific total common equity tier I capital ratio (%)   | 2,500                              | 2,500                            |
| Capital conservation buffer requirement (%)  | 0,083                              | 0,102                            |
| Systemic significant bank buffer ratio (%)   | --                                 | --                               |
| The ratio of Additional Common 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 (%)                | 1,949                              | 1,387                            |
| <b>Amounts below the Excess Limits as per the Deduction Principles</b>   |                                    |                                  |
| Portion of the total of net long positions of investments in equity items of Consolidated 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 | --                                 | --                               |
| Portion of the total of investments in equity items of Consolidated 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                       | --                                 | --                               |
| Amount arising from mortgage-servicing rights  | --                                 | --                               |
| Amount arising from deferred tax assets based on temporary differences   | --                                 | --                               |
| <b>Limits related to provisions considered in Tier II calculation</b>  |                                    |                                  |
| General provisions for standard based receivables (before one hundred twenty five in ten thousand limitation)  | 18.495.636                         | 14.811.648                       |
| Up to 125% of total risk-weighted amount of general reserves for receivables where the standard approach used  | 4.821.377                          | 2.800.069                        |
| 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   | --                                 | --                               |
| <b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>   |                                    |                                  |
| Upper limit for Additional Tier I Capital subjected to temporary Article 4   | --                                 | --                               |
| Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4  | --                                 | --                               |
| Upper limit for Additional Tier II Capital subjected to temporary Article 4 <sup>(2)</sup>   | --                                 | --                               |
| Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4   | --                                 | --                               |

<sup>(1)</sup> As of May 2018, the difference between the provision for expected credit loss calculated in accordance with TFRS 9 and the total provision amount calculated before the application of TFRS 9 has been recorded in "Prior Years' Profit and Loss" account. Therefore, in accordance with Provisional Article 5 of the "Regulation on Equity of Banks", this amount has been shown as net in the calculation of equity by adding 20% of the portion after deduction of the tax amount resulting from the difference as of 31 December 2021, there is no as of 31 December 2022.

<sup>(2)</sup> There are no loans included in Tier II capital related to "Temporary Article 4".

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### b. Information on debt instruments included in the calculation of equity

|   | ENBD PJSC  | ENBD PJSC  | ENBD PJSC   | ENBD PJSC   |
|---|--|--|---|---|
| Issuer  | ENBD PJSC  | ENBD PJSC  | ENBD PJSC   | ENBD PJSC   |
| Unique identifier (eg CUSIP, ISIN)  | Subordinated Loans   | Subordinated Loans   | Subordinated Loans  | Subordinated Loans  |
| Governing law(s) of the instrument  | "Regulations on Banks' Equity " dated 5 September 2013.  | "Regulations on Banks' Equity " dated 5 September 2013.  | "Regulations on Banks' Equity " dated 5 September 2013.   | "Regulations on Banks' Equity " dated 1 November 2006.  |
| <b>Regulatory treatment</b>   |  |  |   |   |
| Subject to 10% deduction as of 1/1/2015   | Not Deducted   | Not Deducted   | Not Deducted  | Not Deducted  |
| Eligible at solo/group/group&solo   | Eligible   | Eligible   | Eligible  | Eligible  |
| Instrument type   | Loan   | Loan   | Loan  | Loan  |
| Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date) | 2292   | 2805   | 5609  | 3740  |
| Par value of instrument (Currency in mil)   | 2292   | 2805   | 5609  | 3740  |
| Accounting classification   | 3470102  | 3470102  | 3470102   | 3470102   |
| Original date of issuance   | 30.09.2014   | 30.04.2014   | 31.01.2014  | 30.09.2013  |
| Perpetual or dated  | Dated  | Dated  | Dated   | Dated   |
| Original maturity date  | 15 years   | 15 years   | 15 years  | 15 years  |
| Issuer call subject to prior supervisory approval   | Yes  | Yes  | Yes   | Yes   |
| Optional call date, contingent call dates and redemption amount                             | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full on condition that it is at fifth years of the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given. | Subject to the written approval of the Banking Regulation and Supervision Agency, repayable in full or partially at any time before the planned repayment date, on condition that it is at least 5 years after the loan is given. |
| Subsequent call dates, if applicable  | None.  | None.  | None.   | None.   |
| <b>Coupons/Dividends</b>  |  |  |   |   |
| Fixed or floating dividend/coupon   | Fixed  | Fixed  | Fixed   | Fixed   |
| Coupon rate and any related index   | First five year 6,2%, after irs +5,64  | First five year 7,93%, after irs +6,12   | 7,50%   | 7,49%   |
| Existence of a dividend stopper   | None.  | None.  | None.   | None.   |
| Fully discretionary, partially discretionary or mandatory                                   | --   | --   | --  | --  |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|   |   |   |   |   |
|---|---|---|---|---|
| Existence of step up or other incentive to redeem             | None.   | None.   | None.   | None.   |
| Noncumulative or cumulative                                   | --  | --  | --  | --  |
| <b>Convertible or non-convertible</b>                         |   |   |   |   |
| If convertible, conversion trigger (s)                        | May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. | May be fully or partially extinguished principal amount and interest payment liabilities of loan or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. | May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. | May be permanently or temporarily derecognised or converted into capital in accordance with the related regulations in the case that the operation authorization of the Bank is revoked or in the event of an occurring possibility that the Bank may be transferred to the Fund. |
| If convertible, fully or partially                            | Convertible fully.  | Convertible fully.  | Convertible fully.  | Convertible fully.  |
| If convertible, conversion rate                               | --  | --  | --  | --  |
| If convertible, mandatory or optional conversion              | --  | --  | --  | --  |
| If convertible, specify instrument type convertible into      | --  | --  | --  | --  |
| If convertible, specify issuer of instrument it converts into | --  | --  | --  | --  |
| <b>Write-down feature</b>                                     |   |   |   |   |
| If write-down, write-down trigger(s)                          | None.   | None.   | None.   | None.   |
| If write-down, full or partial                                | --  | --  | --  | --  |
| If write-down, permanent or temporary                         | --  | --  | --  | --  |
| If temporary write-down, description of write-up mechanism    | --  | --  | --  | --  |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|   |  |  |  |  |
|---|--|--|--|--|
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants. | In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants. | In the event of the litigation of the Bank, gives the owner the authority to collect the claim after the borrowing instruments to be included in the additional principal capital and after deposit holders and all other claimants. | Gives the owner the right to collect the claim before share certificates and primary subordinated debts and after all other debts. |
| Whether conditions which stands in article of 7 and 8 of Banks' shareholder equity law are possessed or not   | Possessed for Article 8.   | Possessed for Article 8.   | Possessed for Article 8.   | Possessed for Article 8.   |
| According to article 7 and 8 of Banks' shareholders equity law that are not possessed                         | --   | --   | --   | --   |

**c.** Main differences between "Equity" amount mentioned in the prior tables' equity statements and "Equity" amount in consolidated balance sheet arise from stage 1 and stage 2 loss provisions. The portion of main amount to credit risk of stage 1 and stage 2 loss provisions up to 1,25% considered as supplementary capital in the calculation of "Equity" amount included in equity statement as result of deductions mentioned in scope of Regulation on Equity of Banks. Additionally, Losses reflected to equity are determined through excluding losses sourcing from cash flow hedge reflected in equity in accordance with TAS which are subjects of discount from Core Capital. On the other hand, leasehold improvement costs monitored under Plant, Property and Equipment in balance sheet, intangible assets and deferred tax liabilities related to intangible assets and certain other accounts determined by the Board are taken into consideration in the calculation as assets deducted from capital.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### II. Explanations related to the consolidated credit risk

#### a. Information on risk concentrations by debtors or group of debtors or geographical regions and sectors, basis for risk limits and the frequency of risk appraisals

Credit risk is the risk and losses likely to incur due to the counterparties of the Parent Bank and/or its consolidated subsidiaries and associates not meeting in full or in part their commitments arising from the contracts.

Credit risk limits of the customers are allocated based on the customers' financial strength and the credit requirement, within the credit authorization limits of the branches, the credit evaluation group, the regional directorates, the executive vice presidents responsible from loans, the general manager, the credit committee and the Board of Directors; on condition that they are in compliance with the related regulations.

Credit risk limits are determined for debtors or group of debtors. Credit risk limits of the debtors, group of debtors and sectors are monitored on a monthly basis.

#### Information on determination and distribution of risk limits for daily transactions, monitoring of risk concentrations related to off-balance sheet items per customer and dealer basis

Risk limits and allocations relating to daily transactions are monitored on a daily basis. Off-balance sheet risk concentrations are monitored by on-site and off-site investigations.

Information on periodical analysis of creditworthiness of loans and other receivables per legislation, inspection of account vouchers taken against new loans, if not inspected, the reasons for it, credit limit renewals, collaterals against loans and other receivables

The Group targets a healthy loan portfolio and in order to meet its target there are process instructions, follow-up and control procedures, close monitoring procedures and risk classifications for loans in accordance with the banking legislation.

In order to prevent the loans becoming non-performing either due to cyclical changes or structural problems, the potential problematic customers are determined through the analysis of early warning signals, and the probable performance problems are aimed to be resolved at an early stage.

It is preferred to obtain highly liquid collaterals such as bank guarantees, real estate and ship mortgages, pledges on securities and deposits, bills of exchange and sureties of the persons and companies.

#### Explanations related to the definitions of the loans, which have been overdue and impaired, value adjustments and provisions

Explanation is given in Section Four, note VIII-c-4-i.

#### Methods and approaches to valuation adjustments and provisions

Explanation is given in Section Three, note VIII.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### Total amount of exposures after offsetting transactions but before applying credit risk reductions and the average exposure amounts that are classified in different risk groups and types

|           | Risk classifications  | Current Period <sup>(*)</sup> | Average <sup>(**)</sup> |
|-----------|---|-------------------------------|-------------------------|
| 1         | Receivables from central governments and Central Banks                      | 172.411.130                   | 140.814.386             |
| 2         | Receivables from regional or local governments                              | 3.053.683                     | 3.183.718               |
| 3         | Receivables from administrative bodies and non-commercial enterprises       | --                            | --                      |
| 4         | Receivables from multilateral development banks                             | --                            | --                      |
| 5         | Receivables from international organizations                                | --                            | --                      |
| 6         | Receivables from banks and brokerage houses                                 | 37.462.829                    | 37.017.079              |
| 7         | Receivables from corporate portfolio  | 190.145.597                   | 173.945.984             |
| 8         | Receivables from retail portfolio   | 138.909.644                   | 116.692.843             |
| 9         | Receivables secured by residential mortgages                                | 6.880.689                     | 5.609.196               |
| 10        | Receivables secured by commercial mortgages                                 | 26.804.388                    | 22.938.552              |
| 11        | Past due receivables  | 2.904.896                     | 3.814.745               |
| 12        | Receivables defined in high risk category by BRSA                           | 34.237                        | 15.305                  |
| 13        | Securities collateralized by mortgages                                      | --                            | --                      |
| 14        | Short-term receivables from banks, brokerage houses and corporate portfolio | --                            | --                      |
| 15        | Investments similar to collective investment funds                          | 13.891                        | 421.192                 |
| 16        | Other receivables   | 30.791.834                    | 25.608.704              |
| 17        | Equity investments  | 2.695.434                     | 1.707.294               |
| <b>18</b> | <b>Total</b>  | <b>612.108.252</b>            | <b>531.768.998</b>      |

<sup>(\*)</sup> Includes the risks included in the total banking book before the credit risk reduction and after the credit conversion rate.

<sup>(\*\*)</sup> Arithmetical average of the quarterly reported amounts.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Risk classifications   | Prior Period <sup>(*)</sup> | Average <sup>(**)</sup> |
|--|-----------------------------|-------------------------|
| 1 Receivables from central governments and Central Banks                       | 85.043.432                  | 74.177.067              |
| 2 Receivables from regional or local governments                               | 3.386.732                   | 3.744.670               |
| 3 Receivables from administrative bodies and non-commercial enterprises        | --                          | --                      |
| 4 Receivables from multilateral development banks                              | --                          | --                      |
| 5 Receivables from international organizations                                 | --                          | --                      |
| 6 Receivables from banks and brokerage houses                                  | 24.966.776                  | 23.070.234              |
| 7 Receivables from corporate portfolio   | 121.467.278                 | 112.364.382             |
| 8 Receivables from retail portfolio  | 85.963.390                  | 77.060.085              |
| 9 Receivables secured by residential mortgages                                 | 3.576.147                   | 3.401.245               |
| 10 Receivables secured by commercial mortgages                                 | 16.072.143                  | 17.432.858              |
| 11 Past due receivables  | 4.271.155                   | 3.715.157               |
| 12 Receivables defined in high risk category by BRSA                           | 11.466                      | 16.862                  |
| 13 Securities collateralized by mortgages                                      | --                          | --                      |
| 14 Short-term receivables from banks, brokerage houses and corporate portfolio | --                          | --                      |
| 15 Investments similar to collective investment funds                          | 21.690                      | 10.718                  |
| 16 Other receivables   | 17.399.123                  | 14.637.318              |
| 17 Equity investments  | 1.398.859                   | 966.127                 |
| <b>18 Total</b>  | <b>363.578.191</b>          | <b>330.596.723</b>      |

<sup>(\*)</sup> Includes the risks included in the total banking book before the credit risk reduction and after the credit conversion rate.<sup>(\*\*)</sup> Arithmetical average of the quarterly reported amounts.

### b. Information on the control limits of the Group for forward transactions, options and similar contracts, management of credit risk for these instruments together with the potential risks arising from market conditions

The Group has control limits defined for the positions arising from forward transactions, options and similar contracts. Credit risk for these instruments is managed together with those arising from market conditions.

### c. Information on whether the Group decreases the risk by liquidating its forward transactions, options and similar contracts in case of facing a significant credit risk or not

Forward transactions can be realised at maturity. However, if it is required, reverse positions of the current positions are purchased to decrease the risk.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### d. Information on whether the indemnified non-cash loans are evaluated as having the same risk weight as non-performing loans or not

Indemnified non-cash loans are treated as having the same risk weight as non-performing loans.

### Information on whether the loans that are renewed and rescheduled are included in a new rating group as determined by the Bank's risk management system, other than the follow-up plan defined in the banking regulations or not; whether new precautions are considered in these methods or not; whether the Bank's risk management accepts long term commitments as having more risk than short term commitments which results in a diversification of risk or not

Loans that are renewed and rescheduled are included in a new rating group as determined by the risk management system, other than the follow-up plan defined in the banking regulations.

Long term commitments are considered as having more risk than short term commitments which results in a diversification of risk and are monitored periodically.

### e. Evaluation of the significance of country specific risk considering the economic conditions if the banks have foreign operations and credit transactions in a few countries or these operations are coordinated with a few financial entities

There is no significant credit risk since the Parent Bank's foreign operations and credit transactions are conducted in OECD and EU member countries in considering their economic climate.

### Evaluation of the significant credit risk concentration when evaluated together with the financial activities of other financial institutions as an active participant in the international banking market

Being an active participant in the international banking transactions market, the Parent Bank does not have significant credit risk as compared to other financial institutions.

### f. DFS Group's

#### 1. The share of receivables from the top 100 and 200 cash loan customers in the total cash loans portfolio

The receivables of DFS Group from the top 100 and 200 cash loan customers constitute 35% and 43% of the total cash loans portfolio (31 December 2021: 31%, 37%).



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 2. The share of receivables from the top 100 and 200 non-cash loan customers in the total non-cash loans portfolio

The receivables of DFS Group from the top 100 and 200 non-cash loan customers constitute 38% and 45% of the total non-cash loans portfolio (31 December 2021: 51%, 62%).

### 3. The share of the cash and non-cash receivables from the top 100 and 200 loan customers in the total balance sheet and off-balance sheet assets

The share of the cash and non-cash receivables of DFS Group from top 100 and 200 loan customers constitute 31% and 40% of the total balance sheet and off-balance sheet assets (31 December 2021: 20%, 26%).

### g. Expected credit loss for credit risk undertaken by DFS Group

As at 31 December 2022, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by DFS Group amounts to TL 18.495.636.

As at 31 December 2021, stage 1 and stage 2 provisions for expected credit loss for credit risk undertaken by DFS Group amounts to TL 14.811.647.

### h. Information on loans and provisions for expected loss

| Current Period - 31 December 2022    | Balance            | Provision         |
|--------------------------------------|--------------------|-------------------|
| <b>Loans</b>                         | <b>374.189.819</b> | <b>31.408.970</b> |
| Stage 1                              | 317.225.196        | 4.920.254         |
| Stage 2                              | 39.214.088         | 12.484.365        |
| Stage 3                              | 17.750.535         | 14.004.351        |
| Fair Value Through Profit or Loss    | --                 | --                |
| <b>Financial Assets</b>              | <b>250.008.359</b> | <b>40.891</b>     |
| <b>Other</b>                         | <b>18.602.094</b>  | <b>22.188</b>     |
| <b>Off-Balance Sheet Receivables</b> | <b>213.654.922</b> | <b>2.989.271</b>  |
| Stage 1 and 2                        | 211.539.771        | 1.027.938         |
| Stage 3                              | 2.115.151          | 1.961.333         |
| <b>Total</b>                         | <b>856.455.194</b> | <b>34.461.320</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### i. Information on provisions for expected loss for loans

|  | Stage 1          | Stage 2           | Stage 3           | Total             |
|--|------------------|-------------------|-------------------|-------------------|
| <b>Balance at the beginning of the period (1 January 2022)</b> | <b>3.187.819</b> | <b>10.791.714</b> | <b>11.813.254</b> | <b>25.792.787</b> |
| <b>Transfers</b>   | <b>177.826</b>   | <b>(355.490)</b>  | <b>177.664</b>    | <b>--</b>         |
| Stage 1  | 375.137          | (375.137)         | --                | --                |
| Stage 2  | (186.706)        | 992.314           | (805.608)         | --                |
| Stage 3  | (10.605)         | (972.667)         | 983.272           | --                |
| Loans addition in the period                                   | 1.563.844        | 1.038.982         | 1.597.078         | 4.199.904         |
| Disposals from loans in the period                             | (1.651.972)      | (3.934.630)       | (1.395.937)       | (6.982.539)       |
| Provisions changes during the period <sup>(*)</sup>            | 1.263.343        | 1.999.022         | 5.906.331         | 9.168.696         |
| Loans written off <sup>(**)</sup>                              | --               | --                | (4.155.621)       | (4.155.621)       |
| Loans sold   | --               | --                | (1.281)           | (1.281)           |
| Foreign exchange differences                                   | 379.394          | 2.944.767         | 62.863            | 3.387.024         |
| <b>Balance at the end of the period (31 December 2022)</b>     | <b>4.920.254</b> | <b>12.484.365</b> | <b>14.004.351</b> | <b>31.408.970</b> |

<sup>(\*)</sup> The related amounts include the changes in the provision for expected credit loss for the period of the loans remaining at the same stage during the year and the provisions for expected credit loss created by the transfers between the stages within the year.

<sup>(\*\*)</sup> As of 31 December 2022, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the DFS Group, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, as of 31 December 2022, DFS Group's loans amounting to TL 4.155.621 have been deducted from the records, and loans amounting to TL 1.281 have been sold.

### j. Information on loan movements <sup>(\*)</sup>

|  | Stage 1            | Stage 2           | Stage 3           | Total              |
|--|--------------------|-------------------|-------------------|--------------------|
| <b>Balance at the beginning of the period (1 January 2022)</b> | <b>199.458.077</b> | <b>35.422.601</b> | <b>16.638.273</b> | <b>251.518.951</b> |
| <b>Transfers</b>   | <b>(4.138.907)</b> | <b>(64.025)</b>   | <b>4.202.932</b>  | <b>--</b>          |
| Stage 1  | 3.177.112          | (3.177.112)       | --                | --                 |
| Stage 2  | (7.064.380)        | 7.316.145         | (251.765)         | --                 |
| Stage 3  | (251.639)          | (4.203.058)       | 4.454.697         | --                 |
| Loans addition in the period                                   | 145.161.898        | 7.586.358         | 6.424.796         | 159.173.052        |
| Disposals from loans in the period                             | (54.974.169)       | (10.661.162)      | (6.502.368)       | (72.137.699)       |
| Loans written off <sup>(*)</sup>                               | --                 | --                | (4.155.621)       | (4.155.621)        |
| Loans sold <sup>(*)</sup>                                      | --                 | --                | (1.281)           | (1.281)            |
| Foreign exchange differences                                   | 31.718.297         | 6.930.316         | 1.143.804         | 39.792.417         |
| <b>Balance at the end of the period (31 December 2022)</b>     | <b>317.225.196</b> | <b>39.214.088</b> | <b>17.750.535</b> | <b>374.189.819</b> |

<sup>(\*)</sup> As of 31 December 2022, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, starting from the reporting date that the loan is classified in group 5, the DFS Group, in line with TFRS 9, is eligible to write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor. In this context, loans amounting to TL 4.155.621 have been deducted from the records, and loans amounting to TL 1.281 have been sold. The effect of this accounting treatment on the non-performing loans ratio of the DFS Group is 105 basis points.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**k. Profile of significant exposures in major regions**

| Current Period  | Risk Classifications <sup>(*)</sup> ( <sup>***</sup> ) |           |    |    |    |            |             |             | Risk Classifications <sup>(*)</sup> ( <sup>***</sup> ) |            |           |        |    |    |        |            |           | Total       |
|---|--|-----------|----|----|----|------------|-------------|-------------|--|------------|-----------|--------|----|----|--------|------------|-----------|-------------|
|   | 1  | 2         | 3  | 4  | 5  | 6          | 7           | 8           | 9  | 10         | 11        | 12     | 13 | 14 | 15     | 16         | 17        |             |
| Domestic  | 147.606.894  | 2.819.582 | -- | -- | -- | 2.064.109  | 127.055.875 | 131.674.751 | 5.976.771  | 22.796.330 | 2.740.229 | 33.339 | -- | -- | 9      | 29.713.647 | 950       | 472.482.486 |
| European Union Countries                                  | 20.015.168   | --        | -- | -- | -- | 16.285.622 | 13.601.263  | 57.101      | 6.245  | 23.754     | 515       | --     | -- | -- | --     | 916.908    | 157       | 50.906.733  |
| OECD Countries <sup>(**)</sup>                            | --   | --        | -- | -- | -- | 2.895.459  | 197.553     | 913         | 5  | --         | --        | --     | -- | -- | --     | --         | --        | 3.093.930   |
| Off-Shore Banking Regions                                 | --   | --        | -- | -- | -- | 348.354    | 2.488.447   | 1.063       | 13.769   | 5.414      | 126.030   | --     | -- | -- | --     | --         | --        | 2.983.077   |
| USA, Canada   | --   | --        | -- | -- | -- | 3.757.087  | 132.585     | 2.825       | 412  | 3.200      | 26        | --     | -- | -- | --     | --         | --        | 3.896.135   |
| Other Countries   | 1.874.019  | --        | -- | -- | -- | 5.081.649  | 5.068.537   | 86.469      | 68.454   | 1.373.329  | 5.217     | 898    | -- | -- | --     | 161.279    | --        | 13.719.851  |
| Subsidiaries, Associates and jointly controlled companies | --   | --        | -- | -- | -- | --         | --          | --          | --   | --         | --        | --     | -- | -- | --     | --         | 2.694.327 | 2.694.327   |
| Unallocated Assets/Liabilities                            | 2.915.049  | 234.101   | -- | -- | -- | 7.030.549  | 41.601.337  | 7.086.522   | 815.033  | 2.602.361  | 32.879    | --     | -- | -- | 13.882 | --         | --        | 62.331.713  |
| Total   | 172.411.130  | 3.053.683 | -- | -- | -- | 37.462.829 | 190.145.597 | 138.909.644 | 6.880.689  | 26.804.388 | 2.904.896 | 34.237 | -- | -- | 13.891 | 30.791.834 | 2.695.434 | 612.108.252 |

| Prior Period  | Risk Classifications <sup>(*)</sup> ( <sup>***</sup> ) |           |   |    |    |            |             |            | Risk Classifications <sup>(*)</sup> ( <sup>***</sup> ) |            |           |        |    |    |        |            |           | Total       |
|---|--|-----------|---|----|----|------------|-------------|------------|--|------------|-----------|--------|----|----|--------|------------|-----------|-------------|
|   | 1  | 2         | 3 | 4  | 5  | 6          | 7           | 8          | 9  | 10         | 11        | 12     | 13 | 14 | 15     | 16         | 17        |             |
| Domestic  | 62.257.284   | 3.364.534 | - | -- | -- | 1.658.892  | 76.249.074  | 80.924.625 | 3.181.211  | 13.810.330 | 3.481.184 | 11.466 | -- | -- | --     | 14.874.222 | 466       | 259.813.288 |
| European Union Countries                                  | 19.420.083   | --        | - | -- | -- | 10.498.686 | 10.784.092  | 61.741     | 11.654   | 31.180     | 24.620    | --     | -- | -- | --     | 2.278.620  | 515       | 43.111.191  |
| OECD Countries <sup>(**)</sup>                            | --   | --        | - | -- | -- | 984.012    | 215.545     | 961        | 214  | --         | 3         | --     | -- | -- | --     | --         | --        | 1.200.735   |
| Off-Shore Banking Regions                                 | --   | --        | - | -- | -- | 224.166    | 1.061.010   | 4.872      | 15.697   | 747.882    | 387.588   | --     | -- | -- | --     | 99.781     | --        | 2.540.996   |
| USA, Canada   | --   | --        | - | -- | -- | 2.721.452  | 88.967      | 3.620      | 1.263  | 1.278      | 12        | --     | -- | -- | --     | --         | --        | 2.816.592   |
| Other Countries   | 361.896  | --        | - | -- | -- | 3.455.323  | 4.290.552   | 35.792     | 13.842   | 71.896     | 9.135     | --     | -- | -- | --     | 146.500    | --        | 8.384.936   |
| Subsidiaries, Associates and jointly controlled companies | --   | --        | - | -- | -- | --         | --          | --         | --   | --         | --        | --     | -- | -- | --     | --         | 1.397.878 | 1.397.878   |
| Unallocated Assets/Liabilities                            | 3.004.169  | 22.198    | - | -- | -- | 5.424.245  | 28.778.038  | 4.931.779  | 352.266  | 1.409.577  | 368.613   | --     | -- | -- | 21.690 | --         | --        | 44.312.575  |
| Total   | 85.043.432   | 3.386.732 | - | -- | -- | 24.966.776 | 121.467.278 | 85.963.390 | 3.576.147  | 16.072.143 | 4.271.155 | 11.466 | -- | -- | 21.690 | 17.399.123 | 1.398.859 | 363.578.191 |

<sup>(\*)</sup> Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

|   |  |
|---|--|
| <b>1:</b> Receivables from central governments and Central Banks                | <b>10:</b> Receivables secured by commercial mortgages                                 |
|   | Receivables secured by mortgages   |
| <b>2:</b> Receivables from regional or local governments                        | <b>11:</b> Past due receivables  |
|   | Past due receivables   |
| <b>3:</b> Receivables from administrative bodies and non-commercial enterprises | <b>12:</b> Receivables defined in high risk category by BRSA                           |
| <b>4:</b> Receivables from multilateral development banks                       | <b>13:</b> Securities collateralized by mortgages                                      |
| <b>5:</b> Receivables from international organizations                          | <b>14:</b> Short-term receivables from banks, brokerage houses and corporate portfolio |
| <b>6:</b> Receivables from banks and brokerage houses                           | <b>15:</b> Investments similar to collective investment funds                          |
| <b>7:</b> Receivables from corporate portfolio                                  | <b>16:</b> Other receivables   |
| <b>8:</b> Receivables from retail portfolio                                     | <b>17:</b> Equity investments  |
| <b>9:</b> Receivables secured by residential mortgages                          |  |

<sup>(\*\*)</sup> OECD countries except for EU countries, USA and Canada<sup>(\*\*\*)</sup> Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### I. Risk Profile by Sectors or Counterparties

| Current Period: 31<br>December 2022 | Risk Classifications <sup>(*)</sup> ( <sup>(**)</sup> ) |           |    |    |    |            |             |             |           | Risk Classifications <sup>(*)</sup> ( <sup>(**)</sup> ) |           |        |    |    |        |            |           |             | TL          | FC          | Total |
|-------------------------------------|---|-----------|----|----|----|------------|-------------|-------------|-----------|---|-----------|--------|----|----|--------|------------|-----------|-------------|-------------|-------------|-------|
|                                     | 1   | 2         | 3  | 4  | 5  | 6          | 7           | 8           | 9         | 10  | 11        | 12     | 13 | 14 | 15     | 16         | 17        |             |             |             |       |
| Agricultural                        | 419.769   | 25        | -- | -- | -- | --         | 5.962.471   | 17.556.689  | 536.761   | 3.572.711   | 43.143    | 202    | -- | -- | --     | 35         | --        | 27.357.265  | 734.541     | 28.091.806  |       |
| Farming and Cattle                  | 419.769   | 25        | -- | -- | -- | --         | 5.734.092   | 17.506.914  | 526.778   | 3.570.054   | 42.644    | --     | -- | -- | --     | 35         | --        | 27.167.910  | 632.401     | 27.800.311  |       |
| Forestry                            | --  | --        | -- | -- | -- | --         | 61.996      | 10.133      | 6.964     | 588   | 144       | --     | -- | -- | --     | --         | --        | 18.118      | 61.707      | 79.825      |       |
| Fishing                             | --  | --        | -- | -- | -- | --         | 166.383     | 39.642      | 3.019     | 2.069   | 355       | 202    | -- | -- | --     | --         | --        | 171.237     | 40.433      | 211.670     |       |
| Manufacturing                       | --  | --        | -- | -- | -- | --         | 54.611.538  | 4.776.458   | 855.318   | 4.234.394   | 440.314   | 1.593  | -- | -- | --     | 25         | --        | 28.345.756  | 36.573.884  | 64.919.640  |       |
| Mining                              | --  | --        | -- | -- | -- | --         | 2.682.547   | 284.707     | 59.342    | 315.946   | 3.386     | --     | -- | -- | --     | 1          | --        | 1.901.158   | 1.444.771   | 3.345.929   |       |
| Production                          | --  | --        | -- | -- | -- | --         | 39.348.322  | 4.456.549   | 776.477   | 3.834.428   | 81.391    | 1.593  | -- | -- | --     | 24         | --        | 23.877.124  | 24.621.660  | 48.498.784  |       |
| Electric, Gas, Water                | --  | --        | -- | -- | -- | --         | 12.580.669  | 35.202      | 19.499    | 84.020  | 355.537   | --     | -- | -- | --     | --         | --        | 2.567.474   | 10.507.453  | 13.074.927  |       |
| Construction                        | --  | 865.856   | -- | -- | -- | 9          | 24.617.276  | 2.452.798   | 954.890   | 1.364.117   | 166.410   | 3.465  | -- | -- | --     | 86         | 2.800     | 9.971.570   | 20.456.137  | 30.427.707  |       |
| Services                            | 58  | 62.026    | -- | -- | -- | 20.122.095 | 76.964.140  | 15.157.602  | 2.485.176 | 13.450.097  | 1.206.854 | 19.782 | -- | -- | --     | 3.437.021  | 1.419.292 | 46.595.633  | 87.728.510  | 134.324.143 |       |
| Wholesale and Retail                |   |           |    |    |    |            |             |             |           |   |           |        |    |    |        |            |           |             |             |             |       |
| Trade                               | 58  | 367       | -- | -- | -- | 169        | 27.362.955  | 11.325.903  | 1.799.235 | 3.249.519   | 219.933   | 3.345  | -- | -- | --     | 144        | --        | 27.080.207  | 16.881.421  | 43.961.628  |       |
| Hotel and Restaurant                |   |           |    |    |    |            |             |             |           |   |           |        |    |    |        |            |           |             |             |             |       |
| Services                            | --  | --        | -- | -- | -- | --         | 17.293.376  | 371.367     | 235.334   | 7.859.510   | 695.383   | 15.185 | -- | -- | --     | --         | --        | 2.825.391   | 23.644.764  | 26.470.155  |       |
| Transportation and                  |   |           |    |    |    |            |             |             |           |   |           |        |    |    |        |            |           |             |             |             |       |
| telecommunication                   | --  | --        | -- | -- | -- | --         | 16.639.434  | 1.850.421   | 255.481   | 869.921   | 89.068    | 12     | -- | -- | --     | 509        | --        | 4.828.102   | 14.876.744  | 19.704.846  |       |
| Financial institution               | --  | 34.210    | -- | -- | -- | 20.121.926 | 7.908.081   | 985.622     | 41.507    | 508.352   | 60.819    | 1.240  | -- | -- | --     | 3.436.357  | 1.419.292 | 8.044.829   | 26.472.577  | 34.517.406  |       |
| Real estate and letting             |   |           |    |    |    |            |             |             |           |   |           |        |    |    |        |            |           |             |             |             |       |
| services                            | --  | 24.112    | -- | -- | -- | --         | 507.090     | 213.506     | 47.444    | 81.609  | 1.607     | --     | -- | -- | --     | 9          | --        | 653.618     | 221.759     | 875.377     |       |
| Self-employment                     |   |           |    |    |    |            |             |             |           |   |           |        |    |    |        |            |           |             |             |             |       |
| services                            | --  | --        | -- | -- | -- | --         | --          | --          | --        | --  | --        | --     | -- | -- | --     | --         | --        | --          | --          | --          |       |
| Education services                  | --  | 2.267     | -- | -- | -- | --         | 800.759     | 178.081     | 65.220    | 598.719   | 20.171    | (2)    | -- | -- | --     | 1          | --        | 1.416.602   | 248.614     | 1.665.216   |       |
| Health and social                   |   |           |    |    |    |            |             |             |           |   |           |        |    |    |        |            |           |             |             |             |       |
| services                            | --  | 1.070     | -- | -- | -- | --         | 6.452.445   | 232.702     | 40.955    | 282.467   | 119.873   | 2      | -- | -- | --     | 1          | --        | 1.746.884   | 5.382.631   | 7.129.515   |       |
| Other                               | 171.991.303   | 2.125.776 | -- | -- | -- | 17.340.725 | 27.990.172  | 98.966.097  | 2.048.544 | 4.183.069   | 1.048.175 | 9.195  | -- | -- | 13.891 | 27.354.667 | 1.273.342 | 217.349.830 | 136.995.126 | 354.344.956 |       |
| Total                               | 172.411.130   | 3.053.683 | -- | -- | -- | 37.462.829 | 190.145.597 | 138.909.644 | 6.880.689 | 26.804.388  | 2.904.896 | 34.237 | -- | -- | 13.891 | 30.791.834 | 2.695.434 | 329.620.054 | 282.488.198 | 612.108.252 |       |

<sup>(\*)</sup> Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

|   |  |
|---|--|
| <b>1:</b> Receivables from central governments and Central Banks                | <b>10:</b> Receivables secured by commercial mortgages                                 |
|   | Receivables secured by mortgages   |
| <b>2:</b> Receivables from regional or local governments                        | <b>11:</b> Past due receivables  |
|   | Past due receivables   |
| <b>3:</b> Receivables from administrative bodies and non-commercial enterprises | <b>12:</b> Receivables defined in high risk category by BRSA                           |
| <b>4:</b> Receivables from multilateral development banks                       | <b>13:</b> Securities collateralized by mortgages                                      |
| <b>5:</b> Receivables from international organizations                          | <b>14:</b> Short-term receivables from banks, brokerage houses and corporate portfolio |
| <b>6:</b> Receivables from banks and brokerage houses                           | <b>15:</b> Investments similar to collective investment funds                          |
| <b>7:</b> Receivables from corporate portfolio                                  | <b>16:</b> Other receivables   |
| <b>8:</b> Receivables from retail portfolio                                     | <b>17:</b> Equity investments  |
| <b>9:</b> Receivables secured by residential mortgages                          |  |

<sup>(\*\*)</sup> Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Prior Period: 31<br>December 2021    | Risk Classifications <sup>(*)</sup> ( <sup>(*)</sup> ) |                  |           |           |           |                   |                    |                   |                  |                   |                  |               |           |           |               |                   |                  | TL                 | FC                 | Total              |
|--------------------------------------|--|------------------|-----------|-----------|-----------|-------------------|--------------------|-------------------|------------------|-------------------|------------------|---------------|-----------|-----------|---------------|-------------------|------------------|--------------------|--------------------|--------------------|
|                                      | 1  | 2                | 3         | 4         | 5         | 6                 | 7                  | 8                 | 9                | 10                | 11               | 12            | 13        | 14        | 15            | 16                | 17               |                    |                    |                    |
| <b>Agricultural</b>                  | <b>253.612</b>   | <b>50</b>        | --        | --        | --        | --                | <b>1.279.972</b>   | <b>14.534.114</b> | <b>305.841</b>   | <b>2.353.133</b>  | <b>234.581</b>   | <b>29</b>     | --        | --        | --            | <b>1.689.011</b>  | --               | <b>20.217.984</b>  | <b>432.359</b>     | <b>20.650.343</b>  |
| Farming and Cattle                   | 253.612  | 50               | --        | --        | --        | --                | 1.279.782          | 14.510.216        | 302.478          | 2.352.176         | 232.533          | 29            | --        | --        | --            | 1.689.011         | --               | 20.188.507         | 431.380            | 20.619.887         |
| Forestry                             | --   | --               | --        | --        | --        | --                | --                 | 2.836             | 2.203            | 148               | 7                | --            | --        | --        | --            | --                | --               | 5.194              | --                 | 5.194              |
| Fishing                              | --   | --               | --        | --        | --        | --                | 190                | 21.062            | 1.160            | 809               | 2.041            | --            | --        | --        | --            | --                | --               | 24.283             | 979                | 25.262             |
| <b>Manufacturing</b>                 | <b>--</b>  | <b>--</b>        | <b>--</b> | <b>--</b> | <b>--</b> | <b>--</b>         | <b>33.555.139</b>  | <b>3.474.224</b>  | <b>341.709</b>   | <b>2.469.339</b>  | <b>210.309</b>   | <b>497</b>    | <b>--</b> | <b>--</b> | <b>--</b>     | <b>12</b>         | <b>--</b>        | <b>9.964.142</b>   | <b>30.087.087</b>  | <b>40.051.229</b>  |
| Mining                               | --   | --               | --        | --        | --        | --                | 1.646.371          | 217.025           | 24.701           | 55.547            | 6.359            | 20            | --        | --        | --            | --                | --               | 783.627            | 1.166.396          | 1.950.023          |
| Production                           | --   | --               | --        | --        | --        | --                | 23.558.475         | 3.207.221         | 305.059          | 2.378.864         | 131.842          | 477           | --        | --        | --            | 12                | --               | 8.319.279          | 21.262.671         | 29.581.950         |
| Electric, Gas, Water                 | --   | --               | --        | --        | --        | --                | 8.350.293          | 49.978            | 11.949           | 34.928            | 72.108           | --            | --        | --        | --            | --                | --               | 861.236            | 7.658.020          | 8.519.256          |
| <b>Construction</b>                  | <b>--</b>  | <b>886.477</b>   | <b>--</b> | <b>--</b> | <b>--</b> | <b>7</b>          | <b>21.746.044</b>  | <b>1.891.469</b>  | <b>399.898</b>   | <b>946.740</b>    | <b>771.285</b>   | <b>2.639</b>  | <b>--</b> | <b>--</b> | <b>--</b>     | <b>12</b>         | <b>2.800</b>     | <b>7.120.821</b>   | <b>19.526.550</b>  | <b>26.647.371</b>  |
| <b>Services</b>                      | <b>25.936</b>  | <b>19.754</b>    | <b>--</b> | <b>--</b> | <b>--</b> | <b>12.636.880</b> | <b>46.607.287</b>  | <b>10.246.497</b> | <b>1.175.035</b> | <b>8.217.340</b>  | <b>1.617.841</b> | <b>5.841</b>  | <b>--</b> | <b>--</b> | <b>4.538</b>  | <b>161.361</b>    | <b>1.390.690</b> | <b>26.197.439</b>  | <b>55.911.561</b>  | <b>82.109.000</b>  |
| Wholesale and Retail Trade           | 83   | 3.414            | --        | --        | --        | 2                 | 17.158.780         | 8.000.140         | 792.017          | 1.685.434         | 448.270          | 2.983         | --        | --        | --            | 63                | --               | 13.965.739         | 14.125.447         | 28.091.186         |
| Hotel and Restaurant Services        | --   | --               | --        | --        | --        | --                | 14.270.469         | 382.153           | 99.436           | 5.061.001         | 894.166          | 107           | --        | --        | --            | --                | --               | 2.800.751          | 17.906.581         | 20.707.332         |
| Transportation and telecommunication | --   | --               | --        | --        | --        | --                | 8.125.208          | 1.352.076         | 182.521          | 658.493           | 177.411          | 42            | --        | --        | --            | 816               | 346              | 3.281.965          | 7.214.948          | 10.496.913         |
| Financial institution                | 25.853   | --               | --        | --        | --        | 12.636.878        | 801.391            | 93.249            | 8.820            | 21.171            | 1.001            | --            | --        | --        | 4.538         | 160.475           | 1.380.344        | 3.245.505          | 11.888.215         | 15.133.720         |
| Real estate and letting services     | --   | 10.427           | --        | --        | --        | --                | 190.960            | 105.922           | 17.647           | 31.599            | 3.696            | 1             | --        | --        | --            | 6                 | 10.000           | 268.339            | 101.919            | 370.258            |
| Self-employment services             | --   | --               | --        | --        | --        | --                | --                 | --                | --               | --                | --               | --            | --        | --        | --            | --                | --               | --                 | --                 | --                 |
| Education services                   | --   | 4.937            | --        | --        | --        | --                | 680.068            | 164.237           | 53.953           | 455.728           | 26.288           | (2)           | --        | --        | --            | --                | --               | 1.173.280          | 211.929            | 1.385.209          |
| Health and social services           | --   | 976              | --        | --        | --        | --                | 5.380.411          | 148.720           | 20.641           | 303.914           | 67.009           | 2.710         | --        | --        | --            | 1                 | --               | 1.461.860          | 4.462.522          | 5.924.382          |
| <b>Other</b>                         | <b>84.763.884</b>                                      | <b>2.480.451</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>12.329.889</b> | <b>18.278.836</b>  | <b>55.817.086</b> | <b>1.353.664</b> | <b>2.085.591</b>  | <b>1.437.139</b> | <b>2.460</b>  | <b>--</b> | <b>--</b> | <b>17.152</b> | <b>15.548.727</b> | <b>5.369</b>     | <b>98.952.996</b>  | <b>95.167.252</b>  | <b>194.120.248</b> |
| <b>Total</b>                         | <b>85.043.432</b>                                      | <b>3.386.732</b> | <b>--</b> | <b>--</b> | <b>--</b> | <b>24.966.776</b> | <b>121.467.278</b> | <b>85.963.390</b> | <b>3.576.147</b> | <b>16.072.143</b> | <b>4.271.155</b> | <b>11.466</b> | <b>--</b> | <b>--</b> | <b>21.690</b> | <b>17.399.123</b> | <b>1.398.859</b> | <b>162.453.382</b> | <b>201.124.809</b> | <b>363.578.191</b> |

<sup>(\*)</sup> Exposure categories are as per the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks:

|   |  |
|---|--|
| <b>1:</b> Receivables from central governments and Central Banks                | <b>10:</b> Receivables secured by commercial mortgages                                 |
|   | Receivables secured by mortgages   |
| <b>2:</b> Receivables from regional or local governments                        | <b>11:</b> Past due receivables  |
|   | Past due receivables   |
| <b>3:</b> Receivables from administrative bodies and non-commercial enterprises | <b>12:</b> Receivables defined in high risk category by BRSA                           |
| <b>4:</b> Receivables from multilateral development banks                       | <b>13:</b> Securities collateralized by mortgages                                      |
| <b>5:</b> Receivables from international organizations                          | <b>14:</b> Short-term receivables from banks, brokerage houses and corporate portfolio |
| <b>6:</b> Receivables from banks and brokerage houses                           | <b>15:</b> Investments similar to collective investment funds                          |
| <b>7:</b> Receivables from corporate portfolio                                  | <b>16:</b> Other receivables   |
| <b>8:</b> Receivables from retail portfolio                                     | <b>17:</b> Equity investments  |
| <b>9:</b> Receivables secured by residential mortgages                          |  |

<sup>(\*\*)</sup> Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### m. Analysis of maturity-bearing exposures according to remaining maturities

#### Current Period

| Risk classifications   | Undistributed <sup>(*)</sup> | 1 month            | 1-3 months        | 3-6 months        | 6-12 months       | Over 1 Year        |
|--|------------------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| 1 Receivables from central governments and Central Banks                       | 28.072.780                   | 41.156.789         | 18.728.144        | 503.213           | 750.144           | 83.200.060         |
| 2 Receivables from regional or local governments                               | --                           | 10.773             | 7.067             | 52.015            | 232.753           | 2.751.075          |
| 3 Receivables from administrative bodies and non-commercial enterprises        | --                           | --                 | --                | --                | --                | --                 |
| 4 Receivables from multilateral development banks                              | --                           | --                 | --                | --                | --                | --                 |
| 5 Receivables from international organizations                                 | --                           | --                 | --                | --                | --                | --                 |
| 6 Receivables from banks and brokerage houses                                  | 5.664.713                    | 4.580.863          | 12.097.307        | 2.235.767         | 3.830.188         | 9.053.991          |
| 7 Receivables from corporate portfolio   | --                           | 15.050.809         | 21.196.230        | 19.324.798        | 29.956.442        | 104.617.318        |
| 8 Receivables from retail portfolio  | --                           | 45.595.381         | 8.100.609         | 8.520.373         | 30.298.939        | 46.394.342         |
| 9 Receivables secured by residential mortgages                                 | --                           | 485.732            | 849.685           | 1.105.534         | 1.828.767         | 2.610.971          |
| 10 Receivables secured by commercial mortgages                                 | --                           | 1.048.636          | 1.707.233         | 2.550.979         | 4.786.163         | 16.711.377         |
| 11 Past due receivables  | 2.904.896                    | --                 | --                | --                | --                | --                 |
| 12 Receivables defined in high risk category by BRSA                           | 34.237                       | --                 | --                | --                | --                | --                 |
| 13 Securities collateralized by mortgages                                      | --                           | --                 | --                | --                | --                | --                 |
| 14 Short-term receivables from banks, brokerage houses and corporate portfolio | --                           | --                 | --                | --                | --                | --                 |
| 15 Investments similar to collective investment funds                          | --                           | 1.304              | --                | --                | 12.587            | --                 |
| 16 Other receivables   | 30.195.345                   | 87.003             | --                | --                | --                | 509.486            |
| 17 Equity investments  | 2.695.434                    | --                 | --                | --                | --                | --                 |
| <b>18 Total</b>  | <b>69.567.405</b>            | <b>108.017.290</b> | <b>62.686.275</b> | <b>34.292.679</b> | <b>71.695.983</b> | <b>265.848.620</b> |

<sup>(\*)</sup> Amounts without maturities are included.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

#### Prior Period

| Risk classifications   | Undistributed <sup>(*)</sup> | 1 month           | 1-3 months        | 3-6 months        | 6-12 months       | Over 1 Year        |
|--|------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| 1 Receivables from central governments and Central Banks                       | 16.290.080                   | 21.533.212        | 19.923.727        | 35.451            | --                | 27.260.962         |
| 2 Receivables from regional or local governments                               | --                           | 2.755             | 2.229             | 2.552             | 63.113            | 3.316.083          |
| 3 Receivables from administrative bodies and non-commercial enterprises        | --                           | --                | --                | --                | --                | --                 |
| 4 Receivables from multilateral development banks                              | --                           | --                | --                | --                | --                | --                 |
| 5 Receivables from international organizations                                 | --                           | --                | --                | --                | --                | --                 |
| 6 Receivables from banks and brokerage houses                                  | 3.899.773                    | 6.304.104         | 5.822.632         | 1.007.525         | 1.202.127         | 6.730.615          |
| 7 Receivables from corporate portfolio   | --                           | 9.595.098         | 9.865.769         | 7.538.162         | 15.361.199        | 79.107.050         |
| 8 Receivables from retail portfolio  | 1                            | 22.320.151        | 4.160.586         | 4.757.829         | 16.284.074        | 38.440.749         |
| 9 Receivables secured by residential mortgages                                 | 2                            | 198.818           | 294.276           | 309.502           | 649.311           | 2.124.238          |
| 10 Receivables secured by commercial mortgages                                 | 16                           | 507.598           | 641.296           | 804.998           | 2.194.208         | 11.924.027         |
| 11 Past due receivables  | 3.701.435                    | 83.355            | 913               | 25.342            | 19.794            | 440.316            |
| 12 Receivables defined in high risk category by BRSA                           | --                           | 5.022             | 6.068             | --                | 107               | 269                |
| 13 Securities collateralized by mortgages                                      | --                           | --                | --                | --                | --                | --                 |
| 14 Short-term receivables from banks, brokerage houses and corporate portfolio | --                           | --                | --                | --                | --                | --                 |
| 15 Investments similar to collective investment funds                          | --                           | 11.250            | 10.440            | --                | --                | --                 |
| 16 Other receivables   | 15.237.776                   | 79.892            | --                | --                | --                | 2.081.455          |
| 17 Equity investments  | 1.398.501                    | --                | --                | --                | --                | 358                |
| <b>18 Total</b>  | <b>40.527.584</b>            | <b>60.641.255</b> | <b>40.727.936</b> | <b>14.481.361</b> | <b>35.773.933</b> | <b>171.426.122</b> |

<sup>(\*)</sup> Amounts without maturities are included.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### n. Information on risk class

Ratings issued by Fitch, international credit rating agency, are being used in determining risk weights for the regulatory calculation of capital adequacy.

The scope of asset classes that the credit ratings are considered are receivables from central governments or central bank, receivables from banks and brokerage houses as being limited with those residing abroad and corporate receivables from residing abroad.

#### Current Period

| Credit Quality Grade | Risk Rating | Risk Classifications                                  |  |  |                       |
|----------------------|-------------|---|--|--|-----------------------|
|                      |             | Receivables from Banks and Brokerage Houses           |  |  | Corporate Receivables |
|                      |             | Receivables from Central Governments or Central Banks | Receivables with Remaining Maturities Less Than 3 Months | Receivables with Remaining Maturities More Than 3 Months |                       |
| 1                    | AAA         | 0%  | 20%  | 20%  | 20%                   |
|                      | AA+         |   |  |  |                       |
|                      | AA          |   |  |  |                       |
|                      | AA-         |   |  |  |                       |
| 2                    | A+          | 20%   | 20%  | 50%  | 50%                   |
|                      | A           |   |  |  |                       |
|                      | A-          |   |  |  |                       |
| 3                    | BBB+        | 50%   | 20%  | 50%  | 100%                  |
|                      | BBB         |   |  |  |                       |
|                      | BBB-        |   |  |  |                       |
| 4                    | BB+         | 100%  | 50%  | 100%   | 100%                  |
|                      | BB          |   |  |  |                       |
|                      | BB-         |   |  |  |                       |
| 5                    | B+          | 100%  | 50%  | 100%   | 150%                  |
|                      | B           |   |  |  |                       |
|                      | B-          |   |  |  |                       |
| 6                    | CCC         | 150%  | 150%   | 150%   | 150%                  |
|                      | CC          |   |  |  |                       |
|                      | C           |   |  |  |                       |
|                      | D           |   |  |  |                       |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### Prior Period

| Credit Quality Grade | Risk Rating | Risk Classifications                                  |  |  |                       |
|----------------------|-------------|---|--|--|-----------------------|
|                      |             | Receivables from Central Governments or Central Banks | Receivables from Banks and Brokerage Houses              |  | Corporate Receivables |
|                      |             |   | Receivables with Remaining Maturities Less Than 3 Months | Receivables with Remaining Maturities More Than 3 Months |                       |
| 1                    | AAA         | 0%  | 20%  | 20%  | 20%                   |
|                      | AA+         |   |  |  |                       |
|                      | AA          |   |  |  |                       |
|                      | AA-         |   |  |  |                       |
| 2                    | A+          | 20%   | 20%  | 50%  | 50%                   |
|                      | A           |   |  |  |                       |
|                      | A-          |   |  |  |                       |
| 3                    | BBB+        | 50%   | 20%  | 50%  | 100%                  |
|                      | BBB         |   |  |  |                       |
|                      | BBB-        |   |  |  |                       |
| 4                    | BB+         | 100%  | 50%  | 100%   | 100%                  |
|                      | BB          |   |  |  |                       |
| 5                    | B+          | 100%  | 50%  | 100%   | 150%                  |
|                      | B           |   |  |  |                       |
|                      | B-          |   |  |  |                       |
| 6                    | CCC         | 150%  | 150%   | 150%   | 150%                  |
|                      | CC          |   |  |  |                       |
|                      | C           |   |  |  |                       |
|                      | D           |   |  |  |                       |

### o. Exposures by risk weights

#### Current Period

| Risk Weight                             | 0%          | 10% | 20%        | 35%       | 50%        | 75%        | 100%        | 150%       | 200%       | 250% | Other Risk Weights | Equity Deduction |
|---|-------------|-----|------------|-----------|------------|------------|-------------|------------|------------|------|--------------------|------------------|
| Exposures before Credit Risk Mitigation | 173.896.994 | --  | 25.993.184 | --        | 16.730.325 | 96.985.472 | 248.970.306 | 34.142.601 | 14.783.076 | --   | 606.294            | 2.466.181        |
| Exposures after Credit Risk Mitigation  | 177.284.423 | --  | 26.992.754 | 6.593.361 | 40.266.757 | 83.498.669 | 210.556.921 | 34.081.939 | 15.265.796 | --   | 606.294            | 2.466.181        |

#### Prior Period

| Risk Weight                             | 0%         | 10% | 20%        | 35%       | 50%        | 75%        | 100%        | 150%       | 200% | 250% | Other Risk Weights | Equity Deduction |
|---|------------|-----|------------|-----------|------------|------------|-------------|------------|------|------|--------------------|------------------|
| Exposures before Credit Risk Mitigation | 89.497.212 | --  | 14.810.864 | --        | 16.123.418 | 73.232.277 | 155.859.103 | 14.055.317 | --   | --   | --                 | 1.647.741        |
| Exposures after Credit Risk Mitigation  | 93.820.903 | --  | 15.252.161 | 3.479.681 | 29.530.335 | 64.353.915 | 134.086.381 | 13.890.866 | --   | --   | --                 | 1.647.741        |



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### p. Information by major sectors and type of counterparties <sup>(\*)</sup>

#### Current Period

| Important Sectors/<br>Counterparties | Loans ('')  |                              | Provisions   |
|--------------------------------------|---|------------------------------|--|
|                                      | Impaired (TFRS 9)                                   |                              | Provision for<br>Expected Credit<br>Loss (TFRS 9) ('') |
|                                      | Significant<br>Increase in Credit<br>Risk (Stage 2) | Credit Impaired<br>(Stage 3) |  |
|                                      |   |                              |  |
| Agricultural                         | 2.548.366   | 960.709                      | 1.458.199  |
| Farming and Cattle                   | 2.544.244   | 959.758                      | 1.457.203  |
| Forestry                             | 1.627   | 632                          | 690  |
| Fishing                              | 2.495   | 319                          | 306  |
| Manufacturing                        | 7.096.902   | 5.472.280                    | 5.803.129  |
| Mining                               | 18.790  | 132.438                      | 133.501  |
| Production                           | 2.234.524   | 1.586.985                    | 2.267.227  |
| Electric, Gas, Water                 | 4.843.588   | 3.752.857                    | 3.402.401  |
| Construction                         | 3.573.968   | 1.444.278                    | 2.904.085  |
| Services                             | 16.339.140  | 6.841.809                    | 11.797.854   |
| Wholesale and Retail Trade           | 4.218.907   | 2.053.248                    | 3.862.468  |
| Hotel and Restaurant Services        | 9.770.527   | 2.132.783                    | 3.486.815  |
| Transportation & telecommunication   | 1.985.076   | 548.559                      | 1.449.244  |
| Financial institutions               | 20.280  | 3.298                        | 13.021   |
| Real estate and letting services     | 94.681  | 1.333.627                    | 2.322.978  |
| Self-employment services             | 122.107   | 127.490                      | 140.433  |
| Education services                   | 78.276  | 102.931                      | 96.692   |
| Health and social services           | 49.286  | 539.873                      | 426.203  |
| Other                                | 9.655.712   | 3.031.459                    | 4.525.449  |
| Total                                | 39.214.088  | 17.750.535                   | 26.488.716   |

<sup>(\*)</sup> The balances of loans at fair value through profit or loss are not included.<sup>(\*\*)</sup> Cash loans are given.<sup>(\*\*\*)</sup> Includes the stage 2 and stage 3 provisions.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### Prior Period

| Important Sectors/<br>Counterparties | Loans <sup>(**)</sup>                               |                              | Provisions   |
|--------------------------------------|---|------------------------------|--|
|                                      | Impaired (TFRS 9)                                   |                              | Provision for<br>Expected Credit<br>Loss (TFRS 9) <sup>(***)</sup> |
|                                      | Significant<br>Increase in Credit<br>Risk (Stage 2) | Credit Impaired<br>(Stage 3) |  |
|                                      |   |                              |  |
| Agricultural                         | 3.372.787   | 1.994.054                    | 1.928.603  |
| Farming and Cattle                   | 3.355.092   | 1.991.975                    | 1.913.200  |
| Forestry                             | 16.992  | 166                          | 14.030   |
| Fishing                              | 703   | 1.913                        | 1.373  |
| Manufacturing                        | 7.712.012   | 3.420.688                    | 4.956.652  |
| Mining                               | 65.034  | 87.463                       | 96.112   |
| Production                           | 2.943.027   | 1.514.731                    | 2.663.548  |
| Electric, Gas, Water                 | 4.703.951   | 1.818.494                    | 2.196.992  |
| Construction                         | 2.408.812   | 1.677.904                    | 2.663.902  |
| Services                             | 12.563.731  | 5.769.253                    | 8.732.723  |
| Wholesale and Retail Trade           | 3.688.065   | 1.456.997                    | 2.704.243  |
| Hotel and Restaurant Services        | 6.565.227   | 1.826.724                    | 3.004.186  |
| Transportation & telecommunication   | 1.512.044   | 503.823                      | 1.056.600  |
| Financial institutions               | 40.752  | 8.081                        | 17.391   |
| Real estate and letting services     | 350.775   | 1.534.263                    | 1.395.016  |
| Self-employment services             | 93.969  | 126.104                      | 133.868  |
| Education services                   | 57.778  | 104.171                      | 113.465  |
| Health and social services           | 255.121   | 209.090                      | 307.954  |
| Other                                | 9.365.259   | 3.776.374                    | 4.323.088  |
| Total                                | 35.422.601  | 16.638.273                   | 22.604.968   |

<sup>(\*)</sup> The balances of loans at fair value through profit or loss are not included.<sup>(\*\*)</sup> Cash loans are given.<sup>(\*\*\*)</sup> Includes the stage 2 and stage 3 provisions.

### q. Information on movements in valuation adjustments and provisions

| Current Period:<br>31 December 2022                       | Opening Balance<br>(After TFRS 9)<br>1 January 2022 | Charge for the<br>period | Other<br>Adjustments <sup>(*)</sup> | Closing Balance |
|---|---|--------------------------|-------------------------------------|-----------------|
| Default (Stage 3/Specific Provision)                      | 11.813.254  | 6.107.472                | (3.916.375)                         | 14.004.351      |
| 12 Months Provision for Expected<br>Credit Loss (Stage 1) | 3.187.819   | 1.175.215                | 557.220                             | 4.920.254       |
| Significant Increase in Credit Risk<br>(Stage 2)          | 10.791.714  | (896.626)                | 2.589.277                           | 12.484.365      |

<sup>(\*)</sup> Includes sales made from non-performing loans, write-off and foreign exchange differences.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Prior Period:<br>31 December 2021                         | Opening Balance<br>(After TFRS 9)<br>1 January 2021 | Charge for the<br>period | Other<br>Adjustments <sup>(*)</sup> | Closing Balance |
|---|---|--------------------------|-------------------------------------|-----------------|
| Default (Stage 3/Specific Provision)                      | 8.527.654   | 2.650.190                | 635.410                             | 11.813.254      |
| 12 Months Provision for Expected<br>Credit Loss (Stage 1) | 1.469.685   | 1.435.206                | 282.928                             | 3.187.819       |
| Significant Increase in Credit Risk<br>(Stage 2)          | 6.306.466   | 2.896.681                | 1.588.567                           | 10.791.714      |

(\*) Includes sales made from non-performing loans, write-off and foreign exchange differences.

**r. Information on cyclical capital buffer calculation:****Current Period**

| Country of ultimate risk | Private sector<br>credit exposure<br>in banking book | Risk weighted<br>equivalent<br>trading book | Total       |
|--------------------------|--|---|-------------|
| Turkey                   | 347.950.524  | 568.377                                     | 348.518.901 |
| England                  | 3.533.703  | --  | 3.533.703   |
| Switzerland              | 344.695  | --  | 344.695     |
| Netherlands              | 1.786.958  | --  | 1.786.958   |
| Germany                  | 5.028.448  | --  | 5.028.448   |
| United Arab Emirates     | 2.034.894  | --  | 2.034.894   |
| Other                    | 13.528.676   | --  | 13.528.676  |

**Prior Period**

| Country of ultimate risk | Private sector<br>credit exposure<br>in banking book | Risk weighted<br>equivalent<br>trading book | Total       |
|--------------------------|--|---|-------------|
| Turkey                   | 196.190.417  | 341.932                                     | 196.532.349 |
| England                  | 2.710.860  | --  | 2.710.860   |
| Switzerland              | 501.346  | --  | 501.346     |
| Netherlands              | 1.774.447  | --  | 1.774.447   |
| Germany                  | 3.914.904  | --  | 3.914.904   |
| United Arab Emirates     | 1.258.346  | --  | 1.258.346   |
| Other                    | 10.490.714   | --  | 10.490.714  |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**III. Explanations related to the consolidated foreign currency exchange rate risk****a. Foreign exchange rate risk the Group is exposed to, related impact estimations, and the limits set by the Board of Directors of the Parent Bank for positions which are monitored daily**

Foreign currency risk arises from the DFS Group's net foreign exchange position arising from foreign currency in balance sheet and off-balance sheet assets and liabilities. Against foreign currency risk, the Bank performs foreign currency transactions, as well as foreign currency transactions. Foreign currency indexed transactions are also accepted in foreign currency in the management of exchange rate risk.

The management and follow-up of currency risk has been handled through separate processes for trading and banking accounts. In the management of the position arising from trading accounts, risk-based value-at-risk limit, position limits, option sensitivity limits and stop loss limits are defined and monitored daily. The limit system was formed in two levels by the Board of Directors and the Asset-Liability Committee.

The ultimate responsibility for the management of currency risk arising from banking accounts lies in the Asset-Liability Committee ("ALCO"). Positions are constantly monitored and transactions are carried out in line with the strategy determined by ALCO. In addition to the legal limits, the limits determined by the Board of Directors on the basis of total and foreign currency are taken into account in managing the exchange rate risk.

**b. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives**

In accordance with TFRS 9, DFS Group applies net investment hedge accounting to avoid foreign currency exchange rate risk arising from translation of its foreign investments in its consolidated financial statements.

Information relating to investment hedge to avoid foreign currency exchange rate risk arising from retranslation of its foreign investments are explained in Section Four, note VIII-a.

**c. Foreign currency risk management policy**

The procedures and principles regarding the management of currency risk have been written down in the Currency Risk Policy. The limit system, which is the most important element of the Bank's risk management policy, is reviewed once a year and approved by the Board of Directors, considering the general economic situation and developments in the markets.

**d. The Parent Bank's current foreign exchange buying rates announced to the public as of the financial statement date and for the last five working days before that date**

|   |            |
|---|------------|
| US Dollar purchase rate at the balance sheet date | TL 18,6983 |
| Euro purchase rate at the balance sheet date      | TL 19,9349 |

| Date             | US Dollar | Euro    |
|------------------|-----------|---------|
| 26 December 2022 | 18,6649   | 19,8324 |
| 27 December 2022 | 18,6813   | 19,9087 |
| 28 December 2022 | 18,6964   | 19,8946 |
| 29 December 2022 | 18,6966   | 19,8816 |
| 30 December 2022 | 18,6983   | 19,9349 |

**e. The simple arithmetic average of the Parent Bank's current foreign exchange buying rate for the last thirty days from the date of the financial statements**

The arithmetical average US Dollar and Euro purchase rates for December 2022 are TL 18,6395 and TL 19,7374 respectively.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### f. Information on currency risk

| Current Period   | EURO                | USD                 | Other FC <sup>(5)</sup> | Total                |
|--|---------------------|---------------------|-------------------------|----------------------|
| <b>Assets</b>  |                     |                     |                         |                      |
| Cash Equivalents and Central Bank  | 59.319.731          | 35.685.505          | 8.442.327               | <b>103.447.563</b>   |
| Banks  | 15.863.221          | 14.299.169          | 1.572.525               | <b>31.734.915</b>    |
| Financial Assets at Fair Value through Profit or Loss (Net) <sup>(1)</sup> | 532.663             | 3.358.284           | 21.346                  | <b>3.912.293</b>     |
| Due from Money Markets   | --                  | --                  | --                      | <b>--</b>            |
| Financial Assets at Fair Value through Other Comprehensive Income          | 3.226.277           | 32.441.476          | 474.508                 | <b>36.142.261</b>    |
| Loans <sup>(3)</sup>   | 104.636.884         | 52.520.379          | 4.908.972               | <b>162.066.235</b>   |
| Investments in Associates, Subsidiaries and Joint Ventures                 | 698                 | --                  | --                      | <b>698</b>           |
| Financial Assets Measured at Amortised Cost <sup>(2)</sup>                 | 1.289.512           | 5.880.981           | --                      | <b>7.170.493</b>     |
| Hedging Derivative Financial Assets  | --                  | --                  | --                      | <b>--</b>            |
| Tangible Fixed Assets  | 640.721             | 208                 | 35.215                  | <b>676.144</b>       |
| Intangible Fixed Assets <sup>(3)</sup>                                     | --                  | --                  | --                      | <b>--</b>            |
| Other Assets <sup>(4)</sup>  | 567.006             | 2.057.381           | 646.341                 | <b>3.270.728</b>     |
| <b>Total Assets</b>  | <b>186.076.713</b>  | <b>146.243.383</b>  | <b>16.101.234</b>       | <b>348.421.330</b>   |
| <b>Liabilities</b>   |                     |                     |                         |                      |
| Bank Deposits  | 16.293.297          | 1.158.540           | 3.690.171               | <b>21.142.008</b>    |
| Foreign Currency Deposits  | 109.862.656         | 115.888.790         | 25.159.987              | <b>250.911.433</b>   |
| Due to Money Markets   | 52.828              | 12.276.413          | --                      | <b>12.329.241</b>    |
| Funds Borrowed   | 21.581.694          | 34.985.027          | 2.884.238               | <b>59.450.959</b>    |
| Securities Issued  | 650.754             | 2.928.254           | 1.602.856               | <b>5.181.864</b>     |
| Miscellaneous Payables   | --                  | --                  | --                      | <b>--</b>            |
| Hedging Derivative Financial Liabilities                                   | --                  | --                  | --                      | <b>--</b>            |
| Other Liabilities <sup>(6)</sup>   | 3.551.931           | 7.487.218           | 320.650                 | <b>11.359.799</b>    |
| <b>Total Liabilities</b>   | <b>151.993.160</b>  | <b>174.724.242</b>  | <b>33.657.902</b>       | <b>360.375.304</b>   |
| <b>Net on Balance Sheet Position</b>                                       | <b>34.083.553</b>   | <b>(28.480.859)</b> | <b>(17.556.668)</b>     | <b>(11.953.974)</b>  |
| <b>Net off-Balance Sheet Position <sup>(7)</sup></b>                       | <b>(33.694.243)</b> | <b>27.532.650</b>   | <b>18.510.895</b>       | <b>12.349.302</b>    |
| Financial Derivative Assets  | 17.989.662          | 104.439.447         | 22.929.025              | <b>145.358.134</b>   |
| Financial Derivative Liabilities   | (51.683.905)        | (76.906.797)        | (4.418.130)             | <b>(133.008.832)</b> |
| <b>Net Positions</b>   | <b>389.310</b>      | <b>(948.209)</b>    | <b>954.227</b>          | <b>395.328</b>       |
| Non Cash Loans   | 22.492.274          | 27.923.945          | 2.415.901               | <b>52.832.120</b>    |
| <b>Prior Period</b>  |                     |                     |                         |                      |
| Total Assets   | <b>141.170.725</b>  | <b>106.757.522</b>  | <b>12.563.574</b>       | <b>260.491.821</b>   |
| Total Liabilities  | <b>131.809.455</b>  | <b>125.161.056</b>  | <b>27.699.189</b>       | <b>284.669.700</b>   |
| <b>Net on Balance Sheet Position</b>                                       | <b>9.361.270</b>    | <b>(18.403.534)</b> | <b>(15.135.615)</b>     | <b>(24.177.879)</b>  |
| <b>Net off-Balance Sheet Position</b>                                      | <b>(4.351.998)</b>  | <b>20.229.413</b>   | <b>16.543.539</b>       | <b>32.420.954</b>    |
| Financial Derivative Assets  | 40.416.912          | 86.378.675          | 21.068.340              | <b>147.863.927</b>   |
| Financial Derivative Liabilities   | (44.768.910)        | (66.149.262)        | (4.524.801)             | <b>(115.442.973)</b> |
| <b>Net Positions</b>   | <b>5.009.272</b>    | <b>1.825.879</b>    | <b>1.407.924</b>        | <b>8.243.075</b>     |
| Non Cash Loans   | 21.961.868          | 27.303.575          | 2.373.461               | <b>51.638.904</b>    |

<sup>(1)</sup> Foreign currency differences of derivative financial assets amounting to TL 2.326.280 are excluded.<sup>(2)</sup> Foreign currency indexed loans amounting to TL 479.487 are included. Stage 1 and Stage 2 loan provisions amounting to TL (11.652.805) are not included. Stage 1 and Stage 2 provisions amounting to TL (1.596) are not included in Financial Assets Measured at Amortized Cost.<sup>(3)</sup> Intangible assets amounting to TL 185.281 are not included.<sup>(4)</sup> Prepaid expenses amounting to TL 33.221 and stage 1 and stage 2 provisions for financial assets amounting to TL (53.730) are not included.<sup>(5)</sup> There are gold balances amounting to TL 9.846.814 under total assets and TL 14.284.983 in total liabilities.<sup>(6)</sup> FX equity amounting to TL 27.083.178, foreign exchange rate differences related to derivative financial liabilities amounting to TL 2.246.537 and stage 1 and stage 2 provisions amounting to TL 501.627 are not included.<sup>(7)</sup> Net amount of receivables and liabilities from financial derivatives is shown on the table. Spot foreign exchange buy/sale transactions that are reported under the "Asset Purchase Commitments" are included in "Net Off-Balance Sheet Position".

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### g. Information on currency risk exposed

In the event TL loses 10% in value against the currencies below, the increase and decrease in equities and statement of profit or loss (excluding tax effect) as of 31 December 2022 and 2021 are shown in the table below. This analysis has been prepared under the assumption that all other variables, especially interest rates, to be constant.

|                    | Current Period<br>Period | Equity           | Prior Period<br>Period | Equity          |
|--------------------|--------------------------|------------------|------------------------|-----------------|
| USD                | 322.046                  | 93.515           | 22.931                 | (94.333)        |
| Euro               | (345.193)                | (355.357)        | 85.165                 | 77.859          |
| <b>Total (Net)</b> | <b>(23.147)</b>          | <b>(261.842)</b> | <b>108.096</b>         | <b>(16.474)</b> |

### IV. Explanations related to the consolidated interest rate risk

Interest rate risk arises from mismatch between the repricing dates of the assets, liabilities and off-balance sheet items (for floating-rate products) or maturities (for fixed-rate products). Although this mismatch is a structural situation in the banking system, it may affect the bank's interest income and expense and the economic value of the balance sheet if there are unexpected changes in interest rates.

The ultimate responsibility for managing the interest rate risk is in the Asset and Liability Committee (ALCO). However, the Treasury and Asset Liability and Capital Management units are responsible for identifying the most appropriate strategies for interest rate risk management and recommending them to decision makers. There are limits approved by the Board of Directors for the control of interest rate risk.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**a. Interest rate sensitivity of assets, liabilities and off-balance sheet items (In terms of time remaining for repricing):**

| End of The Current Period   | Up to 1<br>Month   | 1 - 3<br>Month      | 3 - 12<br>Month   | 1 - 5<br>Year      | 5 Years<br>and Over | Non-<br>Interest<br>Bearing | Total                |
|---|--------------------|---------------------|-------------------|--------------------|---------------------|-----------------------------|----------------------|
| <b>Assets</b>   |                    |                     |                   |                    |                     |                             |                      |
| Cash Equivalents and Central Bank                                 | 122.754            | 957.183             | --                | --                 | --                  | 111.075.885                 | <b>112.155.822</b>   |
| Banks <sup>(1)</sup>  | 5.727.674          | 13.818.308          | 2.169.727         | 2.202.801          | --                  | 8.950.852                   | <b>32.869.362</b>    |
| Financial Assets at Fair Value through Profit or Loss             | 958.268            | 98.460              | 167.620           | 461.217            | 678.945             | 6.988.786                   | <b>9.353.296</b>     |
| Due from Money Markets  | 16.415             | --                  | --                | --                 | --                  | --                          | <b>16.415</b>        |
| Financial Assets at Fair Value through Other Comprehensive Income | 6.045.097          | 21.640.307          | 15.269.035        | 18.430.340         | 15.872.328          | 1.630                       | <b>77.258.737</b>    |
| Loans   | 163.831.132        | 17.788.915          | 49.553.536        | 79.679.802         | 28.181.280          | 3.746.184                   | <b>342.780.849</b>   |
| Financial Assets Measured at Amortised Cost <sup>(2)</sup>        | 1.289.497          | 7.454.135           | 3.268.047         | 5.432.157          | 870.000             | --                          | <b>18.313.836</b>    |
| Other Assets <sup>(3)</sup>                                       | 999                | 493                 | 1.729             | 544.130            | 1.822               | 31.703.624                  | <b>32.252.797</b>    |
| <b>Total Assets</b>   | <b>177.991.836</b> | <b>61.757.801</b>   | <b>70.429.694</b> | <b>106.750.447</b> | <b>45.604.375</b>   | <b>162.466.961</b>          | <b>625.001.114</b>   |
| <b>Liabilities</b>  |                    |                     |                   |                    |                     |                             |                      |
| Bank Deposits   | 7.944.275          | 12.175.843          | 234.358           | 943.780            | --                  | 1.139.864                   | <b>22.438.120</b>    |
| Other Deposits  | 142.492.454        | 72.318.494          | 35.498.114        | 15.959.478         | 882.778             | 149.817.573                 | <b>416.968.891</b>   |
| Due to Money Markets  | 3.218.736          | 3.013.873           | 7.249.188         | --                 | --                  | --                          | <b>13.481.797</b>    |
| Miscellaneous Payables  | --                 | --                  | --                | --                 | --                  | --                          | <b>--</b>            |
| Securities Issued   | 581.642            | 5.074.804           | 3.142.280         | --                 | --                  | --                          | <b>8.798.726</b>     |
| Funds Borrowed  | 7.811.604          | 23.358.138          | 19.125.686        | 285.718            | 14.561.850          | --                          | <b>65.142.996</b>    |
| Other Liabilities <sup>(4)</sup>                                  | 56.266             | 388.502             | 1.264.016         | 655.923            | --                  | 95.805.877                  | <b>98.170.584</b>    |
| <b>Total Liabilities</b>  | <b>162.104.977</b> | <b>116.329.654</b>  | <b>66.513.642</b> | <b>17.844.899</b>  | <b>15.444.628</b>   | <b>246.763.314</b>          | <b>625.001.114</b>   |
| <b>Off-balance Sheet Items</b>                                    |                    |                     |                   |                    |                     |                             |                      |
| Balance Sheet Long Position                                       | 15.886.859         | --                  | 3.916.052         | 88.905.548         | 30.159.747          | --                          | <b>138.868.206</b>   |
| Balance Sheet Short Position                                      | --                 | (54.571.853)        | --                | --                 | --                  | (84.296.353)                | <b>(138.868.206)</b> |
| Off-balance Sheet Long Position                                   | --                 | 931.705             | 8.869.450         | --                 | --                  | --                          | <b>9.801.155</b>     |
| Off-balance Sheet Short Position                                  | (1.280.478)        | --                  | --                | (11.526.066)       | (2.440.910)         | --                          | <b>(15.247.454)</b>  |
| <b>Total Position</b>   | <b>14.606.381</b>  | <b>(53.640.148)</b> | <b>12.785.502</b> | <b>77.379.482</b>  | <b>27.718.837</b>   | <b>(84.296.353)</b>         | <b>(5.446.299)</b>   |

<sup>(1)</sup> Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (37.819)<sup>(2)</sup> Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (3.072).<sup>(3)</sup> Other assets/non-interest bearing column includes; tangible assets, intangible assets, investment properties, investments in associates, subsidiaries and joint ventures, tax assets, assets to be disposed, the provisions for expected credit loss of other assets and other assets with balances of TL 3.813.562, TL 1.522.786, TL 709.270, TL 2.964.327, TL 4.388.816, TL 6.643.540, TL (22.188) and TL 11.953.511, respectively.<sup>(4)</sup> Other liabilities/non-interest bearing column includes; shareholders' equity, current tax liabilities, deferred tax liabilities, provisions, derivative financial liabilities and other liabilities amounting to TL 54.862.976, TL 3.177.605, TL 654.432, TL 10.289.777, TL 3.421.533 and TL 23.399.554, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| End of The Prior Period   | Up to 1<br>Month   | 1 - 3<br>Month      | 3 - 12<br>Month    | 1 - 5<br>Year     | 5 Years<br>and Over | Non-<br>Interest<br>Bearing | Total               |
|---|--------------------|---------------------|--------------------|-------------------|---------------------|-----------------------------|---------------------|
| <b>Assets</b>   |                    |                     |                    |                   |                     |                             |                     |
| Cash Equivalents and Central Bank                                 | 4.183.262          | --                  | --                 | --                | --                  | 76.705.113                  | <b>80.888.375</b>   |
| Banks <sup>(1)</sup>  | 8.972.262          | 5.879.569           | 1.641.536          | (2.418)           | --                  | 8.556.294                   | <b>25.047.243</b>   |
| Financial Assets at Fair Value through Profit or Loss (Net)       | 47.730             | 8.685               | 783.004            | 46.762            | 61.375              | 8.002.900                   | <b>8.950.456</b>    |
| Due from Money Markets  | 237.803            | --                  | --                 | --                | --                  | --                          | <b>237.803</b>      |
| Financial Assets at Fair Value through Other Comprehensive Income | 2.397.007          | 5.941.413           | 4.526.209          | 4.904.731         | 11.337.147          | 981                         | <b>29.107.488</b>   |
| Loans   | 88.823.025         | 16.664.254          | 30.770.506         | 61.356.524        | 23.286.836          | 4.825.019                   | <b>225.726.164</b>  |
| Financial Assets Measured at Amortised Cost <sup>(2)</sup>        | 176.380            | 680.750             | 1.853.151          | 4.413.760         | --                  | --                          | <b>7.124.041</b>    |
| Other Assets <sup>(3)</sup>                                       | 3.993              | --                  | 1.521              | 487.539           | 2.673               | 18.306.588                  | <b>18.802.314</b>   |
| <b>Total Assets</b>   | <b>104.841.462</b> | <b>29.174.671</b>   | <b>39.575.927</b>  | <b>71.206.898</b> | <b>34.688.031</b>   | <b>116.396.895</b>          | <b>395.883.884</b>  |
| <b>Liabilities</b>  |                    |                     |                    |                   |                     |                             |                     |
| Bank Deposits   | 9.766.126          | 4.129.255           | 170.893            | 3.001.160         | --                  | 1.089.478                   | <b>18.156.912</b>   |
| Other Deposits  | 85.830.846         | 26.642.093          | 27.183.320         | 13.395.394        | 1.241.506           | 94.216.232                  | <b>248.509.391</b>  |
| Due to Money Markets  | 1.167.909          | 600.330             | 6.279.768          | --                | --                  | --                          | <b>8.048.007</b>    |
| Miscellaneous Payables  | --                 | --                  | --                 | --                | --                  | --                          | <b>--</b>           |
| Securities Issued   | 5.297.769          | 4.381.322           | 714.539            | --                | --                  | --                          | <b>10.393.630</b>   |
| Funds Borrowed  | 6.188.762          | 23.014.497          | 17.050.325         | 2.602.454         | 10.485.047          | --                          | <b>59.341.085</b>   |
| Other Liabilities <sup>(4)</sup>                                  | 232.271            | 2.452.346           | 2.979.128          | 783.960           | 165.555             | 44.821.599                  | <b>51.434.859</b>   |
| <b>Total Liabilities</b>  | <b>108.483.683</b> | <b>61.219.843</b>   | <b>54.377.973</b>  | <b>19.782.968</b> | <b>11.892.108</b>   | <b>140.127.309</b>          | <b>395.883.884</b>  |
| <b>Off-balance Sheet Items</b>                                    |                    |                     |                    |                   |                     |                             |                     |
| Balance Sheet Long Position                                       | --                 | --                  | --                 | 51.423.930        | 22.795.923          | --                          | <b>74.219.853</b>   |
| Balance Sheet Short Position                                      | (3.642.221)        | (32.045.172)        | (14.802.046)       | --                | --                  | (23.730.414)                | <b>(74.219.853)</b> |
| Off-balance Sheet Long Position                                   | 10.581.651         | --                  | 6.297.023          | --                | --                  | --                          | <b>16.878.674</b>   |
| Off-balance Sheet Short Position                                  | --                 | (3.090.980)         | --                 | (5.323.093)       | (6.465.331)         | --                          | <b>(14.879.404)</b> |
| <b>Total Position</b>   | <b>6.939.430</b>   | <b>(35.136.152)</b> | <b>(8.505.023)</b> | <b>46.100.837</b> | <b>16.330.592</b>   | <b>(23.730.414)</b>         | <b>1.999.270</b>    |

<sup>(1)</sup> Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (15.748).<sup>(2)</sup> Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (780).<sup>(3)</sup> Other assets/non-interest bearing column includes; tangible assets, intangible assets, investment properties, investments in associates, subsidiaries and joint ventures, tax assets, assets to be disposed, the provisions for expected credit loss of other assets and other assets with balances of TL 2.258.701, TL 623.700, TL 369.625, TL 1.397.878, TL 3.630.473, TL 3.288.345, TL (8.732) and TL 6.746.598, respectively.<sup>(4)</sup> Other liabilities/non-interest bearing column includes; shareholders' equity, current tax liabilities, deferred tax liabilities, provisions, derivative financial liabilities and other liabilities amounting to TL 29.048.034, TL 420.715, TL 161.793, TL 3.387.656, TL 4.459.846 and TL 7.343.555, respectively.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### b. Average interest rates applied to monetary financial instruments

| Current Period - 31 December 2022                                 | EURO % | USD % | Yen % | TL %  |
|---|--------|-------|-------|-------|
| <b>Assets</b>   |        |       |       |       |
| Cash Equivalents and Central Bank                                 | --     | --    | --    | --    |
| Banks   | 2,17   | 4,44  | --    | 12,56 |
| Financial Assets at Fair Value through Profit or Loss             | 6,14   | 8,74  | --    | 22,18 |
| Due from Money Markets  | --     | --    | --    | 12,49 |
| Financial Assets at Fair Value through Other Comprehensive Income | 2,60   | 7,02  | --    | 45,74 |
| Loans   | 5,71   | 6,69  | 6,00  | 23,00 |
| Financial Assets Measured at Amortised Cost                       | 0,57   | 4,74  | --    | 58,47 |
| <b>Liabilities</b>  |        |       |       |       |
| Bank Deposits   | 2,59   | 4,14  | --    | 23,87 |
| Other Deposits  | 0,69   | 2,42  | 0,01  | 16,76 |
| Due to Money Markets  | 2,45   | 4,67  | --    | 11,69 |
| Miscellaneous Payables  | --     | --    | --    | --    |
| Securities Issued   | 1,63   | --    | --    | 22,47 |
| Funds Borrowed  | 4,53   | 6,36  | --    | 14,26 |
| <b>Prior Period - 31 December 2021</b>                            |        |       |       |       |
| <b>Assets</b>   |        |       |       |       |
| Cash Equivalents and Central Bank                                 | --     | --    | --    | 10,22 |
| Banks   | (0,54) | 0,41  | --    | 14,25 |
| Financial Assets at Fair Value through Profit or Loss             | 3,59   | 6,59  | --    | 17,83 |
| Due from Money Markets  | --     | --    | --    | 16,04 |
| Financial Assets at Fair Value through Other Comprehensive Income | 2,55   | 5,81  | --    | 16,90 |
| Loans   | 4,47   | 4,83  | 5,76  | 20,97 |
| Financial Assets Measured at Amortised Cost                       | --     | 4,58  | --    | 13,94 |
| <b>Liabilities</b>  |        |       |       |       |
| Bank Deposits   | 0,44   | 0,88  | --    | 16,35 |
| Other Deposits  | 0,47   | 1,19  | 0,01  | 16,54 |
| Due to Money Markets  | --     | 1,86  | --    | 14,36 |
| Miscellaneous Payables  | --     | --    | --    | --    |
| Securities Issued   | 1,60   | 1,50  | --    | 7,50  |
| Funds Borrowed  | 2,24   | 3,55  | --    | 17,68 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### c. Interest rate risk arising from banking accounts

The interest rate risk arising from banking accounts is managed according to the principles stated in the "Interest Rate Risk Management Policy".

Sensitivity limits are determined by the Parent Bank for possible negative developments in the market Among the metrics followed; the sensitivity of net present value of the balance sheet and net interest income to certain interest changes and interest rate gap analysis. These criteria are not only monitored in weekly ALCOs, but are also submitted to the senior management and the Board of Directors due to the limits set forth in the risk appetite declaration.

Interest rate risk calculation and reporting arising from banking accounts according to the "Regulation on Measurement and Assessment of the Interest Rate Risk from Banking Accounts" published in the Official Gazette no. 28034 dated 23 August 2011. The related ratio is prepared monthly as the other interest rate metrics that the Parent Bank follows. In addition, it is provided with close monitoring by weekly estimation studies and submitted to ALCO.

Cross currency swaps or interest swaps are used for the purpose of hedging up to 10 years of maturity in order to avoid the negative effects of interest risk.

The Group's economic value differences arising from the interest rate fluctuations pursuant to the "Regulation on the Measurement and Assessment of Interest Rate Risk Arising from Banking Accounts According to the Standard Shock Method" in a manner separated by different currencies are demonstrated in the following table as of 31 December 2021.

| Current Period: 31 December 2022  |           | Shocks Applied       | Gains/Losses       | Gains/Equity   |
|-----------------------------------|-----------|----------------------|--------------------|----------------|
| Type of Currency                  |           | (+/- x basis points) |                    | -Losses/Equity |
| 1                                 | TL        | (+) 500 bps          | (4.653.456)        | (6,37%)        |
| 2                                 | TL        | (-) 400 bps          | 4.421.000          | 6,05%          |
| 3                                 | Euro      | (+) 200 bps          | (589.746)          | (0,81%)        |
| 4                                 | Euro      | (-) 200 bps          | 766.292            | 1,05%          |
| 5                                 | US Dollar | (+) 200 bps          | (297.812)          | (0,41%)        |
| 6                                 | US Dollar | (-) 200 bps          | 453.728            | 0,62%          |
| <b>Total (of positive shocks)</b> |           |                      | <b>(5.541.014)</b> | <b>(7,59%)</b> |
| <b>Total (of negative shocks)</b> |           |                      | <b>5.641.020</b>   | <b>7,72%</b>   |
| Current Period: 31 December 2021  |           | Shocks Applied       | Gains/Losses       | Gains/Equity   |
| Type of Currency                  |           | (+/- x basis points) |                    | -Losses/Equity |
| 1                                 | TL        | (+) 500 bps          | (2.186.088)        | (5,25%)        |
| 2                                 | TL        | (-) 400 bps          | 1.906.319          | 4,58%          |
| 3                                 | Euro      | (+) 200 bps          | (1.178.897)        | (2,83%)        |
| 4                                 | Euro      | (-) 200 bps          | 1.425.681          | 3,43%          |
| 5                                 | US Dollar | (+) 200 bps          | (116.234)          | (0,28%)        |
| 6                                 | US Dollar | (-) 200 bps          | 271.085            | 0,65%          |
| <b>Total (of positive shocks)</b> |           |                      | <b>(3.481.219)</b> | <b>(8,36%)</b> |
| <b>Total (of negative shocks)</b> |           |                      | <b>3.603.085</b>   | <b>8,66%</b>   |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### V. Position risk of equity shares arising from banking accounts

#### a. Comparison of book value, fair value and market value of equity shares

The Group does not have unconsolidated associates and subsidiaries traded at BIST markets as of 31 December 2022 and 31 December 2021.

#### b. Information on realised gains/losses, revaluation surpluses and unrealised gains/losses on equity shares and their amounts included in the Tier I and Tier II capitals

None.

### VI. Explanations related to the consolidated liquidity risk

Liquidity risk can form as a result of significant changes which can happen in market liquidity or a general funding risk. Funding risk states the risk of not meeting cash outflows completely because of maturity mismatch between assets and liabilities while market liquidity risk states the risk of not liquidating assets because of a collision in market conditions or insufficient market depth.

#### Information on liquidity risk management, including the Parent Bank's risk capacity, responsibilities and structure of liquidity risk management, liquidity risk reporting in the Parent Bank, liquidity risk strategy, policy and practices, communication with the board of directors and business lines

The procedures and principles regarding the liquidity risk management within the Parent Bank are determined by the "Liquidity Risk Management Policy" approved by the Board of Directors. This policy includes the main duties and principles of liquidity risk management within the Parent Bank, including related methods, procedures, controls and reporting framework. Within the Liquidity Risk Management Policy, "Liquidity Emergency Action Plan" has been established and measures that can be taken against unexpected liquidity shortages have been included.

"Risk Appetite Statement" approved by the Board of Directors is reviewed annually in order to manage the risks in accordance with the Bank's strategy and financial strength. Risk Appetite Statement includes limits for liquidity risk as well as other risk limits. Risk appetite limits are reported to the senior management on a monthly basis within the scope of risk management activities. In the risk appetite statement (RAS), limits are determined based on criteria such as loan/deposit ratio, liquidity coverage ratio, life expectancy under stress conditions and deposit concentration. Other indicators followed by these metrics are; liquidity buffer, large deposits, core deposits. The effects of the volatility in the markets on bank liquidity, created by the COVID-19 pandemic started in 2020, are closely monitored. It is observed that the effect of the pandemic on bank liquidity is at a negligible level.

The short-term liquidity management of the Parent Bank is the responsibility of the Treasury Group. The Treasury Group reports to the ALCO on a weekly basis regarding the liquidity structure. ALCO possesses the ultimate responsibility for structural liquidity and funding management. ALCO plays an active role in monitoring and decision-making processes as well as establishing systems related to liquidity and funding management. Monitoring the current liquidity status and legal and internal liquidity indicators, taking decisions regarding liquidity management by taking into consideration the Parent Bank's strategy and risk appetite framework are under the authority and responsibility of ALCO. Financial Institutions Group, Financial Affairs Group and Risk Management Group contribute to the liquidity management process of the Bank in accordance with the ALCO decisions and also provide the necessary support to the ALCO with the information, analysis and recommendations needed in the decision-making process.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### Information on the degree of centralization of liquidity management and funding strategy and the functioning of the Parent Bank and the functioning between Parent Bank and its subsidiaries

Liquidity risk management is performed on unconsolidated and consolidated basis. In this context, although the liquidity monitoring and management of the affiliate is carried out by the related affiliate, they are closely monitored by the Parent Bank. Limits are allocated by the Parent Bank in order to meet the liquidity needs of affiliates in the event of emergencies.

#### Information on the Bank's funding strategy, including policies on the diversity of funding sources and durations

Liquidity risk management arising from funding forms the basis of the Bank's liquidity management activities. The source of deposits is the Bank's main funding source due to the more stable funding and diversification effect compared to the loans provided by the Banks and other sources. In addition, securities issuance and credit utilisation activities are carried out to extend the maturity of funding.

On the other hand, the securities portfolio of the Parent Bank carried for liquidity risk management arising from the market is structured in a way to consist of securities issued by Republic of Turkey Treasury in order to reduce liquidity risk sourcing from market to minimum level since they allow repurchase transactions carried out under CBRT/BIST. The criteria and principles regarding the securities investments to be included in this portfolio have been written and approved by the relevant committee.

#### Information on liquidity management in terms of currencies which constitute at least five percent of the total liabilities of the Parent Bank

Majority of the Parent Bank's liabilities consist of Turkish Lira, US Dollar, Euro and gold. The main foreign currency funding source of the Parent Bank consists of deposits and loans obtained from credit institutions. The foreign currency liquidity risk of the Parent Bank is low due to the fact that the foreign currency sources of the Parent Bank are higher level and longer term than FX loans. For this reason, Turkish Lira is generated through swap transactions by using the current foreign currency liquidity. In other words, foreign currency liabilities are used in the funding of Turkish Lira assets.

#### Information on liquidity risk mitigation techniques used

In order to mitigate the liquidity risk, a liquidity buffer is created and closely monitored to meet possible fund outflows. Securities required for repurchase used to manage short-term risks are kept at a certain level within the balance sheet. On the other hand, diversification of funding sources and extension of the maturity structure are aimed to reduce the structural liquidity risk. The strategy of wide spread deposit base is another important element.

#### Explanations related to using the stress test

In order to measure the liquidity level under stress conditions, scenario analyses are performed in which special conditions that are not experienced and likely to be experienced and which are important in terms of liquidity are included. Within the scope of the scenario analyses, the measures that can be taken are also evaluated and a sufficient level of liquidity is targeted to meet all liabilities even under stress conditions. Assumptions regarding liquidity stress tests are reviewed on an annual basis at minimum. Within the scenarios determined, the Risk Management Department regularly performs stress tests and monitors the liquidity situation, calculates the time the Bank can survive, compares the limits with the determined results and presents them to the relevant committees.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### General information on the liquidity emergency and contingency plan

In order to be prepared for the liquidity crises that may be experienced and to be able to manage them in a healthy and planned way, the "Liquidity Unexpected Situation Plan Regulation" was prepared to guide the processes. In this document, early warning indicators, action plans, duties and responsibilities of the units within the Bank are used to determine the unexpected liquidity situation.

#### a. Liquidity coverage ratio

Liquidity coverage ratios calculated in accordance with the Regulation on Calculation of Liquidity Coverage Ratio of Banks published in the Official Gazette dated 21 March 2014 and numbered 28948 are as follows. The lowest monthly consolidated foreign currency ratio for the last three months was 509,02 in November, the highest 598,05 in December, and the total lowest liquidity coverage ratio has been calculated as 183,31 in November and 204,37 in October as the highest.

The liquidity coverage ratio calculation table is reported to the BRSA on a monthly basis and monitored on a daily basis within the Bank.

High quality liquid assets included in the ratio calculation consist of cash assets, reserves held in CBRT and free securities. Cash outflows consist of deposits, bank borrowings, non-cash loans, derivatives and other payables with no maturity date. However, some bank borrowings are presented as cash outflows regardless of their maturities due to the provision of conditional early payment. In addition, cash outflows include additional collateral requirements that may arise from changes in the fair value of derivative transactions. Cash inflows consist of loans with maturities less than 30 days with definite due dates and receivables from banks and derivative products.

LCR is considered as an important liquidity management measure for the Bank. The Bank carried out the LCR management by increasing by 10% parts and managed to reach 80% for foreign currency in 2022 and as 100% in total within the framework of minimum limits. In the Risk Appetite Statement, internal limits above the legal minimum limits have been determined for LCR and the related ratio is reported and monitored at ALCO, senior management and the Board of Directors level.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Current Period  | Total unweighted value <sup>(*)</sup> |                   | Total weighted value <sup>(*)</sup> |                    |
|---|---------------------------------------|-------------------|-------------------------------------|--------------------|
|   | TL+FC                                 | FC                | TL+FC                               | FC                 |
| <b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>                                      |                                       |                   |                                     |                    |
| 1 Total High Quality Liquid Assets  |                                       |                   | 145.138.394                         | 107.855.306        |
| <b>CASH OUTFLOWS</b>  |                                       |                   |                                     |                    |
| 2 Retail deposits and deposits from small business customers, of which        | 283.710.235                           | 178.616.538       | 27.048.203                          | 17.861.654         |
| 3 Stable deposits   | 26.456.404                            | --                | 1.322.820                           | --                 |
| 4 Less stable deposits  | 257.253.831                           | 178.616.538       | 25.725.383                          | 17.861.654         |
| 5 Unsecured wholesale funding, of which                                       | 123.404.190                           | 81.949.185        | 67.874.826                          | 39.803.951         |
| 6 Operational deposits  | 32.884.504                            | 25.682.983        | 8.221.126                           | 6.420.746          |
| 7 Non-operational deposits  | 65.419.037                            | 45.781.600        | 34.567.608                          | 22.908.506         |
| 8 Unsecured debt  | 25.100.649                            | 10.484.602        | 25.086.092                          | 10.474.699         |
| 9 Secured wholesale funding   |                                       |                   | --                                  | --                 |
| 10 Other cash outflows  | 4.760.342                             | 13.558.850        | 3.466.425                           | 12.572.778         |
| 11 Outflows related to derivative exposures and other collateral requirements | 2.603.814                             | 11.915.397        | 2.603.814                           | 11.915.397         |
| 12 Outflows related to loss of funding on debt products                       | --                                    | --                | --                                  | --                 |
| 13 Credit and liquidity facilities  | 2.156.528                             | 1.643.453         | 862.611                             | 657.381            |
| 14 Other contractual funding obligations                                      | 4.924.313                             | 4.923.753         | 4.923.781                           | 4.923.753          |
| 15 Other contingent funding obligations                                       | 210.600.349                           | 55.565.066        | 15.731.889                          | 5.524.720          |
| <b>16 TOTAL CASH OUTFLOWS</b>   |                                       |                   | <b>119.045.124</b>                  | <b>80.686.856</b>  |
| <b>CASH INFLOWS</b>   |                                       |                   |                                     |                    |
| 17 Secured lending  | 592.817                               | --                | --                                  | --                 |
| 18 Unsecured lending  | 50.476.915                            | 37.967.944        | 41.813.334                          | 35.040.150         |
| 19 Other cash inflows   | 1.077.192                             | 46.091.528        | 1.077.192                           | 46.091.528         |
| <b>20 TOTAL CASH INFLOWS</b>  | <b>52.146.924</b>                     | <b>84.059.472</b> | <b>42.890.526</b>                   | <b>81.131.678</b>  |
|   |                                       |                   | <b>Total Adjusted Value</b>         |                    |
| <b>21 TOTAL HQLA</b>  |                                       |                   | <b>145.138.394</b>                  | <b>107.855.306</b> |
| <b>22 TOTAL NET CASH OUTFLOWS</b>   |                                       |                   | <b>76.154.598</b>                   | <b>20.171.714</b>  |
| <b>23 LIQUIDITY COVERAGE RATIO (%)</b>  |                                       |                   | <b>192,3</b>                        | <b>538,8</b>       |

(\*) Simple arithmetic average values of the the last three months by taking the weekly simple arithmetic average.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Prior Period  | Total unweighted value <sup>(*)</sup> |                   | Total weighted value <sup>(*)</sup> |                   |
|---|---------------------------------------|-------------------|-------------------------------------|-------------------|
|   | TL+FC                                 | FC                | TL+FC                               | FC                |
| <b>HIGH QUALITY LIQUID ASSETS (HQLA)</b>                                      |                                       |                   |                                     |                   |
| 1 Total High Quality Liquid Assets  |                                       |                   | 82.788.136                          | 73.018.776        |
| <b>CASH OUTFLOWS</b>  |                                       |                   |                                     |                   |
| 2 Retail deposits and deposits from small business customers, of which        | 169.561.185                           | 115.625.303       | 15.937.209                          | 11.562.530        |
| 3 Stable deposits   | 20.378.189                            | --                | 1.018.909                           | --                |
| 4 Less stable deposits  | 149.182.996                           | 115.625.303       | 14.918.300                          | 11.562.530        |
| 5 Unsecured wholesale funding, of which                                       | 62.075.874                            | 45.262.199        | 35.765.044                          | 24.266.287        |
| 6 Operational deposits  | 14.770.279                            | 11.966.120        | 3.692.570                           | 2.991.530         |
| 7 Non-operational deposits  | 30.946.216                            | 24.905.956        | 15.719.481                          | 12.887.574        |
| 8 Unsecured debt  | 16.359.379                            | 8.390.123         | 16.352.993                          | 8.387.183         |
| 9 Secured wholesale funding   |                                       |                   | 348.589                             | --                |
| 10 Other cash outflows  | 3.873.760                             | 7.361.833         | 2.219.646                           | 5.370.114         |
| 11 Outflows related to derivative exposures and other collateral requirements | 1.116.904                             | 4.042.301         | 1.116.904                           | 4.042.301         |
| 12 Outflows related to loss of funding on debt products                       | --                                    | --                | --                                  | --                |
| 13 Credit and liquidity facilities  | 2.756.856                             | 3.319.532         | 1.102.742                           | 1.327.813         |
| 14 Other contractual funding obligations                                      | 3.080.832                             | 3.080.272         | 3.080.300                           | 3.080.272         |
| 15 Other contingent funding obligations                                       | 126.907.020                           | 46.471.860        | 9.562.550                           | 4.642.377         |
| <b>16 TOTAL CASH OUTFLOWS</b>   |                                       |                   | <b>66.913.338</b>                   | <b>48.921.580</b> |
| <b>CASH INFLOWS</b>   |                                       |                   |                                     |                   |
| 17 Secured lending  | 177.952                               | --                | --                                  | --                |
| 18 Unsecured lending  | 26.820.706                            | 20.741.900        | 22.471.993                          | 19.282.980        |
| 19 Other cash inflows   | 2.024.251                             | 19.204.221        | 2.024.251                           | 19.204.221        |
| <b>20 TOTAL CASH INFLOWS</b>  | <b>29.022.909</b>                     | <b>39.946.121</b> | <b>24.496.244</b>                   | <b>38.487.201</b> |
| <b>Total adjusted value</b>   |                                       |                   |                                     |                   |
| <b>21 TOTAL HQLA</b>  |                                       |                   | <b>82.788.136</b>                   | <b>73.018.776</b> |
| <b>22 TOTAL NET CASH OUTFLOWS</b>   |                                       |                   | <b>42.417.094</b>                   | <b>12.230.395</b> |
| <b>23 LIQUIDITY COVERAGE RATIO (%)</b>  |                                       |                   | <b>196,1</b>                        | <b>559,7</b>      |

<sup>(\*)</sup> Simple arithmetic average values of the the last three months by taking the weekly simple arithmetic average.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**b. Presentation of assets and liabilities according to their remaining maturities**

| End of The Current Period   | Demand              | Up to 1 Month       | 1-3 Months          | 3-12 Months         | 1-5 Years          | 5 Years and Over  | Undistri-buted <sup>(*)</sup> | Total                |
|---|---------------------|---------------------|---------------------|---------------------|--------------------|-------------------|-------------------------------|----------------------|
| <b>Assets</b>   |                     |                     |                     |                     |                    |                   |                               |                      |
| Cash Equivalents and Central Bank                                 | 71.913.123          | 40.242.699          | --                  | --                  | --                 | --                | --                            | <b>112.155.822</b>   |
| Banks <sup>(1)</sup>  | 8.950.852           | 5.727.674           | 13.818.308          | 2.283.108           | 2.089.420          | --                | --                            | <b>32.869.362</b>    |
| Financial Assets at Fair Value through Profit or Loss (Net)       | 456.942             | 1.710.122           | 1.184.299           | 1.035.935           | 3.100.038          | 1.865.960         | --                            | <b>9.353.296</b>     |
| Due from Money Markets  | --                  | 16.415              | --                  | --                  | --                 | --                | --                            | <b>16.415</b>        |
| Financial Assets at Fair Value through Other Comprehensive Income | 1.630               | 2.943.109           | 7.040.937           | 6.838.722           | 34.636.078         | 25.798.261        | --                            | <b>77.258.737</b>    |
| Loans   | --                  | 59.580.134          | 20.820.091          | 85.556.966          | 113.962.881        | 59.114.593        | 3.746.184                     | <b>342.780.849</b>   |
| Financial Assets Measured at Amortised Cost <sup>(2)</sup>        | --                  | 865                 | 1.704.785           | 2.252.679           | 7.432.157          | 6.923.350         | --                            | <b>18.313.836</b>    |
| Other Assets  | 19.520.035          | 16                  | 29.691              | 327.431             | 86.261             | 1.731             | 12.287.632                    | <b>32.252.797</b>    |
| <b>Total Assets</b>   | <b>100.842.582</b>  | <b>110.221.034</b>  | <b>44.598.111</b>   | <b>98.294.841</b>   | <b>161.306.835</b> | <b>93.703.895</b> | <b>16.033.816</b>             | <b>625.001.114</b>   |
| <b>Liabilities</b>  |                     |                     |                     |                     |                    |                   |                               |                      |
| Bank Deposits   | 1.139.864           | 7.945.166           | 12.174.952          | 234.358             | 943.780            | --                | --                            | <b>22.438.120</b>    |
| Other Deposits  | 149.817.573         | 142.021.106         | 72.524.987          | 35.653.864          | 16.060.846         | 890.515           | --                            | <b>416.968.891</b>   |
| Fund Borrowed   | --                  | 6.463.471           | 5.278.534           | 35.009.373          | 4.333.110          | 14.058.508        | --                            | <b>65.142.996</b>    |
| Due to Money Markets  | --                  | 3.218.736           | 3.013.873           | 7249.188            | --                 | --                | --                            | <b>13.481.797</b>    |
| Securities Issued   | --                  | 581.632             | 2.068.661           | 3.147.576           | 3.000.857          | --                | --                            | <b>8.798.726</b>     |
| Miscellaneous Payables  | --                  | --                  | --                  | --                  | --                 | --                | --                            | <b>--</b>            |
| Other Liabilities   | 21.954.509          | 1.241.190           | 1.885.952           | 2.049.151           | 793.241            | 599.835           | 69.646.706                    | <b>98.170.584</b>    |
| <b>Total Liabilities</b>  | <b>172.911.946</b>  | <b>161.471.301</b>  | <b>96.946.959</b>   | <b>83.343.510</b>   | <b>25.131.834</b>  | <b>15.548.858</b> | <b>69.646.706</b>             | <b>625.001.114</b>   |
| <b>Net Liquidity Excess/(Gap)</b>                                 | <b>(72.069.364)</b> | <b>(51.250.267)</b> | <b>(52.348.848)</b> | <b>14.951.331</b>   | <b>136.175.001</b> | <b>78.155.037</b> | <b>(53.612.890)</b>           | <b>--</b>            |
| <b>Net Off-balance sheet Position</b>                             |                     |                     |                     |                     |                    |                   |                               |                      |
| Financial Derivative Assets                                       | --                  | (55.002)            | (444.740)           | 303.951             | 174.079            | --                | --                            | <b>(21.712)</b>      |
| Financial Derivative Liabilities                                  | --                  | 100.201.745         | 69.046.963          | 26.504.850          | 25.015.706         | 23.382.201        | --                            | <b>244.151.465</b>   |
| Non Cash Loans  | --                  | (100.256.747)       | (69.491.703)        | (26.200.899)        | (24.841.627)       | (23.382.201)      | --                            | <b>(244.173.177)</b> |
| End of The Prior Period   | 72.440.697          | 66.571.826          | 20.866.661          | 45.896.268          | 113.164.255        | 63.663.972        | 13.280.205                    | <b>395.883.884</b>   |
| Total Assets  | 103.451.877         | 106.384.394         | 43.858.771          | 70.167.017          | 26.700.888         | 11.714.259        | 33.606.678                    | <b>395.883.884</b>   |
| Total Liabilities   | 103.451.877         | 106.384.394         | 43.858.771          | 70.167.017          | 26.700.888         | 11.714.259        | 33.606.678                    | <b>395.883.884</b>   |
| <b>Net Liquidity Excess/(Gap)</b>                                 | <b>(31.011.180)</b> | <b>(39.812.568)</b> | <b>(22.992.110)</b> | <b>(24.270.749)</b> | <b>86.463.367</b>  | <b>51.949.713</b> | <b>(20.326.473)</b>           | <b>--</b>            |
| <b>Net Off-balance sheet Position</b>                             |                     |                     |                     |                     |                    |                   |                               |                      |
| Financial Derivative Assets                                       | --                  | 2.104.093           | 594.993             | (765.366)           | 72.341             | --                | --                            | <b>2.006.061</b>     |
| Financial Derivative Liabilities                                  | --                  | 76.368.972          | 52.188.115          | 23.813.558          | 15.508.993         | 23.211.495        | --                            | <b>191.091.133</b>   |
| Non Cash Loans  | --                  | (74.264.879)        | (51.593.122)        | (24.578.924)        | (15.436.652)       | (23.211.495)      | --                            | <b>(189.085.072)</b> |
| End of The Prior Period   | --                  | 11.193.503          | 7.105.121           | 20.368.193          | 7.920.851          | 20.504.416        | --                            | <b>67.092.084</b>    |

<sup>(1)</sup> Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (37.819).<sup>(2)</sup> Includes stage 1 and stage 2 provisions for expected credit loss amounting of TL (3.072).<sup>(\*)</sup> Certain assets on the balance sheet that are necessary for the banking operations but not convertible into cash in the short run such as tangible fixed assets, investments in associates, joint ventures and subsidiaries, stationary supplies, non- performing loans (net) and prepaid expenses are included in this column.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### c. Representation of financial liabilities according to their remaining maturities in accordance with their contracts

The undiscounted maturity breakdown of the maturity values of the Group's non-derivative financial liabilities that are subject to a contract are presented in the table below. The interest to be paid on the relevant assets and liabilities have been included to the relevant maturity buckets.

| End of The Current Period     | Demand             | Up to 1 Month      | 1-3 Months        | 3-12 Months       | 1-5 Years         | 5 Years and Over  | Total              |
|-------------------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| <b>Liabilities</b>            |                    |                    |                   |                   |                   |                   |                    |
| Deposits                      | 150.957.437        | 152.665.198        | 84.084.192        | 37.198.498        | 17.755.936        | 1.057.799         | <b>443.719.060</b> |
| Funds borrowed <sup>(*)</sup> | --                 | 10.734.808         | 7.822.920         | 34.818.819        | 10.143.152        | 17.634.840        | <b>81.154.539</b>  |
| Interbank money markets       | --                 | 3.348.705          | 3.068.228         | 7.534.096         | --                | --                | <b>13.951.029</b>  |
| Securities issued             | --                 | 670.720            | 3.519.344         | 2.795.744         | 2.018.378         | --                | <b>9.004.186</b>   |
| <b>Total</b>                  | <b>150.957.437</b> | <b>167.419.431</b> | <b>98.494.684</b> | <b>82.347.157</b> | <b>29.917.466</b> | <b>18.692.639</b> | <b>547.828.814</b> |

<sup>(\*)</sup> It includes subordinated loans.

| End of The Prior Period       | Demand            | Up to 1 Month      | 1-3 Months        | 3-12 Months       | 1-5 Years         | 5 Years and Over  | Total              |
|-------------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| <b>Liabilities</b>            |                   |                    |                   |                   |                   |                   |                    |
| Deposits                      | 95.305.710        | 96.408.071         | 31.695.795        | 27.599.268        | 16.469.902        | 1.256.941         | <b>268.735.687</b> |
| Funds borrowed <sup>(*)</sup> | --                | 5.639.286          | 6.270.875         | 32.415.548        | 22.180.843        | 12.258.649        | <b>78.765.201</b>  |
| Interbank money markets       | --                | 1.169.848          | 604.103           | 6.377.190         | --                | --                | <b>8.151.141</b>   |
| Securities issued             | --                | 2.256.114          | 3.790.580         | 1.954.473         | 2.489.288         | --                | <b>10.490.455</b>  |
| <b>Total</b>                  | <b>95.305.710</b> | <b>105.473.319</b> | <b>42.361.353</b> | <b>68.346.479</b> | <b>41.140.033</b> | <b>13.515.590</b> | <b>366.142.484</b> |

<sup>(\*)</sup> It includes subordinated loans.

### VII. Explanations related to leverage ratio

#### Information on matters causing difference between leverage ratios of current period and previous period

As of 31 December 2022, the leverage ratio of the DFS Group is calculated as 6,23% (31 December 2021: 5,35%). This rate is above the minimum rate. The main reason for the difference between the current period and the prior period leverage ratio is the increase in the balance sheet assets.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### Summary comparison table of total asset amount and total risk amount in the financial statements prepared in accordance with TAS :

|   | Current Period <sup>(*)</sup> | Prior Period <sup>(**)</sup> |
|---|-------------------------------|------------------------------|
| 1 Total assets in the consolidated financial statements prepared in accordance with TAS <sup>(*)</sup>  | 616.340.392                   | 371.171.129                  |
| 2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks | (6.538.536)                   | (7.072.391)                  |
| 3 Differences between the balances of derivative financial instruments and the loan derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures         | 1.090.284                     | 2.025.977                    |
| 4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures                                 | --                            | --                           |
| 5 Differences between off- balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures  | (503)                         | (503)                        |
| 6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures   | 227.619.260                   | 144.193.013                  |
| <b>7 Total Risk</b>   | <b>838.510.897</b>            | <b>510.317.225</b>           |

<sup>(\*)</sup> These consolidated financial statements are prepared in accordance with the sixth paragraph of the Article 5 of the Communiqué on Preparation of Consolidated Financial Statements of the Banks.<sup>(\*\*)</sup> Quarterly average amounts.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### Leverage ratio public disclosure template:

|  | Current<br>Period <sup>(*)</sup> | Prior<br>Period <sup>(*)</sup> |
|--|----------------------------------|--------------------------------|
| <b>On-balance sheet exposures</b>  |                                  |                                |
| 1 On-balance sheet items (exclude derivatives and SFTs; include collateral)                | 609.801.856                      | 364.098.738                    |
| 2 (Assets deducted in determining Basel III Tier I capital)                                | (1.401.634)                      | (612.610)                      |
| 3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2) | 608.400.222                      | 363.486.128                    |
| <b>Derivative exposures</b>  |                                  |                                |
| 4 Replacement cost   | 6.796.388                        | 7.209.538                      |
| 5 Add-on amount  | 1.090.284                        | 2.025.977                      |
| 6 Total derivative exposures (sum of lines 4 and 5)  | 7.886.672                        | 9.235.515                      |
| <b>Securities or commodity collateral financing transaction exposures</b>                  |                                  |                                |
| 7 Gross SFT assets (with no recognition of accounting netting)                             | 7.353.636                        | 1.906.399                      |
| 8 Agent transaction exposures  |                                  | --                             |
| 9 Total securities financing transaction exposures (sum of lines 7 and 8)                  | 7.353.636                        | 1.906.399                      |
| <b>Other off-balance sheet exposures</b>   |                                  |                                |
| 10 Off-balance sheet exposures with gross nominal amount                                   | 214.870.870                      | 135.689.686                    |
| 11 (Adjustment amount off-balance sheet exposures with credit conversion factor)           | (503)                            | (503)                          |
| 12 Total off-balance sheet exposures (sum of lines 10 and 11)                              | 214.870.367                      | 135.689.183                    |
| <b>Capital and total exposures</b>   |                                  |                                |
| 13 Tier I Capital  | 52.229.260                       | 27.108.217                     |
| 14 Total exposures (sum of lines 3,6,9 and 12)   | 838.510.897                      | 510.317.225                    |
| <b>Leverage ratio</b>  |                                  |                                |
| 15 Leverage ratio  | 6,23                             | 5,35                           |

<sup>(\*)</sup> Quarterly average amounts.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### VIII. Explanations related to risk management

The footnotes and explanations prepared in accordance with the "Communiqué On Disclosures About Risk Management To Be Announced To Public By the Banks" published in the Official Gazette dated 23 October 2015 and numbered 29511 and entered into force as of 31 March 2016 are given in this section. Since standard approach is used in the capital adequacy calculation of the Parent Bank, the tables to be prepared within the scope of Internal Rating Based Approach (IR) are not presented as of 31 December 2022.

Risk management explanations are prepared in accordance with the internal control process adopted by the Board of Directors.

#### a. Risk management approach and risk weighted assets

##### 1. Explanations related to the risk management approach

Risks exposed as a result of the Bank's business model are determined on a consolidated basis through the Bank's risk identification and important evaluation process. Risk mitigation factors and monitoring activities are implemented for the important risks determined. In the Risk Appetite Statement of the Bank, limits are determined for the risks that are deemed important and the declaration is approved by the Board of Directors. Developments regarding the risk limits determined in the Risk Appetite Statement are monitored on a monthly basis and the actions foreseen in the risk appetite statement are applied in the event these limits are exceeded.

Denizbank Risk Management Group Department is an internal systems unit that operates under the Board of Directors and that are assigned to carry out risk management activities. Reports directly to the Board of Directors. Risk Management Group is responsible for the identification and measurement of risks, establishment and implementation of risk policies and implementation procedures, analysis and monitoring as well as reporting of risks within the framework of the principles determined by the Senior Management of the Bank and the Risk Management Group and approved by the Board of Directors.

In the Bank, the delegation levels generated by the customers are determined pursuant to the risk categories determined according to the limit and loan rating components within the bank.

The rating process carried out by the Credit Allocation unit is audited regularly by the Credit Risk Control, within the direction of the rule sets determined and the results are submitted to the Rating Committee.

#### Main components and scope of the risk measurement systems

Bank has a comprehensive risk definition process, including its subsidiaries. Process aims to define the important risks specific to the bank from a broad list, including those exposed by the banking naturally. In the determination stage of the importance level of the risks, the opinions and evaluations of the persons who are expert in this subject are taken. Evaluation results are updated every year and linked to the report and form the basis for the bank's internal capital assessment processes.

The purpose of the activities carried out within the scope of the measurement of the risks involves the preparation of internal and legal reports and the measuring the financial risks to which banks and subsidiaries are exposed in order to establish a relationship between the risks carried and estimated profitability and evaluating the validity of the parameters and assumptions subject to risk measurement.

Bank determines what kind of reports will be prepared as consolidated and as solo and to whom these reports will be communicated. Ensures that an active internal audit system to be established which will prevent taking risks above the targeted risk level and limits set by the regulatory authority. When the control and reporting of the risks are made, the risk levels that are approved by the Board of Directors are taken into consideration for each risk type.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

Risk Management Group ensures the coordination of the internal capital adequacy evaluation process (ICAAP) and the measurement of the risks undertaken by the bank. Within the scope of the ICAAP report, which is a result of the ICAAP process and within the framework of the 3 year strategic plan, the annual stress test report, which presents the effects of the scenarios in which macroeconomic variables are taken into consideration on the bank's capital and liquidity, is reported to the BRSA. Bank monitors the capital adequacy level internally on a monthly basis.

### Disclosures on risk reporting processes provided to Board of Directors and senior management, especially the scope and main content of the reporting

Risk Management Group performs reporting to Senior Management and Board of Directors through Audit and Risk Committee, ALCO and Rating Committees.

Audit and Risk Committee holds quarterly meetings in ordinary situations. Activities performed by the Risk Management Group and risk indicators are presented to the Committee.

ALCO holds weekly meetings. Risk-limit follow-up and detailed analysis related to indicators such as interest and liquidity risk, capital adequacy are presented.

Rating Committee: Rating Committee holds meetings on a quarterly basis. It is the Committee to which the Risk Management presents its evaluation, analysis and findings regarding Internal Rating processes.

Model Risk Management and Validation Committee: It is the committee that the Risk model validation results, prepared within the frame of annual plan, are presented to and approved.

Risk management, hedging and mitigation strategies of the Bank sourcing from business model and monitoring process with respect to continuing effectiveness of hedging and mitigating components

Limits, which are defined for risks considered to be significant, are monitored on a monthly basis and actions included in risk appetite statement are taken, if required.

Additionally, taking into consideration the stress conditions of the Bank, an emergency plan regarding capital adequacy has been created in order to fulfil its strategic goals.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### b. Risk management approach and risk weighted assets

#### Overview of risk weighted amounts

|           |   | Risk Weighted Amount |                    | Minimum Capital Requirement |
|-----------|---|----------------------|--------------------|-----------------------------|
|           |   | Current Period       | Prior Period       | Current Period              |
| 1         | Credit risk (excluding counterparty credit risk) (CCR)                                | 378.218.874          | 218.177.773        | 30.257.510                  |
| 2         | Standardized approach (SA)  | 378.218.874          | 218.177.773        | 30.257.510                  |
| 3         | Internal rating-based (IRB) approach  | --                   | --                 | --                          |
| 4         | Counterparty credit risk <sup>(*)</sup>   | 7.281.466            | 5.783.139          | 582.517                     |
| 5         | Standardized approach for counterparty credit risk (SA-CCR)                           | 7.281.466            | 5.783.139          | 582.517                     |
| 6         | Internal model method (IMM)   | --                   | --                 | --                          |
| 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          | 209.848              | 44.637             | 16.788                      |
| 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 (RBA)  | --                   | --                 | --                          |
| 14        | IRB Supervisory Formula Approach (SFA)  | --                   | --                 | --                          |
| 15        | SA/simplified supervisory formula approach (SSFA)                                     | --                   | --                 | --                          |
| 16        | Market risk   | 9.891.212            | 4.886.675          | 791.297                     |
| 17        | Standardized approach (SA)  | 9.891.212            | 4.886.675          | 791.297                     |
| 18        | Internal model approaches (IMM)   | --                   | --                 | --                          |
| 19        | Operational Risk  | 27.986.645           | 22.552.503         | 2.238.932                   |
| 20        | Basic Indicator Approach  | 27.986.645           | 22.552.503         | 2.238.932                   |
| 21        | Standard Approach   | --                   | --                 | --                          |
| 22        | Advanced measurement approach   | --                   | --                 | --                          |
| 23        | The amount of the discount threshold under the equity (subject to a 250% risk weight) | --                   | --                 | --                          |
| 24        | Floor adjustment  | --                   | --                 | --                          |
| <b>25</b> | <b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>   | <b>423.588.045</b>   | <b>251.444.727</b> | <b>33.887.044</b>           |

<sup>(\*)</sup> The amounts given in the table do not include TL 18, which is the amount subject to the Risk of CCP-Guarantee Fund Amounts.

### b. Connections between the financial statements and risk amounts

#### 1. Mapping and differences between accounting consolidation and regulatory consolidation

Regulatory consolidation refers to the consolidation that includes the consolidation of subsidiaries which are credit institutions or financial institutions in accordance with Article 5 paragraph 1 of the Communiqué on the Preparation of Consolidated Financial Statements of Banks published in the Official Gazette dated 8 November 2006 and numbered 26340. Accounting consolidation refers to the consolidation in which all of the subsidiaries are included in the scope of consolidation in accordance with the Article 5 paragraph 6 of the same communiqué, irrespective of whether these subsidiaries are credit institutions or financial institutions, or not.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

|   | a   | b  | c                                | d   | e  | f                                    | g  |
|---|---|--|----------------------------------|---|--|--------------------------------------|--|
|   | Carrying values of items under scope of TAS                   |  |                                  |   |  |                                      |  |
|   | Carrying values as reported in published financial statements | Carrying values as reported in regulatory scope of consolidation | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the securitization on framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from capital |
| <b>Current Period</b>   |   |  |                                  |   |  |                                      |  |
| <b>Assets</b>   |   |  |                                  |   |  |                                      |  |
| Cash and balances at central bank   | 112.155.614   | 112.155.822  | 112.155.822                      | --  | --   | --                                   | --   |
| Banks   | 32.882.039  | 32.869.362   | 32.907.181                       | --  | --   | --                                   | --   |
| Due from money markets  | 16.415  | 16.415   | 16.415                           | --  | --   | --                                   | --   |
| Financial assets at fair value through profit or loss   | 3.007.521   | 2.821.452  | 456.942                          | 982.250                                       | --   | 1.382.260                            | --   |
| Financial assets at fair value through other comprehensive income                             | 77.258.737  | 77.258.737   | 77.258.737                       | --  | --   | --                                   | --   |
| Financial assets measured at amortised cost   | 18.313.836  | 18.313.836   | 18.316.908                       | --  | --   | --                                   | --   |
| Derivative financial assets   | 6.531.844   | 6.531.844  | --                               | 6.531.844                                     | --   | --                                   | --   |
| Loans (net)   | 342.780.847   | 342.780.849  | 360.185.468                      | --  | --   | --                                   | 49.244   |
| Investments in associates, subsidiaries and joint ventures                                    | 75.718  | 2.694.327  | 2.694.327                        | --  | --   | --                                   | --   |
| Tangible assets (net)   | 4.473.654   | 4.357.692  | 4.357.692                        | --  | --   | --                                   | 102.568  |
| Intangible assets (net)   | 544.344   | 1.522.786  | 1.522.786                        | --  | --   | --                                   | 1.522.786  |
| Investment properties (net)   | 709.270   | 709.270  | 709.270                          | --  | --   | --                                   | --   |
| Current tax assets  | 31.188  | 31.187   | 31.187                           | --  | --   | --                                   | --   |
| Deferred tax assets   | 4.357.630   | 4.357.629  | 4.357.629                        | --  | --   | --                                   | --   |
| Other assets  | 18.894.820  | 18.579.906   | 18.579.906                       | --  | --   | --                                   | --   |
| <b>Total assets</b>   | <b>622.033.477</b>  | <b>625.001.114</b>   | <b>633.550.270</b>               | <b>7.514.094</b>                              | <b>--</b>                                  | <b>1.382.260</b>                     | <b>1.674.598</b>   |
| <b>Liabilities</b>  |   |  |                                  |   |  |                                      |  |
| Deposits  | 439.227.308   | 439.407.011  | --                               | --  | --   | --                                   | 439.407.011  |
| Funds borrowed  | 50.581.504  | 50.581.504   | --                               | --  | --   | --                                   | 50.581.504   |
| Due to money markets  | 13.428.970  | 13.481.797   | --                               | 13.481.797                                    | --   | --                                   | 13.481.797   |
| Securities issued   | 8.798.726   | 8.798.726  | --                               | --  | --   | --                                   | 8.798.726  |
| Funds   | --  | --   | --                               | --  | --   | --                                   | --   |
| Derivative financial liabilities  | 3.421.532   | 3.421.533  | --                               | --  | --   | --                                   | 3.421.533  |
| Factoring payables  | --  | --   | --                               | --  | --   | --                                   | --   |
| Leases payables   | 696.478   | 655.923  | --                               | --  | --   | --                                   | 655.923  |
| Provisions  | 10.419.231  | 10.289.777   | --                               | --  | --   | --                                   | 10.289.777   |
| Current tax liabilities   | 3.202.906   | 3.177.605  | --                               | --  | --   | --                                   | 3.177.605  |
| Deferred tax liabilities  | 656.717   | 654.432  | --                               | --  | --   | --                                   | 654.432  |
| Liabilities related to non-current assets "held for sale" and "discontinued operations" (net) | --  | --   | --                               | --  | --   | --                                   | --   |
| Subordinated debts  | 14.561.492  | 14.561.492   | --                               | --  | --   | --                                   | 14.561.492   |
| Other liabilities   | 24.960.973  | 25.108.338   | --                               | --  | --   | --                                   | 25.108.338   |
| Equity  | 52.077.640  | 54.862.976   | --                               | --  | --   | --                                   | 54.862.976   |
| <b>Total liabilities</b>  | <b>622.033.477</b>  | <b>625.001.114</b>   | <b>--</b>                        | <b>13.481.797</b>                             | <b>--</b>                                  | <b>--</b>                            | <b>625.001.114</b>   |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

|   | a   | b  | c                                | d   | e  | f                                    | g  |
|---|---|--|----------------------------------|---|--|--------------------------------------|--|
|   | Carrying values of items under scope of TAS                   |  |                                  |   |  |                                      |  |
|   | Carrying values as reported in published financial statements | Carrying values as reported in regulatory scope of consolidation | Subject to credit risk framework | Subject to counterparty credit risk framework | Subject to the securitization on framework | Subject to the market risk framework | Not subject to capital requirements or subject to deduction from capital |
| <b>Prior Period</b>   |   |  |                                  |   |  |                                      |  |
| <b>Assets</b>   |   |  |                                  |   |  |                                      |  |
| Cash and balances at central bank                                 | 80.888.386  | 80.888.375   | 80.888.375                       | --  | --   | --                                   | --   |
| Banks   | 25.052.294  | 25.047.243   | 25.062.991                       | --  | --   | --                                   | --   |
| Due from money markets  | 237.803   | 237.803  | 18.065                           | 219.738                                       | --   | --                                   | --   |
| Financial assets at fair value through profit or loss             | 1.205.966   | 1.205.540  | --                               | --  | --   | 136.259                              | --   |
| Financial assets at fair value through other comprehensive income | 29.107.488  | 29.107.488   | 29.107.488                       | --  | --   | --                                   | --   |
| Financial assets measured at amortised cost                       | 7.124.041   | 7.124.041  | 7.124.821                        | --  | --   | --                                   | --   |
| Derivative financial assets                                       | 7.744.916   | 7.744.916  | --                               | 7.744.916                                     | --   | --                                   | --   |
| Loans (net)   | 225.726.164   | 225.726.164  | 239.705.697                      | --  | --   | --                                   | 77.359   |
| Investments in associates, subsidiaries and joint ventures        | 62.152  | 1.397.878  | 1.397.878                        | --  | --   | --                                   | --   |
| Tangible assets (net)   | 2.782.440   | 2.740.998  | 2.740.998                        | --  | --   | --                                   | 69.116   |
| Intangible assets (net)   | 601.496   | 623.700  | 623.700                          | --  | --   | --                                   | 623.700  |
| Investment properties (net)                                       | 369.625   | 369.625  | 369.625                          | --  | --   | --                                   | --   |
| Current tax assets  | 545.904   | 545.904  | 545.904                          | --  | --   | --                                   | --   |
| Deferred tax assets   | 3.084.569   | 3.084.569  | 3.084.569                        | --  | --   | --                                   | --   |
| Other assets  | 10.178.078  | 10.039.640   | 10.039.640                       | --  | --   | --                                   | --   |
| <b>Total assets</b>   | <b>394.711.322</b>  | <b>395.883.884</b>   | <b>400.709.751</b>               | <b>7.964.654</b>                              | <b>--</b>                                  | <b>136.259</b>                       | <b>770.175</b>   |
| <b>Liabilities</b>  |   |  |                                  |   |  |                                      |  |
| Deposits  | 266.484.162   | 266.666.303  | --                               | --  | --   | --                                   | 266.666.303  |
| Funds borrowed  | 48.856.307  | 48.856.307   | --                               | --  | --   | --                                   | 48.856.307   |
| Due to money markets  | 8.048.007   | 8.048.007  | --                               | 8.048.007                                     | --   | --                                   | 8.048.007  |
| Securities issued   | 10.387.819  | 10.393.630   | --                               | --  | --   | --                                   | 10.393.630   |
| Funds   | --  | --   | --                               | --  | --   | --                                   | --   |
| Financial liabilities at fair value through profit or loss        | --  | --   | --                               | --  | --   | --                                   | --   |
| Derivative financial liabilities                                  | 4.459.846   | 4.459.846  | --                               | --  | --   | --                                   | 4.459.846  |
| Factoring payables  | --  | --   | --                               | --  | --   | --                                   | --   |
| Leases payables   | 649.586   | 607.813  | --                               | --  | --   | --                                   | 607.813  |
| Provisions  | 3.421.202   | 3.387.656  | --                               | --  | --   | --                                   | 3.387.656  |
| Current tax liabilities   | 453.159   | 420.715  | --                               | --  | --   | --                                   | 420.715  |
| Deferred tax liabilities  | 162.776   | 161.793  | --                               | --  | --   | --                                   | 161.793  |
| Subordinated debts  | 10.484.778  | 10.484.778   | --                               | --  | --   | --                                   | 10.484.778   |
| Other liabilities   | 13.346.859  | 13.349.002   | --                               | --  | --   | --                                   | 13.349.002   |
| Equity  | 27.956.821  | 29.048.034   | --                               | --  | --   | --                                   | 29.048.034   |
| <b>Total liabilities</b>  | <b>394.711.322</b>  | <b>395.883.884</b>   | <b>--</b>                        | <b>8.048.007</b>                              | <b>--</b>                                  | <b>--</b>                            | <b>395.883.884</b>   |



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 2. Main sources of differences between risk exposures and valued amounts in accordance with TAS in financial statements

|   | a                  | b   | c  | d  | e  |
|---|--------------------|---|--|--|--|
|   |                    | Items<br>subject to<br>credit risk<br>framework | Items subject<br>to<br>securitization<br>framework | Items<br>subject to<br>counterpart<br>y credit risk<br>framework | Items subject<br>to<br>market risk<br>framework <sup>(*)</sup> |
| <b>Current Period</b>   | <b>Total</b>       |   |  |  |  |
| <b>1 Asset carrying value amount under scope of TAS</b>                                   | <b>625.001.114</b> | <b>633.550.270</b>                              | <b>--</b>  | <b>7.514.094</b>   | <b>1.382.260</b>   |
| 2 Liabilities carrying value amount under scope of TAS                                    | 13.481.797         | --  | --   | 13.481.797   | --   |
| <b>3 Total net amount under regulatory scope of consolidation</b>                         | <b>611.519.317</b> | <b>633.550.270</b>                              | <b>--</b>  | <b>(5.967.703)</b>   | <b>1.382.260</b>   |
| 4 Off-balance sheet amounts <sup>(**)</sup>   | 216.645.157        | 54.613.146                                      | --   | --   | --   |
| 5 Differences in valuations   |                    | --  | --   | --   | --   |
| 6 Differences due to different netting rules (other than those already included in row 2) |                    | --  | --   | --   | --   |
| 7 Differences due to consideration of provisions  |                    | --  | --   | --   | --   |
| 8 Differences due to prudential filters   |                    | --  | --   | --   | 8.508.952  |
| 9 Differences resulted from considering of the financial guarantees                       |                    | (16.961.333)                                    | --   | --   | --   |
| <b>10 Risk exposures</b>  | <b>828.164.474</b> | <b>671.202.083</b>                              | <b>--</b>  | <b>(5.967.703)</b>   | <b>9.891.212</b>   |

<sup>(\*)</sup> Financial instruments included in trading accounts according to "Communique on Measurement and Evaluation of Bank's Capital Adequacy" and principal amount subject to market risk sourcing from capital requirement calculated for foreign exchange risk are included in line of risk amounts.

<sup>(\*\*)</sup> It includes risk which are included in credit risk calculation.

|   | a                  | b   | c  | d  | e  |
|---|--------------------|---|--|--|--|
|   |                    | Items<br>subject to<br>credit risk<br>framework | Items subject<br>to<br>securitization<br>framework | Items<br>subject to<br>counterpart<br>y credit risk<br>framework | Items subject<br>to<br>market risk<br>framework <sup>(*)</sup> |
| <b>Prior Period</b>   | <b>Total</b>       |   |  |  |  |
| <b>1 Asset carrying value amount under scope of TAS</b>                                   | <b>395.883.884</b> | <b>400.709.751</b>                              | <b>--</b>  | <b>7.964.654</b>   | <b>136.259</b>   |
| 2 Liabilities carrying value amount under scope of TAS                                    | 8.048.007          | --  | --   | 8.048.007  | --   |
| <b>3 Total net amount under regulatory scope of consolidation</b>                         | <b>387.835.877</b> | <b>400.709.751</b>                              | <b>--</b>  | <b>(83.353)</b>  | <b>136.259</b>   |
| 4 Off-balance sheet amounts <sup>(**)</sup>   | 138.177.061        | 29.686.713                                      | --   | --   | --   |
| 5 Differences in valuations   |                    | --  | --   | --   | --   |
| 6 Differences due to different netting rules (other than those already included in row 2) |                    | --  | --   | --   | --   |
| 7 Differences due to consideration of provisions  |                    | --  | --   | --   | --   |
| 8 Differences due to prudential filters   |                    | --  | --   | --   | 4.750.416  |
| 9 Differences resulted from considering of the financial guarantees                       |                    | (8.342.831)                                     | --   | --   | --   |
| <b>10 Risk exposures</b>  | <b>526.012.938</b> | <b>422.053.633</b>                              | <b>--</b>  | <b>(83.353)</b>  | <b>4.886.675</b>   |

<sup>(\*)</sup> Financial instruments included in trading accounts according to "Communique on Measurement and Evaluation of Bank's Capital Adequacy" and principal amount subject to market risk sourcing from capital requirement calculated for foreign Exchange risk are included in line of risk amounts.

<sup>(\*\*)</sup> It includes risk which are included in credit risk calculation.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 3. Explanations on differences between amounts determined in accordance with TAS and risk exposures

#### Differences between amounts determined in accordance with TAS and risk exposures:

In the derivative transactions subject to counterparty credit risk, it is calculated with the addition of the potential risk amounts to the renewal costs according to transaction type and term; and in repo and reverse repo transactions, it is calculated by netting the volatility adjusted amount made to the subject security with the cash amount subject to the transaction.

Amounts of items which are valued in accordance with TAS and subject to market risk indicate fair value of financial instruments held for trade. Amounts in line of risk amount related to aforementioned transactions indicate principal amount subject to market risk sourcing from capital requirement calculated related to potential losses which can be caused by interest rate risk, share price risk, exchange rate risks in scope of "Communique on Measurement and Evaluation of Bank's Capital Adequacy".

#### Pursuant to the prudent valuation principles and procedures under Annex-3 to the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks, the explanations on the systems and controls used to ensure the prudence and reliability of the Bank's valuation estimates:

The market prices in the valuation of the financial instruments recognised with the fair value are valued taking into account the indicative values announced by official institutions or data such as interest and volatility observed in the market. Bank does not carry out transactions in the markets without depth. As the discounted cash flow models are used in the valuation of over-the-counter derivative instruments in general, the valuation models that are suitable with the nature of the transactions and that are generally accepted are used for derivative transactions that include optionality.

Within the scope of the independent price determination process, the activities below are carried out for the purpose of ensuring the valuation methods and the accuracy of the data used:

- The entry of the prices of bills, bonds, stocks and the derivative products traded in organised markets and the data to be used for the valuation of the derivative products that are traded over-the-counter transactions are made independently of the executive units.
- The models to be used in the valuation of derivative products as well as the interest and volatility data are determined independently of the executive units.
- Second level controls are made periodically for market data and valuation results used in valuations.
- Valuation process validation is carried out for the models and data entries used in product valuations.
- Differences between counterparty valuations and bank valuations are regularly monitored.

#### c. Credit risk

##### 1. General information about credit risk

##### How the bank's business model transformed into components in the credit risk profile

Credit risk within the body of the Parent Bank is managed within the framework of Credit Risk Management Policy approved by Board of Directors. Risk, related to credit, are defined, duties of departments are determined and main principles of credit risk management are brought in aforementioned policy document. Departments assigned in credit management and their authorization/responsibilities are defined in aforementioned document.

Loan allocation is made within the limits determined on the basis of each debtor and the group of debtors. In the credit allocation process, a lot of financial and non-financial criteria are taken into consideration within the framework of the internal rating process of the Bank. Customer segments and sectors are included in these criterias. The sectoral distribution of loans are monitored closely. According to the bank's credit policy, the rating of the companies are assessing together considering loan limits and collateralization process and the monitoring of the credit risk exposed is carried out.

In this regard, the loan portfolio of the Parent Bank shows a diversified profile in terms of customer segments and sectors.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### Criteria and approach used while determining credit risk policy and credit risk limits

In the monitoring of the credit risks, the risk limits defined to all counterparties are monitored based on product, customer and risk groups and the risk is not allowed to exceed the limits defined. When the loan limits are determined, the payment ability of the counterparty, the characteristics of the sector, the potential impacts of geographical and economic conditions etc. factors are taken into account. When deemed appropriate, the necessary risk mitigation techniques are utilized to minimize the Bank's possible losses. During the credit research, the documents which the relevant legislation requires are taken into consideration. For limits that are extended as multi-use, the creditworthiness of the counterparty is checked regularly and the limits are revised according to the changes in the creditworthiness of the counterparty. Credit allocation authorities are determined pursuant to the customer classes and are changed where deemed necessary.

### Structure and organization of credit risk management and control function

Credit allocation and management are carried out within the scope of the segregation of duties by different units; therefore it is ensured that the loan is evaluated objectively throughout its lifespan. In order for the accurate and objective measurement of the customer credit risk in the allocation and monitoring groups, risk models are being used. The Early Warning Systems defined in the system are used to monitor the risks of credit customers and the signals received from these systems are continuously monitored by the monitoring groups; in the event pre-determined triggers are determined, pre-determined action plans are put into practice along with the allocation groups.

### Relation between credit risk management, risk control, legal compliance and internal audit functions

Before the newly developed credit risk models are implemented, they are subjected to a validation process and are used in the risk management processes after the approval of the Bank's Model Risk Management and Validation Committee. The validation process of the applicable credit risk models are repeated at least once a year and the results are presented to Model Risk Management and Validation Committee.

Credit Risk Control, in order to ensure the compliance of the Bank's credit risk processes to Basel regulations, operates the functioning of internal rating systems, the development of credit ratings, the documentation on the changes in credit ratings, and the analysis of compliance with internal restrictions and regularly submits the results to the Rating Committee, Compliance of the Credit Risk Control activities to the internal bank regulations and guidelines is audited regularly by the bank's internal audit units and the matters that must be improved are determined and monitored.

### Scope and main content of reporting which shall be made to the senior management and the members of board of directors regarding credit risk management function and exposed credit risk

Risk appetite statement is approved and reviewed by the Bank's Board of Directors every year. With the risk appetite statement, the Bank combines its current risk management instruments, processes, principles and policies with a consistent approach and ensures that risk taking activities are managed within the limits agreed. Therefore, the consistency of the risk applications throughout the Bank is improved.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 2. Credit quality of assets

| Current Period                                 | a  |                    | b | c                      | d                     |
|--|--|--------------------|---|------------------------|-----------------------|
|  | Gross carrying values of<br>(according to TAS) |                    |   | Specific<br>provisions | Net values<br>(a+b-c) |
|  | Defaulted                                      | Non-defaulted      |   |                        |                       |
| 1 Loans  | 17.750.535                                     | 356.439.284        |   | 31.408.970             | 342.780.849           |
| 2 Borrowing instruments                        | --   | 95.574.015         |   | 3.072                  | 95.570.943            |
| 3 Off-balance sheet receivables <sup>(*)</sup> | 2.115.151                                      | 212.233.082        |   | 2.989.270              | 211.358.963           |
| <b>4 Total</b>                                 | <b>19.865.686</b>                              | <b>664.246.381</b> |   | <b>34.401.312</b>      | <b>649.710.755</b>    |

<sup>(\*)</sup> It doesn't include revocable commitments and asset purchase - sales commitments.

| Prior Period                                   | a  |                    | b | c                      | d                     |
|--|--|--------------------|---|------------------------|-----------------------|
|  | Gross carrying values of<br>(according to TAS) |                    |   | Specific<br>provisions | Net values<br>(a+b-c) |
|  | Defaulted                                      | Non-defaulted      |   |                        |                       |
| 1 Loans  | 16.638.273                                     | 234.880.678        |   | 25.792.787             | 225.726.164           |
| 2 Borrowing instruments                        | --   | 36.231.328         |   | 780                    | 36.230.548            |
| 3 Off-balance sheet receivables <sup>(*)</sup> | 1.975.866                                      | 135.236.475        |   | 1.449.737              | 135.762.604           |
| <b>4 Total</b>                                 | <b>18.614.139</b>                              | <b>406.348.481</b> |   | <b>27.243.304</b>      | <b>397.719.316</b>    |

<sup>(\*)</sup> It doesn't include revocable commitments and asset purchase - sales commitments.

### 3. Changes in stock of impaired loans and debt securities

|  | Current Period    | Prior Period      |
|--|-------------------|-------------------|
|  | a <sup>(*)</sup>  | a <sup>(*)</sup>  |
| 1 Impaired loans and debt securities at end of the previous reporting period                       | <b>16.638.273</b> | <b>12.893.521</b> |
| 2 Loans and debt securities that have impaired since the last reporting period                     | 10.881.856        | 7.308.797         |
| 3 Receivables that returned to non-impaired status   | 251.234           | 167.296           |
| 4 Amounts written off <sup>(**)</sup>  | 4.156.902         | 908.998           |
| 5 Other changes  | (5.361.458)       | (2.487.751)       |
| <b>6 Impaired loans and debt securities at end of the reporting period<br/>(1 + 2 - 3 - 4 ± 5)</b> | <b>17.750.535</b> | <b>16.638.273</b> |

<sup>(\*)</sup> It doesn't include off-balance sheet receivables.<sup>(\*\*)</sup> It indicates sales made from non-performing loans portfolio and written off transactions.

### 4. Additional explanations related to the credit quality of assets

#### (i) Scope and definitions of "overdue" receivables and "provisioned" receivables used for accounting purpose

The Parent Bank considers loans that have overdue principal and interest payments and they are classified as second group according to the "Communiqué on "Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made" as "past due loans." Loans that have overdue principal and interest payments for more than 90 days<sup>(\*)</sup> or the debtor of which are deemed unworthy by the Bank are considered as "impaired loans".



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### (ii) The part of overdue receivables (over 90 days) which are not considered as “provisioned” and the reasons for the implementation

Loans that have overdue principal and interest payments for more than 90 days<sup>(\*)</sup> are transferred to “Nonperforming loans” accounts and the Bank calculates “specific provisions” for such loans in compliance with the “Communiqué on “Determining the Quality of Loans and Other Receivables by Banks and Procedures and Principles of Provisions to be made”.

### (iii) Definitions of the methods used while determining amount of provision

The methods used in the calculation of the provision amount are presented in Section Three, note VIII.

### (iv) Definitions of restructured receivables

The Bank is able to restructure both first and second group loans and other receivables, as well as non-performing loans and receivables. The restructuring in first and second group loans and other receivables include the restructuring to facilitate the repayment for the customer and the changes in the agreement conditions made with the request of the customer, independent of the credit risk of the customer. The restructuring made in non-performing loans and receivables refer to linking the loan to a new payment plan to provide the collection of the receivable.

### (v) Breakdown of receivables by geographical area

|                |                 | Loans      |               | Borrowing instruments |               | Off-Balance sheet receivables |               |                     |                          |
|----------------|-----------------|------------|---------------|-----------------------|---------------|-------------------------------|---------------|---------------------|--------------------------|
| Current Period |                 | Defaulted  | Non-defaulted | Defaulted             | Non-defaulted | Defaulted                     | Non-defaulted | Specific provisions | Write-Off <sup>(*)</sup> |
| 1              | Domestic        | 17161.599  | 324.598.819   | --                    | 92.952.515    | 2.088.167                     | 206.096.606   | 13.543.510          | 4.156.902                |
| 2              | EU Countries    | 50.834     | 18.138.694    | --                    | 2.146.991     | --                            | 1.891.038     | 48.800              | --                       |
| 3              | OECD Countries  | --         | 262.121       | --                    | --            | --                            | 1.293.556     | --                  | --                       |
| 4              | Off Shore Zones | 537.600    | 3.345.334     | --                    | --            | 519                           | 600.816       | 411.570             | --                       |
| 5              | USA, Canada     | 146        | 194.485       | --                    | --            | --                            | 261.062       | 131                 | --                       |
| 6              | Other Countries | 356        | 9.899.831     | --                    | 474.509       | 26.465                        | 2.090.004     | 340                 | --                       |
| 7              | Total           | 17.750.535 | 356.439.284   | --                    | 95.574.015    | 2.115.151                     | 212.233.082   | 14.004.351          | 4.156.902                |

<sup>(\*)</sup> It includes sales made from non-performing loans portfolio and amounts of write-off.

|              |                 | Loans      |               | Borrowing instruments |               | Off-Balance sheet receivables |               |                     |                          |
|--------------|-----------------|------------|---------------|-----------------------|---------------|-------------------------------|---------------|---------------------|--------------------------|
| Prior Period |                 | Defaulted  | Non-defaulted | Defaulted             | Non-defaulted | Defaulted                     | Non-defaulted | Specific provisions | Write-Off <sup>(*)</sup> |
| 1            | Domestic        | 15.298.963 | 208.375.129   | --                    | 33.966.685    | 1.952.050                     | 127.055.388   | 10.826.440          | 892.232                  |
| 2            | EU Countries    | 60.240     | 15.734.754    | --                    | 1.169.696     | --                            | 2.041.805     | 31.323              | 16.766                   |
| 3            | OECD Countries  | 6          | 424.663       | --                    | --            | --                            | 2.729.587     | 2                   | --                       |
| 4            | Off Shore Zones | 1.052.640  | 2.303.827     | --                    | --            | 519                           | 900.537       | 745.075             | --                       |
| 5            | USA, Canada     | 145        | 141.567       | --                    | --            | --                            | 138.714       | 145                 | --                       |
| 6            | Other Countries | 226.279    | 7.900.738     | --                    | 1.094.947     | 23.297                        | 2.370.444     | 210.269             | --                       |
| 7            | Total           | 16.638.273 | 234.880.678   | --                    | 36.231.328    | 1.975.866                     | 135.236.475   | 11.813.254          | 908.998                  |

<sup>(\*)</sup> It includes sales made from non-performing loans portfolio and amounts of write-off.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### (vi) Breakdown of receivables by sectors

| Current Period                       | Off-Balance sheet |               |                       |               |             |               |                     |                          |
|--------------------------------------|-------------------|---------------|-----------------------|---------------|-------------|---------------|---------------------|--------------------------|
|                                      | Loans             |               | Borrowing instruments |               | receivables |               | Specific provisions | Write-Off <sup>(*)</sup> |
|                                      | Defaulted         | Non-defaulted | Defaulted             | Non-defaulted | Defaulted   | Non-defaulted |                     |                          |
| Agricultural                         | 950.436           | 25.891.185    | --                    | --            | 2.664       | 8.351.923     | 739.943             | 189.564                  |
| Farming and Cattle                   | 949.600           | 25.645.116    | --                    | --            | 2.563       | 8.221.873     | 739.322             | 187.422                  |
| Forestry                             | 518               | 97.396        | --                    | --            | --          | 15.313        | 366                 | 170                      |
| Fishing                              | 318               | 148.673       | --                    | --            | 101         | 114.737       | 255                 | 1.972                    |
| Manufacturing                        | 5.456.860         | 53.987.840    | --                    | 210.448       | 156.379     | 38.967.522    | 4.261.345           | 62.187                   |
| Mining                               | 128.574           | 2.830.359     | --                    | --            | 1.772       | 1.199.512     | 125.447             | 25.962                   |
| Production                           | 1.575.429         | 36.779.073    | --                    | 94.496        | 139.766     | 33.568.778    | 1.353.244           | 36.214                   |
| Electric, Gas, Water                 | 3.752.857         | 14.378.408    | --                    | 115.952       | 14.841      | 4.199.232     | 2.782.654           | 11                       |
| Construction                         | 1.191.588         | 27.492.343    | --                    | --            | 1.501.296   | 18.966.572    | 1.046.290           | 46.474                   |
| Services                             | 6.720.520         | 116.300.790   | --                    | 592.387       | 379.197     | 42.644.607    | 5.514.451           | 1.305.543                |
| Wholesale and Retail Trade           | 1.979.062         | 40.212.319    | --                    | --            | 54.846      | 29.833.603    | 1.732.761           | 269.335                  |
| Hotel and Restaurant Services        | 2.115.230         | 32.156.780    | --                    | --            | 314.430     | 2.037.852     | 1.564.841           | 7.810                    |
| Transportation and telecommunication | 548.519           | 20.363.817    | --                    | 75.109        | 6.069       | 7.209.436     | 507.882             | 1.014.261                |
| Financial institution                | 3.298             | 11.278.930    | --                    | 463.856       | 175         | 2.027.414     | 2.738               | 1.701                    |
| Real estate and letting services     | 1.321.223         | 2.274.543     | --                    | 53.422        | 237         | 375.351       | 1.101.578           | 4.622                    |
| Self-employment services             | 127.490           | --            | --                    | --            | --          | --            | 116.823             | --                       |
| Education services                   | 102.927           | 1.664.708     | --                    | --            | 1.895       | 267.163       | 82.971              | 4.043                    |
| Health and social services           | 522.771           | 8.349.693     | --                    | --            | 1.545       | 893.788       | 404.857             | 3.771                    |
| Other                                | 3.431.131         | 132.767.126   | --                    | 94.771.180    | 75.615      | 103.302.458   | 2.442.322           | 2.553.134                |
| Total                                | 17.750.535        | 356.439.284   | --                    | 95.574.015    | 2.115.151   | 212.233.082   | 14.004.351          | 4.156.902                |

<sup>(\*)</sup> It includes sales made from non-performing loans portfolio and amounts of write-off.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Prior Period                         | Loans             |                    | Borrowing instruments |                   | Off-Balance sheet receivables |                    | Specific provisions | Write-Off <sup>(*)</sup> |
|--------------------------------------|-------------------|--------------------|-----------------------|-------------------|-------------------------------|--------------------|---------------------|--------------------------|
|                                      | Defaulted         | Non-defaulted      | Defaulted             | Non-defaulted     | Defaulted                     | Non-defaulted      |                     |                          |
| <b>Agricultural</b>                  | <b>1.973.995</b>  | <b>17.908.913</b>  | --                    | --                | <b>3.692</b>                  | <b>5.254.437</b>   | <b>1.133.886</b>    | <b>30.278</b>            |
| Farming and Cattle                   | 1.973.257         | 17.758.520         | --                    | --                | 3.539                         | 5.232.126          | 1.133.243           | 30.058                   |
| Forestry                             | 153               | 124.646            | --                    | --                | 6                             | 6.589              | 87                  | 136                      |
| Fishing                              | 585               | 25.747             | --                    | --                | 147                           | 15.722             | 556                 | 84                       |
| <b>Manufacturing</b>                 | <b>3.395.407</b>  | <b>33.278.884</b>  | --                    | <b>176.977</b>    | <b>139.243</b>                | <b>28.417.784</b>  | <b>2.593.576</b>    | <b>64.341</b>            |
| Mining                               | 82.205            | 1.710.808          | --                    | --                | 2.323                         | 786.038            | 80.409              | 3.154                    |
| Production                           | 1.494.708         | 19.439.579         | --                    | 67.900            | 132.846                       | 24.861.232         | 1.244.687           | 21.585                   |
| Electric, Gas, Water                 | 1.818.494         | 12.128.497         | --                    | 109.077           | 4.074                         | 2.770.514          | 1.268.480           | 39.602                   |
| <b>Construction</b>                  | <b>1.415.560</b>  | <b>21.349.279</b>  | --                    | --                | <b>241.763</b>                | <b>14.941.922</b>  | <b>1.149.725</b>    | <b>38.858</b>            |
| <b>Services</b>                      | <b>7.054.322</b>  | <b>83.119.044</b>  | --                    | <b>612.412</b>    | <b>345.168</b>                | <b>33.578.866</b>  | <b>5.332.494</b>    | <b>238.922</b>           |
| Wholesale and Retail Trade           | 1.446.593         | 26.577.321         | --                    | --                | 82.201                        | 22.277.127         | 1.029.303           | 67.037                   |
| Hotel and Restaurant Services        | 2.430.210         | 24.921.233         | --                    | --                | 253.936                       | 2.537.061          | 1.764.512           | 166.840                  |
| Transportation and telecommunication | 498.397           | 16.262.975         | --                    | 125.382           | 5.588                         | 5.561.907          | 400.562             | 4.075                    |
| Financial institution                | 388.764           | 6.166.045          | --                    | 433.356           | 196                           | 2.301.690          | 320.836             | 67                       |
| Real estate and letting services     | 1.534.053         | 666.145            | --                    | 53.674            | 758                           | 210.202            | 1.272.866           | 179                      |
| Self-employment services             | 126.104           | --                 | --                    | --                | --                            | --                 | 109.985             | --                       |
| Education services                   | 112.824           | 1.396.835          | --                    | --                | 1.395                         | 173.947            | 88.105              | 608                      |
| Health and social services           | 517.377           | 7.128.490          | --                    | --                | 1.094                         | 516.932            | 346.325             | 116                      |
| <b>Other</b>                         | <b>2.798.989</b>  | <b>79.224.558</b>  | --                    | <b>35.441.939</b> | <b>1.246.000</b>              | <b>53.043.466</b>  | <b>1.603.573</b>    | <b>536.599</b>           |
| <b>Total</b>                         | <b>16.638.273</b> | <b>234.880.678</b> | --                    | <b>36.231.328</b> | <b>1.975.866</b>              | <b>135.236.475</b> | <b>11.813.254</b>   | <b>908.998</b>           |

<sup>(\*)</sup> It includes sales made from non-performing loans portfolio and amounts of write-off.NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## (vii) Breakdown of receivables by remaining maturity

| Current Period                   | Undistri-buted    | 1 month            | 1-3 months        | 3-6 months        | 6-12 months       | Over 1 year        | Total              |
|----------------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| <b>Non-defaulted receivables</b> | --                | 179.536.227        | 39.803.628        | 41.699.110        | 82.886.295        | 320.321.121        | 664.246.381        |
| 1 Loans                          | --                | 56.349.836         | 28.533.876        | 29.064.453        | 59.434.231        | 183.056.888        | 356.439.284        |
| 2 Borrowings instruments         | --                | --                 | 81.104            | 859.003           | 1.126.481         | 93.507.427         | 95.574.015         |
| 3 Off-balance sheet receivables  | --                | 123.186.391        | 11.188.648        | 11.775.654        | 22.325.583        | 43.756.806         | 212.233.082        |
| <b>Defaulted receivables</b>     | 19.865.686        | --                 | --                | --                | --                | --                 | 19.865.686         |
| 1 Loans                          | 17.750.535        | --                 | --                | --                | --                | --                 | 17.750.535         |
| 2 Borrowings instruments         | --                | --                 | --                | --                | --                | --                 | --                 |
| 3 Off-balance sheet receivables  | 2.115.151         | --                 | --                | --                | --                | --                 | 2.115.151          |
| <b>Specific Provision</b>        | <b>14.004.351</b> | --                 | --                | --                | --                | --                 | <b>14.004.351</b>  |
| <b>Total</b>                     | <b>5.861.335</b>  | <b>179.536.227</b> | <b>39.803.628</b> | <b>41.699.110</b> | <b>82.886.295</b> | <b>320.321.121</b> | <b>670.107.716</b> |

| Prior Period                     | Undistri-buted    | 1 month           | 1-3 months        | 3-6 months        | 6-12 months       | Over 1 year        | Total              |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| <b>Non-defaulted receivables</b> | --                | 98.614.999        | 21.632.113        | 19.727.039        | 46.201.333        | 220.172.997        | 406.348.481        |
| 1 Loans                          | --                | 27.990.021        | 13.593.778        | 10.077.171        | 30.624.808        | 152.594.900        | 234.880.678        |
| 2 Borrowings instruments         | --                | 502.238           | 18.620            | 4.464             | 27.902            | 35.678.104         | 36.231.328         |
| 3 Off-balance sheet receivables  | --                | 70.122.740        | 8.019.715         | 9.645.404         | 15.548.623        | 31.899.993         | 135.236.475        |
| <b>Defaulted receivables</b>     | 18.614.139        | --                | --                | --                | --                | --                 | 18.614.139         |
| 1 Loans                          | 16.638.273        | --                | --                | --                | --                | --                 | 16.638.273         |
| 2 Borrowings instruments         | --                | --                | --                | --                | --                | --                 | --                 |
| 3 Off-balance sheet receivables  | 1.975.866         | --                | --                | --                | --                | --                 | 1.975.866          |
| <b>Specific Provision</b>        | <b>11.813.254</b> | --                | --                | --                | --                | --                 | <b>11.813.254</b>  |
| <b>Total</b>                     | <b>6.800.885</b>  | <b>98.614.999</b> | <b>21.632.113</b> | <b>19.727.039</b> | <b>46.201.333</b> | <b>220.172.997</b> | <b>413.149.366</b> |

## (viii) Ageing analysis of overdue receivables

| Current Period                | 1-30 days | 31-60 days | 61-90 days | Over 90 days | Total      |
|-------------------------------|-----------|------------|------------|--------------|------------|
| Loans                         | 8.580.476 | 1.959.751  | 1.251.413  | 3.350.853    | 15.142.493 |
| Borrowing instruments         | --        | --         | --         | --           | --         |
| Off-balance sheet receivables | --        | --         | --         | --           | --         |

| Prior Period                  | 1-30 days | 31-60 days | 61-90 days | Over 90 days | Total      |
|-------------------------------|-----------|------------|------------|--------------|------------|
| Loans                         | 7.790.869 | 2.433.489  | 2.897.075  | 2.106.283    | 15.227.716 |
| Borrowing instruments         | --        | --         | --         | --           | --         |
| Off-balance sheet receivables | --        | --         | --         | --           | --         |



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### (ix) Breakdown of restructured receivables according to their provisioning status

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Restructured from loans under close monitoring | 24.978.868     | 20.654.218   |
| Restructured from non-performing loans         | 8.415.899      | 1.648.727    |

### 5. Credit risk mitigation techniques

Financial collaterals are valued with their up to date values as of the reporting date and involved in the credit risk mitigation process. While allocating the collateral amount to the credit extended, taking into consideration the possible losses of value that may occur in the collateral value with a prudent approach, risk mitigation effects are calculated based on collateral values and credit risk mitigation is made according to comprehensive financial collateral method. Legal validity of the real estate mortgages are ensured with the timely and duly registration of the pledge; and the changes in the market conditions that possess importance are monitored.

In the exchange rate conversion of foreign currency financial collaterals, the Central Bank's foreign exchange buying rates for 31.12.2021, which were stated in the BRSA's letter dated 28 April 2022, were taken into account in parallel with the Credit Risk Amount calculation.

Parent Bank makes the credit risk mitigation according to the comprehensive financial collateral method pursuant to the "Communiqué on the Credit Risk Mitigation Techniques". The currency rate nonconformities between the receivable and the collateral is taken into account based on the standard deduction rates specified in the communiqué, while the maturity nonconformity between the receivable and the collateral are taken into account based on the method specified under Article 40. In the credit risk mitigation, cash, financial debt securities, real estate mortgages and Credit Guarantee Fund sureties with Treasury support are used.

Credit policies establish an operational link between the Bank's activities and risk capacity and includes the main areas of activity in line with the target portfolio structure, risk targets for expected and unexpected losses in line with risk capacity, and limits on risk concentration. It must be ensured that limits are in compliance with the restrictions determined by the relevant legislation and regulatory and supervisory authorities. In the management of the concentration risk, the Bank uses a holistic approach in which all risk concentrations are determined, monitored and evaluated. Therefore, the concentrations in the market, sector, country and the area of activity must be taken into account as well as the loans extended to persons and companies. The Bank shows utmost care so that credit and market risk do not concentrate in a specific counterparty or risk category in accordance with its policies and internal procedures.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 6. Credit risk mitigation techniques - overview

|  | A   | b                                     | c   | d  | e   | f  | g  |
|--|---|---------------------------------------|---|--|---|--|--|
|  | Exposures<br>unsecured:<br>revaluation<br>amount<br>according<br>to TAS | Exposures<br>secured by<br>collateral | Exposures<br>secured by<br>collateral,<br>of which<br>secured<br>amount | Exposures<br>secured by<br>financial<br>guarantees | Financial<br>guarantees,<br>of which<br>secured<br>amount | Exposures<br>secured by<br>credit<br>derivatives | Exposures<br>secured by<br>credit<br>derivatives,<br>of which<br>secured<br>amount |
| Current Period                         |   |                                       |   |  |   |  |  |
| 1 Loans                                | 272.139.674   | 65.259.365                            | 45.096.590  | 5.381.810  | 3.962.069   | --   | --   |
| 2 Borrowing<br>instruments             | 95.570.943  | --                                    | --  | --   | --  | --   | --   |
| <b>3 Total</b>                         | <b>367.710.617</b>  | <b>65.259.365</b>                     | <b>45.096.590</b>   | <b>5.381.810</b>                                   | <b>3.962.069</b>  | <b>--</b>  | <b>--</b>  |
| 4 Of which<br>defaulted <sup>(*)</sup> | 14.868.688  | 3.846.517                             | 1.895.296   | 1.150.481  | 128.348   | --   | --   |

(\*) It includes default figure belonging to amount before provision and off-balance sheet receivables.

|  | A   | b                                     | c   | d  | e   | f  | g  |
|--|---|---------------------------------------|---|--|---|--|--|
|  | Exposures<br>unsecured:<br>revaluation<br>amount<br>according<br>to TAS | Exposures<br>secured by<br>collateral | Exposures<br>secured by<br>collateral,<br>of which<br>secured<br>amount | Exposures<br>secured by<br>financial<br>guarantees | Financial<br>guarantees,<br>of which<br>secured<br>amount | Exposures<br>secured by<br>credit<br>derivatives | Exposures<br>secured by<br>credit<br>derivatives,<br>of which<br>secured<br>amount |
| Prior Period                           |   |                                       |   |  |   |  |  |
| 1 Loans                                | 181.922.616   | 39.375.850                            | 25.604.585  | 4.427.698  | 3.891.050   | --   | --   |
| 2 Borrowing<br>instruments             | 36.230.548  | --                                    | --  | --   | --  | --   | --   |
| <b>3 Total</b>                         | <b>218.153.164</b>  | <b>39.375.850</b>                     | <b>25.604.585</b>   | <b>4.427.698</b>                                   | <b>3.891.050</b>  | <b>--</b>  | <b>--</b>  |
| 4 Of which<br>defaulted <sup>(*)</sup> | 13.083.861  | 3.797.251                             | 1.711.839   | 1.733.027  | 437.176   | --   | --   |

(\*) It includes default figure belonging to amount before provision and off-balance sheet receivables.

### 7. Explanations on rating notes used while calculating credit risk with standard approach

In determination of the risk weights to be applied in the capital adequacy calculation, the ratings given by Fitch rating agency are used. The scope in which the rating notes are taken into consideration is the receivables from central governments or central banks, and in order to be valid for those resident abroad, the receivables from banks and intermediary institutions and corporate receivables. In the event there is no rating regarding the receivable while determining the risk weight, the rating of the issuer must be taken into consideration.

The matching of risk ratings with risk weights according to credit quality level and risk classes are shown in Section Four, note II-n.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## 8. Standardised approach - Credit risk exposed and credit risk mitigation (CRM) methods

| Current Period   | a   |                          | b   |                          | c                   |               | d |  | e |  | f |
|--|---|--------------------------|---|--------------------------|---------------------|---------------|---|--|---|--|---|
|  | Exposures before credit conversion factor and CRM |                          | Exposures post-credit conversion factor and CRM |                          | RWA and RWA density |               |   |  |   |  |   |
|  | On-balance sheet amount                           | Off-balance sheet amount | On-balance sheet amount                         | Off-balance sheet amount | RWA                 | RWA density   |   |  |   |  |   |
| Risk classifications   |   |                          |   |                          |                     |               |   |  |   |  |   |
| 1 Exposures to central governments or central banks                                      | 169.496.085                                       | 2.915.335                | 172.271.182                                     | 3.340.747                | 2.599.120           | 1,48%         |   |  |   |  |   |
| 2 Exposures to regional governments or local authorities                                 | 2.819.582   | 470.658                  | 2.815.488                                       | 233.567                  | 2.186.548           | 71,71%        |   |  |   |  |   |
| 3 Exposures to public sector entities  | --  | --                       | --  | --                       | --                  | 0,00%         |   |  |   |  |   |
| 4 Exposures to multilateral development banks  | --  | --                       | --  | --                       | --                  | 0,00%         |   |  |   |  |   |
| 5 Exposures to international organisations   | --  | --                       | --  | --                       | --                  | 0,00%         |   |  |   |  |   |
| 6 Exposures to institutions  | 30.441.014  | 7.613.976                | 30.441.014                                      | 7.018.403                | 11.254.905          | 30,05%        |   |  |   |  |   |
| 7 Exposures to corporates  | 148.544.261                                       | 70.073.676               | 133.497.553                                     | 40.042.492               | 187.767.785         | 108,20%       |   |  |   |  |   |
| 8 Retail exposures   | 131.823.121                                       | 121.708.060              | 129.061.342                                     | 6.606.909                | 132.060.873         | 97,34%        |   |  |   |  |   |
| 9 Exposures secured by residential property  | 6.065.656   | 1.495.701                | 5.924.538                                       | 790.433                  | 2.593.120           | 38,62%        |   |  |   |  |   |
| 10 Exposures secured by commercial real estate   | 24.202.027  | 3.765.293                | 24.202.028                                      | 2.602.360                | 15.348.070          | 57,26%        |   |  |   |  |   |
| 11 Past-due loans  | 2.875.697   | 77.012                   | 2.742.622                                       | 20.893                   | 1.782.247           | 64,49%        |   |  |   |  |   |
| 12 Higher-risk categories by the Agency Board  | 34.237  | --                       | 34.184  | --                       | 39.343              | 115,09%       |   |  |   |  |   |
| 13 Exposures in the form of covered bonds  | --  | --                       | --  | --                       | --                  | 0,00%         |   |  |   |  |   |
| 14 Exposures to institutions and corporates with a short-term credit assessment          | --  | --                       | --  | --                       | --                  | 0,00%         |   |  |   |  |   |
| 15 Exposures in the form of units or shares in collective investment undertakings (CIUs) | 9   | 14.883                   | 9   | 13.882                   | 13.891              | 100,00%       |   |  |   |  |   |
| 16 Other assets  | 30.813.034  | --                       | 30.813.034                                      | --                       | 25.664.859          | 83,29%        |   |  |   |  |   |
| 17 Investments in equities   | 2.674.234   | --                       | 2.674.234                                       | --                       | 2.674.235           | 100,00%       |   |  |   |  |   |
| <b>18 Total</b>  | <b>549.788.957</b>                                | <b>208.134.594</b>       | <b>534.477.228</b>                              | <b>60.669.686</b>        | <b>383.984.996</b>  | <b>64,52%</b> |   |  |   |  |   |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Prior Period   | a   |                          | b   |                          | c                   |               | d |  | e |  | f |
|--|---|--------------------------|---|--------------------------|---------------------|---------------|---|--|---|--|---|
|  | Exposures before credit conversion factor and CRM |                          | Exposures post-credit conversion factor and CRM |                          | RWA and RWA density |               |   |  |   |  |   |
|  | On-balance sheet amount                           | Off-balance sheet amount | On-balance sheet amount                         | Off-balance sheet amount | RWA                 | RWA density   |   |  |   |  |   |
| Risk classifications   |   |                          |   |                          |                     |               |   |  |   |  |   |
| 1 Exposures to central governments or central banks                                      | 82.039.265  | 3.043.370                | 85.488.831                                      | 3.878.292                | 884.210             | 0,99%         |   |  |   |  |   |
| 2 Exposures to regional governments or local authorities                                 | 3.364.534   | 44.844                   | 3.363.758                                       | 22.169                   | 1.692.963           | 50,00%        |   |  |   |  |   |
| 3 Exposures to public sector entities  | --  | --                       | --  | --                       | --                  | 0,00%         |   |  |   |  |   |
| 4 Exposures to multilateral development banks  | --  | --                       | --  | --                       | --                  | 0,00%         |   |  |   |  |   |
| 5 Exposures to international organisations   | --  | --                       | --  | --                       | --                  | 0,00%         |   |  |   |  |   |
| 6 Exposures to institutions  | 19.542.532  | 5.826.622                | 19.542.531                                      | 5.420.609                | 8.531.986           | 34,18%        |   |  |   |  |   |
| 7 Exposures to corporates  | 92.689.240  | 46.151.461               | 83.558.290                                      | 27.370.928               | 110.579.966         | 99,69%        |   |  |   |  |   |
| 8 Retail exposures   | 81.031.609  | 70.355.346               | 79.084.500                                      | 4.485.682                | 74.325.761          | 88,94%        |   |  |   |  |   |
| 9 Exposures secured by residential property  | 3.223.881   | 634.391                  | 3.140.271                                       | 339.410                  | 1.217.888           | 35,00%        |   |  |   |  |   |
| 10 Exposures secured by commercial real estate   | 14.662.566  | 1.984.211                | 14.662.567                                      | 1.409.577                | 9.204.778           | 57,27%        |   |  |   |  |   |
| 11 Past-due loans  | 3.904.526   | 793.810                  | 3.463.889                                       | 358.660                  | 2.986.569           | 78,13%        |   |  |   |  |   |
| 12 Higher-risk categories by the Agency Board  | 11.466  | --                       | 11.463  | --                       | 8.879               | 77,46%        |   |  |   |  |   |
| 13 Exposures in the form of covered bonds  | --  | --                       | --  | --                       | --                  | 0,00%         |   |  |   |  |   |
| 14 Exposures to institutions and corporates with a short-term credit assessment          | --  | --                       | --  | --                       | --                  | 0,00%         |   |  |   |  |   |
| 15 Exposures in the form of units or shares in collective investment undertakings (CIUs) | --  | 23.002                   | --  | 14.833                   | 14.833              | 100,00%       |   |  |   |  |   |
| 16 Other assets  | 17.412.253  | --                       | 17.412.253                                      | --                       | 11.388.045          | 65,40%        |   |  |   |  |   |
| 17 Investments in equities   | 1.385.729   | --                       | 1.385.729                                       | --                       | 1.385.729           | 100,00%       |   |  |   |  |   |
| <b>18 Total</b>  | <b>319.267.601</b>                                | <b>128.857.057</b>       | <b>311.114.082</b>                              | <b>43.300.160</b>        | <b>222.221.607</b>  | <b>62,70%</b> |   |  |   |  |   |



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**9. Standardised Approach - Exposures by risk classes and risk weights**

| Current Period                   |   | a                  | b         | c                 | k                                  | d                                  | l                 | e                 | f                  | g                 | h                 | i              | j                                       |
|----------------------------------|---|--------------------|-----------|-------------------|------------------------------------|------------------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|----------------|---|
| Risk Classifications/Risk Weight |   | 0%                 | 10%       | 20%               | 35% Secured with property mortgage | 50% Secured with property mortgage | 50%               | 75%               | 100%               | 150%              | 200%              | Others         | Total risk exposure (after CCF and CRM) |
| 1                                | Exposures to central governments or central banks                                     | 172.660.942        | --        | 149.971           | --                                 | --                                 | 463.781           | --                | 2.337.235          | --                | --                | --             | 175.611.929                             |
| 2                                | Exposures to regional governments or local authorities                                | --                 | --        | 2.089             | --                                 | --                                 | 2.605.202         | --                | --                 | --                | 441.764           | --             | 3.049.055                               |
| 3                                | Exposures to public sector entities   | --                 | --        | --                | --                                 | --                                 | --                | --                | --                 | --                | --                | --             | --                                      |
| 4                                | Exposures to multilateral development banks   | --                 | --        | --                | --                                 | --                                 | --                | --                | --                 | --                | --                | --             | --                                      |
| 5                                | Exposures to international organisations  | --                 | --        | --                | --                                 | --                                 | --                | --                | --                 | --                | --                | --             | --                                      |
| 6                                | Exposures to institutions   | --                 | --        | 25.185.438        | --                                 | --                                 | 11.434.781        | --                | 493.514            | --                | --                | 345.684        | 37.459.417                              |
| 7                                | Exposures to corporates   | --                 | --        | 999.570           | --                                 | --                                 | --                | --                | 157.996.362        | 45.320            | 14.330.146        | 168.647        | 173.540.045                             |
| 8                                | Retail exposures  | --                 | --        | --                | --                                 | --                                 | --                | 83.498.090        | 18.124.603         | 33.975.739        | --                | 69.819         | 135.668.251                             |
| 9                                | Exposures secured by residential property   | --                 | --        | --                | 6.593.361                          | --                                 | --                | --                | --                 | --                | 107.536           | 14.074         | 6.714.971                               |
| 10                               | Exposures secured by commercial real estate   | --                 | --        | --                | --                                 | 23.749.896                         | --                | --                | 2.660.072          | --                | 386.350           | 8.070          | 26.804.388                              |
| 11                               | Past-due loans  | --                 | --        | --                | --                                 | --                                 | 2.007.819         | --                | 710.412            | 45.284            | --                | --             | 2.763.515                               |
| 12                               | Higher-risk categories by the Agency Board  | --                 | --        | --                | --                                 | --                                 | 5.278             | --                | 13.310             | 15.596            | --                | --             | 34.184                                  |
| 13                               | Exposures in the form of covered bonds  | --                 | --        | --                | --                                 | --                                 | --                | --                | --                 | --                | --                | --             | --                                      |
| 14                               | Exposures to institutions and corporates with a short-term credit assessment          | --                 | --        | --                | --                                 | --                                 | --                | --                | --                 | --                | --                | --             | --                                      |
| 15                               | Exposures in the form of units or shares in collective investment undertakings (CIUs) | --                 | --        | --                | --                                 | --                                 | --                | --                | 13.891             | --                | --                | --             | 13.891                                  |
| 16                               | Investments in equities   | --                 | --        | --                | --                                 | --                                 | --                | --                | 2.674.234          | --                | --                | --             | 2.674.234                               |
| 17                               | Other assets  | 4.623.481          | --        | 655.686           | --                                 | --                                 | --                | 579               | 25.533.288         | --                | --                | --             | 30.813.034                              |
| <b>18</b>                        | <b>Total</b>  | <b>177.284.423</b> | <b>--</b> | <b>26.992.754</b> | <b>6.593.361</b>                   | <b>23.749.896</b>                  | <b>16.516.861</b> | <b>83.498.669</b> | <b>210.556.921</b> | <b>34.081.939</b> | <b>15.265.796</b> | <b>606.294</b> | <b>595.146.914</b>                      |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Prior Period   | a                 | b         | c                 | k                                  | d                                  | l                 | e                 | f                  | g                 | h         | i         | j                                       |
|--|-------------------|-----------|-------------------|------------------------------------|------------------------------------|-------------------|-------------------|--------------------|-------------------|-----------|-----------|---|
| Risk Classifications/Risk Weight   | 0%                | 10%       | 20%               | 35% Secured with property mortgage | 50% Secured with property mortgage | 50%               | 75%               | 100%               | 150%              | 200%      | Others    | Total risk exposure (after CCF and CRM) |
| 1 Exposures to central governments or central banks                                      | 88.185.641        | --        | --                | --                                 | --                                 | 594.543           | --                | 586.939            | --                | --        | --        | 89.367.123                              |
| 2 Exposures to regional governments or local authorities                                 | --                | --        | --                | --                                 | --                                 | 3.385.927         | --                | --                 | --                | --        | --        | 3.385.927                               |
| 3 Exposures to public sector entities  | --                | --        | --                | --                                 | --                                 | --                | --                | --                 | --                | --        | --        | --                                      |
| 4 Exposures to multilateral development banks  | --                | --        | --                | --                                 | --                                 | --                | --                | --                 | --                | --        | --        | --                                      |
| 5 Exposures to international organisations   | --                | --        | --                | --                                 | --                                 | --                | --                | --                 | --                | --        | --        | --                                      |
| 6 Exposures to institutions  | --                | --        | 14.386.937        | --                                 | --                                 | 9.843.211         | --                | 732.992            | --                | --        | --        | 24.963.140                              |
| 7 Exposures to corporates  | --                | --        | 441.476           | --                                 | --                                 | --                | --                | 110.479.884        | 7.858             | --        | --        | 110.929.218                             |
| 8 Retail exposures   | --                | --        | --                | --                                 | --                                 | --                | 64.353.687        | 5.528.493          | 13.688.002        | --        | --        | 83.570.182                              |
| 9 Exposures secured by residential property  | --                | --        | --                | 3.479.681                          | --                                 | --                | --                | --                 | --                | --        | --        | 3.479.681                               |
| 10 Exposures secured by commercial real estate   | --                | --        | --                | --                                 | 13.734.730                         | --                | --                | 2.337.414          | --                | --        | --        | 16.072.144                              |
| 11 Past-due loans  | --                | --        | --                | --                                 | --                                 | 1.866.976         | --                | 1.760.567          | 195.006           | --        | --        | 3.822.549                               |
| 12 Higher-risk categories by the Agency Board  | --                | --        | --                | --                                 | --                                 | 5.167             | --                | 6.296              | --                | --        | --        | 11.463                                  |
| 13 Exposures in the form of covered bonds  | --                | --        | --                | --                                 | --                                 | --                | --                | --                 | --                | --        | --        | --                                      |
| 14 Exposures to institutions and corporates with a short-term credit assessment          | --                | --        | --                | --                                 | --                                 | --                | --                | --                 | --                | --        | --        | --                                      |
| 15 Exposures in the form of units or shares in collective investment undertakings (CIUs) | --                | --        | --                | --                                 | --                                 | --                | --                | 14.833             | --                | --        | --        | 14.833                                  |
| 16 Investments in equities   | --                | --        | --                | --                                 | --                                 | --                | --                | 1.385.729          | --                | --        | --        | 1.385.729                               |
| 17 Other assets  | 5.635.262         | --        | 423.748           | --                                 | --                                 | 99.781            | 228               | 11.253.234         | --                | --        | --        | 17.412.253                              |
| <b>18 Total</b>  | <b>93.820.903</b> | <b>--</b> | <b>15.252.161</b> | <b>3.479.681</b>                   | <b>13.734.730</b>                  | <b>15.795.605</b> | <b>64.353.915</b> | <b>134.086.381</b> | <b>13.890.866</b> | <b>--</b> | <b>--</b> | <b>354.414.242</b>                      |



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### d. Counterparty credit risk

#### 1. Explanations related to counterparty credit risk (CCR)

Policies regarding counterparty risk management are determined by the Board of Directors in accordance with the Turkish Banking Legislation, regulations of the Banking Regulation and Supervision Authority and the Board of Directors in a way to comply with international standards.

Counterparty credit risk includes derivative financial products and repo transactions. Counterparties have been separated to segments as; financial institutions, corporate-commercial customers, SME-Micro-Golden-Agriculture customers and individual customers. For the determination of the products and services to be presented to the customers, a "Compliance Test" is applied according to the product information, financial status and the transaction frequency of the customer. For customers that are classified as professional, there is no need to make a Compliance Test.

Before the transactions to be made with counterparties, the creditworthiness of the counterparty is analysed and are re-evaluated with regular intervals. Limits are determined separately for counterparties as separate and as a group for those under the same risk group. Limits are approved in the relevant credit committees according to the segments of the counterparties. Revision of the limits are made at least once a year. Where necessary, the approved limits are suspended with the approval of the Credit Committee/Credit Allocation Department.

Risk monitoring of the transactions with the scope of CCR are made according to the type, maturity and currency of the transaction, by monitoring the potential risk calculated by multiplying the changing rates by the nominal amount of the transaction and the current risk calculated through the daily valuation method. In transactions made with financial institutions, the risk mitigation methods under international agreements such as ISDA, CSA, GMRA and EMA signed with the counterparty are used. For other counterparties, collateral adequacy ratios are monitored daily within the scope of the Bank's existing credit policies and procedures and the risk mitigation is carried out through additional collateral and margin completion where necessary. The margins to be used in the collateral agreements are reviewed regularly. Margins are determined according to the volatility and liquidity of the collateral received. The risks of the transactions that are subjected to bilateral settlement agreements and that are settles are tracked together. In the event of a decrease in the credit rating note of the bank, the bank's obligation to provide additional collateral must be tracked.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 2. Analysis of counterparty credit risk exposed by measurement approaches

|                |  | a                | b                         | c    | d  | e                            | f                |
|----------------|--|------------------|---------------------------|------|--|------------------------------|------------------|
|                |  | Replacement cost | Potential future exposure | EEPE | Alpha used for computing regulatory exposure at default) | Exposure at default post CRM | RWA              |
| Current Period |  |                  |                           |      |  |                              |                  |
| 1              | Standardised Approach (for derivatives) <sup>(*)</sup>   | 4.343.106        | 1.714.395                 |      | 1,4  | 8.480.502                    | 4.467.242        |
| 2              | Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)                             |                  |                           | --   | --   | --                           | --               |
| 3              | Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)        |                  |                           |      |  | --                           | --               |
| 4              | Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) |                  |                           |      |  | 5.238.143                    | 1.089.033        |
| 5              | VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit   |                  |                           |      |  | --                           | --               |
| <b>6 Total</b> |  |                  |                           |      |  |                              | <b>5.556.275</b> |

(\*) Counterparty credit risk for derivatives is calculated by the fair value method.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|  | a                   | b                               | c  | d                                  | e         | f                |
|--|---------------------|---------------------------------|--|------------------------------------|-----------|------------------|
|  |                     |                                 | Alpha used for<br>computing<br>regulatory<br>exposure at<br>default) | Exposure<br>at default<br>post CRM |           |                  |
| Prior Period   | Replacement<br>cost | Potential<br>future<br>exposure | EEPE   |                                    |           | RWA              |
| 1 Standardised Approach (for derivatives) <sup>(*)</sup>   | 7.439.661           | 1.683.684                       |  | -                                  | 8.971.293 | 3.723.475        |
| 2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)                             |                     |                                 | --   | --                                 | --        | --               |
| 3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)        |                     |                                 |  |                                    | --        | --               |
| 4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit) |                     |                                 |  |                                    | 1.400.751 | 275.722          |
| 5 VaR for for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit   |                     |                                 |  |                                    | --        | --               |
| <b>6 Total</b>   |                     |                                 |  |                                    |           | <b>3.999.197</b> |

<sup>(\*)</sup> Counterparty credit risk for derivatives is calculated by the fair value method.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 3. Capital requirement for credit valuation adjustment (CVA)

|   | a                               | b                |
|---|---------------------------------|------------------|
|   | Exposure at<br>default post-CRM | RWA              |
| Current Period  |                                 |                  |
| Total portfolios subject to the Advanced CVA capital charge     |                                 |                  |
| 1 Value at Risk (VaR) component (including the 3×multiplier)    | --                              | --               |
| 2 Stressed VaR component (including the 3×multiplier)           | --                              | --               |
| 3 All portfolios subject to the Standardised CVA capital charge | 8.480.502                       | 1.725.191        |
| <b>4 Total subject to the CVA capital charge</b>                | <b>8.480.502</b>                | <b>1.725.191</b> |
|   | a                               | b                |
|   | Exposure at<br>default post-CRM | RWA              |
| Prior Period  |                                 |                  |
| Total portfolios subject to the Advanced CVA capital charge     |                                 |                  |
| 1 Value at Risk (VaR) component (including the 3×multiplier)    | --                              | --               |
| 2 Stressed VaR component (including the 3×multiplier)           | --                              | --               |
| 3 All portfolios subject to the Standardised CVA capital charge | 8.971.293                       | 1.783.942        |
| <b>4 Total subject to the CVA capital charge</b>                | <b>8.971.293</b>                | <b>1.783.942</b> |



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**4. Standard approach - Counterparty credit risk by risk classes and risk weights**

| <b>Current Period<br/>Risk Weights/Risk<br/>Classifications</b>                                | <b>a</b>       | <b>b</b>   | <b>c</b>         | <b>d</b>         | <b>e</b>       | <b>f</b>         | <b>g</b>    | <b>h</b>      | <b>i</b>                             |
|--|----------------|------------|------------------|------------------|----------------|------------------|-------------|---------------|--------------------------------------|
|  | <b>0%</b>      | <b>10%</b> | <b>20%</b>       | <b>50%</b>       | <b>75%</b>     | <b>100%</b>      | <b>150%</b> | <b>Other</b>  | <b>Total credit<br/>exposure (*)</b> |
| Claims from central governments and central banks  | 651.977        | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Claims from regional and local governments   | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Claims from administration and non commercial entity   | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Claims from multilateral development banks   | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Claims from international organizations  | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Claims from institutions   | --             | --         | 6.813.638        | 3.986.699        | --             | 2.726            | --          | 16.143        | 3.359.126                            |
| Corporates   | --             | --         | --               | --               | --             | 2.032.326        | --          | --            | 2.032.326                            |
| Retail portfolios  | --             | --         | --               | --               | 201.255        | --               | --          | --            | 150.941                              |
| Claims on landed real estate   | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Past due loans   | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Claims which are determined as high risk by the board of BRSA                                  | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Mortgage securities  | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Securitization positions   | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Claims from corporates, banks and financial intermediaries which have short term credit rating | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Investments which are qualified as collective investment institutions                          | --             | --         | --               | --               | --             | 13.882           | --          | --            | 13.882                               |
| Stock investment   | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Other claims   | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| Other assets (**)  | --             | --         | --               | --               | --             | --               | --          | --            | --                                   |
| <b>Total</b>   | <b>651.977</b> | <b>--</b>  | <b>6.813.638</b> | <b>3.986.699</b> | <b>201.255</b> | <b>2.048.934</b> | <b>--</b>   | <b>16.143</b> | <b>5.556.275</b>                     |

(\*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(\*\*) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| <b>Prior Period<br/>Risk Weights/Risk<br/>Classifications</b>                                  | <b>a</b>         | <b>b</b>   | <b>c</b>         | <b>d</b>         | <b>e</b>      | <b>f</b>         | <b>g</b>    | <b>h</b>     | <b>i</b>                             |
|--|------------------|------------|------------------|------------------|---------------|------------------|-------------|--------------|--------------------------------------|
|  | <b>0%</b>        | <b>10%</b> | <b>20%</b>       | <b>50%</b>       | <b>75%</b>    | <b>100%</b>      | <b>150%</b> | <b>Other</b> | <b>Total credit<br/>exposure (*)</b> |
| Claims from central governments and central banks  | 3.006.976        | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Claims from regional and local governments   | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Claims from administration and non commercial entity   | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Claims from multilateral development banks   | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Claims from international organizations  | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Claims from institutions   | --               | --         | 3.136.643        | 1.673.927        | --            | --               | --          | --           | 1.464.292                            |
| Corporates   | --               | --         | --               | --               | --            | 2.461.289        | --          | --           | 2.461.289                            |
| Retail portfolios  | --               | --         | --               | --               | 78.377        | --               | --          | --           | 58.783                               |
| Claims on landed real estate   | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Past due loans   | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Claims which are determined as high risk by the board of BRSA                                  | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Mortgage securities  | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Securitization positions   | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Claims from corporates, banks and financial intermediaries which have short term credit rating | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Investments which are qualified as collective investment institutions                          | --               | --         | --               | --               | --            | 14.833           | --          | --           | 14.833                               |
| Stock investment   | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Other claims   | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| Other assets (**)  | --               | --         | --               | --               | --            | --               | --          | --           | --                                   |
| <b>Total</b>   | <b>3.006.976</b> | <b>--</b>  | <b>3.136.643</b> | <b>1.673.927</b> | <b>78.377</b> | <b>2.476.122</b> | <b>--</b>   | <b>--</b>    | <b>3.999.197</b>                     |

(\*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

(\*\*) Other assets: the amount excludes exposures to "Central counterparty" which are reported in Counterparty credit risk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## 5. Collaterals used for counterparty credit risk

| Current Period           | a   | b              | c                | d              | e                                | f                |
|--------------------------|---|----------------|------------------|----------------|----------------------------------|------------------|
|                          | Guarantees of Derivative Financial Instrument |                |                  |                | Guarantees of Other Transactions |                  |
|                          | Received Guarantees                           |                | Given Guarantees |                | Received                         | Given            |
|                          | Appropriated                                  | Unappropriated | Appropriated     | Unappropriated | Guarantees                       | Guarantees       |
| Cash-Domestic Currency   | 296.420                                       | --             | --               | --             | 5.299.879                        | --               |
| Cash-Foreign Currency    | 163.887                                       | --             | --               | --             | --                               | --               |
| Government Bond-Domestic | --  | --             | --               | --             | --                               | 5.306.754        |
| Government Bond-Other    | --  | --             | --               | --             | --                               | --               |
| Public Bond              | --  | --             | --               | --             | --                               | --               |
| Corporate Bond           | --  | --             | --               | --             | --                               | --               |
| Stock                    | --  | --             | --               | --             | --                               | --               |
| Other Guarantee          | --  | --             | --               | --             | --                               | --               |
| <b>Total</b>             | <b>460.307</b>                                | <b>--</b>      | <b>--</b>        | <b>--</b>      | <b>5.299.879</b>                 | <b>5.306.754</b> |
| Prior Period             | a   | b              | c                | d              | e                                | f                |
|                          | Guarantees of Derivative Financial Instrument |                |                  |                | Guarantees of Other Transactions |                  |
|                          | Received Guarantees                           |                | Given Guarantees |                | Received                         | Given            |
|                          | Appropriated                                  | Unappropriated | Appropriated     | Unappropriated | Guarantees                       | Guarantees       |
| Cash-Domestic Currency   | 38.525  | --             | --               | --             | 1.388.724                        | --               |
| Cash-Foreign Currency    | 113.527                                       | --             | --               | --             | --                               | --               |
| Government Bond-Domestic | --  | --             | --               | --             | --                               | 1.514.140        |
| Government Bond-Other    | --  | --             | --               | --             | --                               | --               |
| Public Bond              | --  | --             | --               | --             | --                               | --               |
| Corporate Bond           | --  | --             | --               | --             | --                               | --               |
| Stock                    | --  | --             | --               | --             | --                               | --               |
| Other Guarantee          | --  | --             | --               | --             | --                               | --               |
| <b>Total</b>             | <b>152.052</b>                                | <b>--</b>      | <b>--</b>        | <b>--</b>      | <b>1.388.724</b>                 | <b>1.514.140</b> |

## 6. Credit derivatives

None.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## 7. Exposures to central counterparty (CCP)

|           |   | a                      | b   |
|-----------|---|------------------------|-----|
|           | Current Period  | Risk Amounts after CRM | RWA |
| <b>1</b>  | <b>Total risks arising from qualified transactions where one of the parties is CCP</b>  |                        |     |
| 2         | Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which                                       | --                     | --  |
| 3         | (i) OTC Derivatives   | 16.142                 | 323 |
| 4         | (ii) Exchange-traded Derivatives  | --                     | --  |
| 5         | (iii) Securities financing transactions   | --                     | --  |
| 6         | (iv) Netting sets where cross-product netting has been approved   | --                     | --  |
| 7         | Restricted initial margin   | --                     | --  |
| 8         | Unrestricted initial margin   | --                     | --  |
| 9         | The amount put into the guarantee fund  | 6.479                  | 18  |
| 10        | The amount committed to be put into the guarantee fund  | --                     | --  |
| <b>11</b> | <b>Total risks arising from non-qualified transactions where one of the parties is CCP</b>  |                        |     |
| 12        | Regarding the risks arising from the transactions in the CCP (excluding the initial margin and the amount placed in the guarantee fund) | --                     | --  |
| 13        | (i) OTC Derivatives   | --                     | --  |
| 14        | (ii) Exchange-traded Derivatives  | --                     | --  |
| 15        | (iii) Securities financing transactions   | --                     | --  |
| 16        | (iv) Netting sets where cross-product netting has been approved   | --                     | --  |
| 17        | Restricted initial margin   | --                     | --  |
| 18        | Unrestricted initial margin   | --                     | --  |
| 19        | The amount put into the guarantee fund  | --                     | --  |
| 20        | The amount committed to be put into the guarantee fund  | --                     | --  |

## e. Securitization

## 1. Explanations on securitization positions

None.

## 2. Securitization positions in banking accounts

None.

## 3. Securitization positions in trading accounts

None.

## 4. Securitization positions in banking positions and capital requirements related to those - in which the Bank is the founder or the sponsor

None.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### 5. Securitization positions in banking positions and capital requirements related to those- in which the Bank is the investor

None.

#### f. Market Risk

##### 1. Explanations on market risk

Market risk refers to the risk arising from positions arising from trading transactions executed in financial markets and market movements that affect the value of these positions. Within the framework of financial risk management, in order to protect from market risk, market risk management activities were determined within the scope of "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process" and "Regulation on Measurement and Evaluation of Capital Adequacy of the Bank".

Risk policies and risk limits regarding the management of market risk have been approved by the Board of Directors. Strategies for trading activities in financial markets are created and implemented within this framework.

In the management of market risk, the principle of triple defense line is applied. While there is a first level responsibility for the management of the market risk regarding the position carried by the relevant Treasury units, the monitoring and control activities at the second level are carried out independently by the Risk Management and at the third level by the Inspection Board.

In order to measure and monitor market risk, risk measurement is done daily using the internal model. In this context, in addition to the value at risk calculations made using the parametric method, various risk indicators such as interest sensitivity and option sensitivities are followed, and risk calculations are supported by scenario analysis. Market risk measurement results and all monitored risk indicators are shared daily with relevant units and senior managers.

A limit structure consisting of various risk indicators has been established in order to control market risk. These limits include the risk limits set for the monitored risk indicators, as well as various position limits and stop loss limits. The upper level limits are determined by the Board of Directors within the scope of Risk Appetite Statement. In addition, there are various limits set by the lower level Asset-Liability Committee. The risk indicators and limit uses are reported to the Audit Committee and the Asset-Liability Committee by the Risk Management unit.

In the calculation of capital adequacy, the measurement of market risk is made using the standard method. The standard method is a method whose calculation criteria are clearly determined by the BRSA and is calculated monthly. The calculation results are given in the table below. Positions subject to market risk measurements are determined by taking into account the definition of "Trading Accounts" in legal regulations.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### 2. Standardised approach

|   | Current Period<br>RWA | Prior Period<br>RWA |
|---|-----------------------|---------------------|
| <b>Outright products</b>                    |                       |                     |
| 1 Interest rate risk (general and specific) | 1.001.574             | 242.375             |
| 2 Equity risk (general and specific)        | --                    | --                  |
| 3 Foreign exchange risk                     | 3.854.900             | 2.455.463           |
| 4 Commodity risk                            | 3.756.750             | 2.163.387           |
| <b>Options</b>                              |                       |                     |
| 5 Simplified approach                       | --                    | --                  |
| 6 Delta-plus method                         | 1.277.988             | 25.450              |
| 7 Scenario approach                         | --                    | --                  |
| 8 Securitization                            | --                    | --                  |
| <b>9 Total</b>                              | <b>9.891.212</b>      | <b>4.886.675</b>    |

### 3. Information on market risk calculated as of month-ends during the period

|                                  | Current Period: 31 December 2022 |                   |                  |
|----------------------------------|----------------------------------|-------------------|------------------|
|                                  | Average                          | Highest           | Lowest           |
| Interest Rate Risk               | 71.479                           | 161.976           | 37.193           |
| Stock Risk                       | 120                              | 1.444             | --               |
| Currency Risk                    | 401.113                          | 802.746           | 97.388           |
| Commodity Risk                   | 242.991                          | 306.154           | 174.332          |
| Settlement Risk                  | --                               | --                | --               |
| Option Risk                      | 41.868                           | 120.717           | 3.013            |
| Counterparty Risk                | --                               | --                | --               |
| <b>Total Risk Exposure Value</b> | <b>9.469.657</b>                 | <b>16.098.425</b> | <b>3.899.075</b> |
|                                  | Prior Period: 31 December 2021   |                   |                  |
|                                  | Average                          | Highest           | Lowest           |
| Interest Rate Risk               | 10.870                           | 17.515            | 5.608            |
| Stock Risk                       | --                               | --                | --               |
| Currency Risk                    | 220.149                          | 351.388           | 101.265          |
| Commodity Risk                   | 65.007                           | 125.219           | 13.977           |
| Settlement Risk                  | --                               | --                | --               |
| Option Risk                      | 4.811                            | 24.508            | 235              |
| Counterparty Risk                | --                               | --                | --               |
| <b>Total Risk Exposure Value</b> | <b>3.760.455</b>                 | <b>6.032.975</b>  | <b>1.720.063</b> |

#### g. Operational risk

##### 1. Explanations on operational risk calculation

Principal amount subject to operational risk is calculated through using year-end gross income of 2021, 2020 and 2019 of DFS Group belonging to last 3 years via "Basic Indicators Approach" dated in accordance with "Communiqué on Measurement and Evaluation of Bank's Capital Adequacy" published on Official Gazette dated 23 October 2015 numbered 29511.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### 2. Basic indicators approach

|                                    | 31/12/2019 | 31/12/2020 | 31/12/2021 | Total/Positive<br>GI year number | Ratio(%) | Total      |
|------------------------------------|------------|------------|------------|----------------------------------|----------|------------|
| Gross Income                       | 12.063.008 | 14.766.994 | 17.948.630 | 14.926.211                       | 15       | 2.238.932  |
| Amount Subject to Operational Risk |            |            |            |                                  |          | 27.986.645 |

### IX. Explanations related to presentation of financial assets and liabilities at their fair value

#### a. Fair value calculations of financial assets and liabilities

The fair value of financial assets measured at amortised cost are determined based on market prices, or when they are not available, based on market prices quoted for other securities subject to similar terms of interest, maturity and other conditions.

The estimated fair value of demand deposits represents the amount to be paid upon request. The fair value of overnight deposits and the variable rate placements represent the book value. The estimated fair value of the fixed interest deposits is calculated by finding the discounted cash flows using market interest rates applied to similar loans and other debts.

The fair value of the loans are calculated by the discounted cash flows using current market interest rates.

Estimated fair value of banks, funds obtained from other financial institutions, securities issued and deposits is calculated by finding the discounted cash flows using current market interest rates.

The following table summarizes the carrying value and fair value of financial assets and liabilities. The carrying value represents the sum of the acquisition costs and interest accruals of financial assets and liabilities.

|   | Book Value<br>Current Period | Fair Value<br>Current Period |
|---|------------------------------|------------------------------|
| <b>Financial Assets</b>   | <b>502.689.060</b>           | <b>491.198.948</b>           |
| Interbank Money Market Placements                                 | 16.415                       | 16.415                       |
| Banks   | 32.907.181                   | 31.748.109                   |
| Financial Assets at Fair Value Through Other Comprehensive Income | 77.258.737                   | 77.258.737                   |
| Financial Assets Measured at Amortised Cost                       | 18.316.908                   | 19.485.497                   |
| Loans   | 374.189.819                  | 362.690.190                  |
| <b>Financial Liabilities</b>                                      | <b>526.830.530</b>           | <b>520.881.337</b>           |
| Bank Deposits   | 22.438.120                   | 22.369.340                   |
| Other Deposits  | 416.968.891                  | 415.046.850                  |
| Interbank Money Market Borrowings                                 | 13.481.797                   | 13.481.797                   |
| Funds Borrowed From Other Financial Institutions                  | 50.581.504                   | 49.191.868                   |
| Subordinated Loans  | 14.561.492                   | 12.079.242                   |
| Securities Issued   | 8.798.726                    | 8.712.240                    |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

|   | Book Value<br>Prior Period | Fair Value<br>Prior Period |
|---|----------------------------|----------------------------|
| <b>Financial Assets</b>   | <b>313.052.054</b>         | <b>307.478.693</b>         |
| Interbank Money Market Placements                                 | 237.803                    | 237.803                    |
| Banks   | 25.062.991                 | 24.842.462                 |
| Financial Assets at Fair Value Through Other Comprehensive Income | 29.107.488                 | 29.107.488                 |
| Financial Assets Measured at Amortised Cost                       | 7.124.821                  | 6.919.331                  |
| Loans   | 251.518.951                | 246.371.609                |
| <b>Financial Liabilities</b>                                      | <b>344.449.025</b>         | <b>343.561.438</b>         |
| Bank Deposits   | 18.156.912                 | 18.160.793                 |
| Other Deposits  | 248.509.391                | 248.628.049                |
| Interbank Money Market Borrowings                                 | 8.048.007                  | 8.048.007                  |
| Funds Borrowed From Other Financial Institutions                  | 48.856.307                 | 48.986.626                 |
| Subordinated Loans  | 10.484.778                 | 9.042.336                  |
| Securities Issued   | 10.393.630                 | 10.695.627                 |

#### b. Classification of fair value

TFRS 7 sets classification of valuation techniques according to the inputs used in valuation techniques based on fair value calculations which are whether observable or not.

Fair value levels of financial assets and liabilities that are carried at fair value in DFS Group's financial statements are given below:

| Current Period  | Level 1           | Level 2          | Level 3   | Total             |
|---|-------------------|------------------|-----------|-------------------|
| Financial Assets at Fair Value Through Profit or Loss                 | 2.821.452         | --               | --        | <b>2.821.452</b>  |
| Public Sector Debt Securities   | 1.271.509         | --               | --        | <b>1.271.509</b>  |
| Share Certificated  | 456.942           | --               | --        | <b>456.942</b>    |
| Other Securities  | 1.093.001         | --               | --        | <b>1.093.001</b>  |
| Derivative Financial Assets at Fair Value Through Profit or Loss      | --                | 6.531.844        | --        | <b>6.531.844</b>  |
| Financial Assets at Fair Value Through Other Comprehensive Income     | 77.257.107        | --               | --        | <b>77.257.107</b> |
| Public Sector Debt Securities   | 76.224.247        | --               | --        | <b>76.224.247</b> |
| Other Securities  | 1.032.860         | --               | --        | <b>1.032.860</b>  |
| Loans at Fair Value Through Profit or Loss                            | --                | --               | --        | <b>--</b>         |
| <b>Total Assets</b>   | <b>80.078.559</b> | <b>6.531.844</b> | <b>--</b> | <b>86.610.403</b> |
| Derivative Financial Liabilities at Fair Value Through Profit or Loss | --                | 3.421.533        | --        | <b>3.421.533</b>  |
| <b>Total Liabilities</b>  | <b>--</b>         | <b>3.421.533</b> | <b>--</b> | <b>3.421.533</b>  |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Prior Period  | Level 1           | Level 2          | Level 3        | Total             |
|---|-------------------|------------------|----------------|-------------------|
| Financial Assets at Fair Value Through Profit or Loss                 | 688.185           | --               | --             | <b>688.185</b>    |
| Public Sector Debt Securities   | 136.317           | --               | --             | <b>136.317</b>    |
| Share Certificated  | 425.041           | --               | --             | <b>425.041</b>    |
| Other Securities  | 126.827           | --               | --             | <b>126.827</b>    |
| Derivative Financial Assets at Fair Value Through Profit or Loss      | --                | 7.744.916        |                | <b>7.744.916</b>  |
| Financial Assets at Fair Value Through Other Comprehensive Income     | 29.106.507        | --               | --             | <b>29.106.507</b> |
| Public Sector Debt Securities   | 28.085.194        | --               | --             | <b>28.085.194</b> |
| Other Securities  | 1.021.313         | --               | --             | <b>1.021.313</b>  |
| Loans at Fair Value Through Profit or Loss                            | --                | --               | 517.355        | <b>517.355</b>    |
| <b>Total Assets</b>   | <b>29.794.692</b> | <b>7.744.916</b> | <b>517.355</b> | <b>38.056.963</b> |
| Derivative Financial Liabilities at Fair Value Through Profit or Loss | --                | 4.459.846        | --             | <b>4.459.846</b>  |
| <b>Total Liabilities</b>  | <b>--</b>         | <b>4.459.846</b> | <b>--</b>      | <b>4.459.846</b>  |

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)**Level 3:** Inputs not based on observable market data regarding assets or liabilities**Movement table of financial assets at level 3**

|   | Current Period |
|---|----------------|
| Balance at the beginning of the period  | 517.355        |
| Purchases                               | --             |
| Write-Off                               | (517.355)      |
| Valuation differences                   |                |
| Transfers                               | --             |
| <b>Balance at the end of the period</b> | <b>--</b>      |

Investment property of DFS Group and property held under tangible fixed assets that are recorded at fair value are classified as level 3.

**X. Explanations related to transactions carried out on behalf and account of other parties and fiduciary transactions****a. Whether the Group performs purchase, sales, custody, management and consultancy services on behalf and account of others, or not**

DFS Group performs purchase, sales, custody, management and consultancy services on behalf and account of others.

**b. Whether there are transactions with other financial institutions within the scope of fiduciary transaction contracts and whether there are financial services provided directly within this scope; whether such services are likely to significantly affect the Bank's financial status**

There are no fiduciary transaction contracts.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**XI. Explanations related to hedging transactions****a. Net investment risk**

DFS Group applies net investment hedge strategy to hedge against the currency risk arising on a consolidated basis from the net investments amounting to a total of Euro 1.349 million and US Dollar 7 million of subsidiaries Denizbank AG and Eurodeniz. A part consisting of the same amounts of its foreign currency deposit of the Group has been defined as "hedging instrument". The effective part of the change in value of the foreign currency deposit arising from change in exchange rate has been recognised as "hedging funds" under equity.

On the other hand, as of 1 April 2014, the Parent Bank stopped applying net investment hedge accounting due to its net investment to hedge against the currency risk on the subsidiary of JSC Denizbank, and the total hedging fund which is booked under equity for that subsidiary is amounting to TL (58.164).

Total abroad net investment hedging funds recognised under equity is amounting to TL (16.728.902) as of 31 December 2022 (31 December 2021: TL (15.382.594)).

**b. Cash flow risk**

Within the scope of foreign exchange risk management, Deniz Leasing started to apply cash flow hedge accounting as of 1 April 2018 by matching the future Euro lease receivables and the estimated future sales of used cars, fair values of which are followed in Euro, in accordance with the agreements.

In the cash flow hedge accounting initiated by Deniz Leasing; receivables from current operating leases and their fair values as a hedged item have determined the estimated future used vehicle sales that are followed up in Euro and the loans received in Euro has been determined as hedging instrument.

Profit/(loss) after tax TL (3.131) which is accounted under shareholders' equity as cash flow hedge accounting as of 31 December 2022 (31 December 2021: TL (9.906)).

**XII. Explanations related to the consolidated segment reporting**

DFS Group operates in four main areas; wholesale banking, SME and agricultural banking, retail banking, and treasury.

Wholesale banking provides financial solutions and banking services to large-scale national and international corporate and commercial customers. Short and long term business loans, investment loans, financial and operational leasing services and factoring loan products, non-cash loans, foreign exchange purchase-sales, foreign trade financing, project financing, structured financing, corporate finance, deposits and cash management services are provided in order to meet the needs of customers for investment, working capital and projects.

Within the scope of retail banking, loan products (consumer, mortgage, vehicle, workplace, tractor, agricultural equipment and investment loans), credit cards with different features, producer cards, investment products (mutual funds, stocks, treasury bills/government bonds, repurchase), deposit products (demand, term, protected), insurance products as well as financial and operational leasing services and factoring loan products are provided to SME and agricultural customers. Alternative distribution channels allow customers to meet their banking needs without the need to physically visit the branches. Among products that meet every day needs of customers are overdraft loans, automated bill payment, chequebooks and rental safes.

Treasury covers the Group's short, medium and long-term price strategies and maturity nonconformities, as well as spot and forward TL and foreign exchange trading, treasury bills, bonds and other domestic and international securities trading and derivative products. Bank also performs activities to provide medium and long-term funding, diversification of funding sources and establishment of an international investor base in this field.

Information on business segments has been prepared in accordance with the data provided from the Parent Bank's Management Reporting System.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

Information on business segments are presented in the following tables:

| Current Period<br>(01/01/2022-31/12/2022)                | Wholesale<br>Banking | SME &<br>Agricultural<br>Banking | Retail<br>Banking | Treasury          | Other              | Total               |
|--|----------------------|----------------------------------|-------------------|-------------------|--------------------|---------------------|
| Net interest income                                      | 7.893.337            | 5.451.266                        | 7.600.002         | 10.709.095        | (2.369)            | <b>31.651.331</b>   |
| Net fees and commission income                           | 922.628              | 2.178.379                        | 3.378.036         | 2.128             | 138.574            | <b>6.619.745</b>    |
| Other income/loss, net                                   | 2.871.326            | 1.361.497                        | 1.286.916         | 7.163.121         | (4.704.680)        | <b>7.978.180</b>    |
| <b>Total segment income</b>                              | <b>11.687.291</b>    | <b>8.991.142</b>                 | <b>12.264.954</b> | <b>17.874.344</b> | <b>(4.568.475)</b> | <b>46.249.256</b>   |
| Other operational expenses <sup>(*)</sup>                | (1.913.681)          | (3.470.136)                      | (4.724.424)       | (786.215)         | (235.641)          | <b>(11.130.097)</b> |
| Provisions for expected credit loss and other provisions | (3.536.726)          | (166.341)                        | (3.248.673)       | (4.447.245)       | (24.322)           | <b>(11.423.307)</b> |
| Taxation   |                      |                                  |                   |                   |                    | <b>(6.369.681)</b>  |
| <b>Net profit from continuing operations</b>             | <b>6.236.884</b>     | <b>5.354.665</b>                 | <b>4.291.857</b>  | <b>12.640.884</b> | <b>(4.828.438)</b> | <b>17.326.171</b>   |
| Net profit from discontinued operations                  |                      |                                  |                   |                   |                    | <b>--</b>           |
| <b>Net profit for the period</b>                         | <b>6.236.884</b>     | <b>5.354.665</b>                 | <b>4.291.857</b>  | <b>12.640.884</b> | <b>(4.828.438)</b> | <b>17.326.171</b>   |
| <b>Current Period (31/12/2022)</b>                       |                      |                                  |                   |                   |                    |                     |
| Segment assets   | 170.545.219          | 96.667.895                       | 75.536.168        | 249.999.035       | --                 | <b>592.748.317</b>  |
| Subsidiaries and associates                              |                      |                                  |                   |                   |                    | <b>2.694.327</b>    |
| Undistributed assets                                     |                      |                                  |                   |                   |                    | <b>29.558.470</b>   |
| <b>Total assets</b>                                      |                      |                                  |                   |                   |                    | <b>625.001.114</b>  |
| Segment liabilities                                      | 112.307.288          | 89.528.100                       | 159.173.757       | 180.188.618       | --                 | <b>541.197.763</b>  |
| Undistributed liabilities                                |                      |                                  |                   |                   |                    | <b>28.940.375</b>   |
| Equity   |                      |                                  |                   |                   |                    | <b>54.862.976</b>   |
| <b>Total liabilities</b>                                 |                      |                                  |                   |                   |                    | <b>625.001.114</b>  |

<sup>(\*)</sup> It also includes personnel expenses.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

| Prior Period<br>(01/01/2021-31/12/2021)                  | Wholesale<br>Banking | SME &<br>Agricultural<br>Banking | Retail<br>Banking | Treasury         | Other          | Total              |
|--|----------------------|----------------------------------|-------------------|------------------|----------------|--------------------|
| Net interest income                                      | 2.449.843            | 1.756.596                        | 2.189.068         | 6.589.984        | 1.002          | <b>12.986.493</b>  |
| Net fees and commission income                           | 552.768              | 1.332.801                        | 1.847.538         | 22.605           | 407.213        | <b>4.162.925</b>   |
| Other income/loss, net                                   | 985.074              | 935.652                          | 865.365           | (1.432.116)      | 106.810        | <b>1.460.785</b>   |
| <b>Total segment income</b>                              | <b>3.987.685</b>     | <b>4.025.049</b>                 | <b>4.901.971</b>  | <b>5.180.473</b> | <b>515.025</b> | <b>18.610.203</b>  |
| Other operational expenses <sup>(*)</sup>                | (1.137.746)          | (1.878.150)                      | (2.504.176)       | (531.605)        | (32.624)       | <b>(6.084.301)</b> |
| Provisions for expected credit loss and other provisions | (4.656.608)          | (2.027.017)                      | (911.930)         | (272.415)        | (1.327)        | <b>(7.869.297)</b> |
| Taxation   |                      |                                  |                   |                  |                | <b>(1.116.834)</b> |
| <b>Net profit from continuing operations</b>             | <b>(1.806.669)</b>   | <b>119.882</b>                   | <b>1.485.865</b>  | <b>4.376.453</b> | <b>481.074</b> | <b>3.539.771</b>   |
| Net profit from discontinued operations                  | --                   | --                               | --                |                  | --             | <b>--</b>          |
| <b>Net profit for the period</b>                         | <b>(1.806.669)</b>   | <b>119.882</b>                   | <b>1.485.865</b>  | <b>4.376.453</b> | <b>481.074</b> | <b>3.539.771</b>   |
| <b>Prior Period (31/12/2021)</b>                         |                      |                                  |                   |                  |                |                    |
| Segment assets   | 125.668.049          | 55.434.947                       | 44.525.105        | 151.453.469      | --             | <b>377.081.570</b> |
| Subsidiaries and associates                              |                      |                                  |                   |                  |                | <b>1.397.878</b>   |
| Undistributed assets                                     |                      |                                  |                   |                  |                | <b>17.404.436</b>  |
| <b>Total assets</b>                                      |                      |                                  |                   |                  |                | <b>395.883.884</b> |
| Segment liabilities                                      | 53.682.820           | 49.043.367                       | 88.066.303        | 162.111.850      | --             | <b>352.904.340</b> |
| Undistributed liabilities                                |                      |                                  |                   |                  |                | <b>13.931.510</b>  |
| Equity   |                      |                                  |                   |                  |                | <b>29.048.034</b>  |
| <b>Total liabilities</b>                                 |                      |                                  |                   |                  |                | <b>395.883.884</b> |

<sup>(\*)</sup> It also includes personnel expenses.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### SECTION FIVE

#### DISCLOSURES AND FOOTNOTES TO CONSOLIDATED FINANCIAL STATEMENTS

##### I. Explanations and disclosures related to consolidated assets

###### a. Cash and cash equivalents

###### 1. Information on cash balances and balances with the Central Bank of the Republic of Turkey

|  | Current Period   |                    | Prior Period     |                   |
|--|------------------|--------------------|------------------|-------------------|
|  | TL               | FC                 | TL               | FC                |
| Cash in TL/Foreign Currency            | 1.224.349        | 4.223.175          | 713.545          | 5.780.095         |
| Central Bank of the Republic of Turkey | 7.483.910        | 73.426.179         | 3.234.356        | 43.919.939        |
| Other <sup>(*)</sup>                   | --               | 25.798.209         | --               | 27.240.440        |
| <b>Total</b>                           | <b>8.708.259</b> | <b>103.447.563</b> | <b>3.947.901</b> | <b>76.940.474</b> |

<sup>(\*)</sup> This includes the balances of foreign subsidiaries in foreign central banks subject to consolidation.

###### 2. Information on balances with the Central Bank of the Republic of Turkey

|                              | Current Period   |                   | Prior Period     |                   |
|------------------------------|------------------|-------------------|------------------|-------------------|
|                              | TL               | FC                | TL               | FC                |
| Unrestricted Demand Deposits | 7.483.910        | 20.133.448        | 3.126.557        | 14.272.079        |
| Unrestricted Time Deposits   | --               | 14.013.933        | --               | 3.017.340         |
| Restricted Time Deposits     | --               | 39.278.798        | 107.799          | 26.630.520        |
| <b>Total</b>                 | <b>7.483.910</b> | <b>73.426.179</b> | <b>3.234.356</b> | <b>43.919.939</b> |

###### 3. Explanations on reserve requirements

As per the Communiqué no. 2013/15 "Reserve Deposits" of the Central Bank of the Republic of Turkey ("CBRT"), the Bank keeps reserve deposits at the CBRT for their TL and FC liabilities mentioned in the communiqué.

As of 31 December 2022, all banks operating in Turkey should provide a reserve in a range of 3% to 8% (31 December 2021: between 3% and 8%) depending on the terms of the deposits for their liabilities in Turkish Lira and in a range of 5% to 26% (31 December 2021: between 5% and 26%) in US Dollars or standard gold for their liabilities in foreign currencies.

The interest income received from reserve requirements of the Bank with the CBRT is amounting to TL 96.849 (1 January - 31 December 2021: TL 333.512). The related interest income recognised under "Interest on Reserve Requirements".

With the press release of the CBRT dated 23 April 2022, commercial cash loans of banks and financing companies in Turkish lira are subject to reserve requirements starting from the establishment date of 10 June 2022.

Within the scope of the CBRT's Communiqué numbered 2021/14, additional required reserve and commission application according to the conversion rate into Turkish lira time deposit accounts for foreign currency deposit accounts effective as of 2 September 2022, it has been terminated with the Communiqué numbered 2022/30 published in the Official Gazette dated 31 December 2022 and numbered 32060 with the 5<sup>th</sup> repetitive number, effective from the obligation period of 23 December 2022.

As of 23.12.2022, the commission rate to be calculated over the required reserve amount required for foreign currency deposit liabilities has been determined as 8% per annum for banks with a Turkish lira deposit share below 50% and for banks between 50% and 60%, as 3% per annum in both real and legal person deposits.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 4. Information on Banks

#### Information on Banks

|                                   | Current Period   |                   | Prior Period   |                   |
|-----------------------------------|------------------|-------------------|----------------|-------------------|
|                                   | TL               | FC                | TL             | FC                |
| <b>Banks</b>                      |                  |                   |                |                   |
| Domestic                          | 1.172.183        | 201.130           | 546.135        | 48.046            |
| Foreign                           | 83               | 31.533.785        | 598            | 24.468.212        |
| Foreign head offices and branches | --               | --                | --             | --                |
| <b>Total</b>                      | <b>1.172.266</b> | <b>31.734.915</b> | <b>546.733</b> | <b>24.516.258</b> |

#### Information on foreign banks

|                               | Unrestricted Amount |                   | Restricted Amount |                  |
|-------------------------------|---------------------|-------------------|-------------------|------------------|
|                               | Current Period      | Prior Period      | Current Period    | Prior Period     |
| EU Countries                  | 14.204.115          | 11.761.015        | 688.108           | 1.310.156        |
| USA, Canada                   | 5.269.413           | 4.302.638         | --                | --               |
| OECD Countries <sup>(*)</sup> | 3.575.442           | 1.443.630         | 266.638           | 22.526           |
| Off shore zones               | 178.411             | 2.346             | --                | --               |
| Other                         | 7.351.741           | 5.626.499         | --                | --               |
| <b>Total</b>                  | <b>30.579.122</b>   | <b>23.136.128</b> | <b>954.746</b>    | <b>1.332.682</b> |

<sup>(\*)</sup> OECD countries except for EU countries, USA and Canada.

##### b. Information on financial assets at fair value through profit or loss

###### 1. Information on financial assets at fair value through profit or loss given as collateral or blocked

| <i>Given as Collateral or Blocked<br/>Financial Assets at Fair Value Through<br/>Profit or Loss</i> | Current Period |           | Prior Period  |           |
|---|----------------|-----------|---------------|-----------|
|   | TL             | FC        | TL            | FC        |
| Share Certificates  | --             | --        | --            | --        |
| Bonds, Treasury Bills and Similar<br>Marketable Securities  | 73             | --        | 19.185        | --        |
| Other   | --             | --        | --            | --        |
| <b>Total</b>  | <b>73</b>      | <b>--</b> | <b>19.185</b> | <b>--</b> |

###### 2. Financial assets at fair value through profit or loss subject to repurchase agreements

None.

###### 3. Other financial assets

As of 31 December 2022, other financial assets include securities other than government debt securities and equity instruments.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

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

|                      | Current Period   |                  | Prior Period     |                  |
|----------------------|------------------|------------------|------------------|------------------|
|                      | TL               | FC               | TL               | FC               |
| Forward Transactions | 173.670          | 131.596          | 163.012          | 455.893          |
| Swap Transactions    | 1.403.003        | 3.483.524        | 1.587.899        | 5.319.834        |
| Futures Transactions | 8.836            | --               | 370              | 11.401           |
| Options              | 42.827           | 1.288.388        | 1.978            | 204.529          |
| Other                | --               | --               | --               | --               |
| <b>Total</b>         | <b>1.628.336</b> | <b>4.903.508</b> | <b>1.753.259</b> | <b>5.991.657</b> |

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

#### 1. Major types of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income consist of share certificates, Government Debt Securities, Eurobonds and foreign currency bonds issued by the Turkish Treasury and foreign private sector debt securities.

#### 2. Characteristics and book value of financial assets at fair value through other comprehensive income pledged as collateral

Financial assets at fair value through other comprehensive income which are given as collateral consist of securities issued to various financial institutions, primarily the Central Bank of the Republic of Turkey and Istanbul Takas ve Saklama Bankası A.Ş. (Settlement and Custody Bank), for interbank money market, foreign exchange market and other transactions. These financial assets include government bonds and Eurobonds, and their total book value amounts to TL 22.237.324 (31 December 2021: TL 10.519.349).

### 3. Information on financial assets at fair value through other comprehensive income given as collateral/blocked

| <i>Given as collateral or blocked<br/>Financial assets at fair value through other<br/>comprehensive income</i> | Current Period    |                  | Prior Period     |                  |
|---|-------------------|------------------|------------------|------------------|
|   | TL                | FC               | TL               | FC               |
| Share Certificates  | --                | --               | --               | --               |
| Bills, Bonds and Similar Securities   | 19.543.206        | 2.694.118        | 4.545.421        | 5.973.928        |
| Other   | --                | --               | --               | --               |
| <b>Total</b>  | <b>19.543.206</b> | <b>2.694.118</b> | <b>4.545.421</b> | <b>5.973.928</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 4. Financial assets at fair value through other comprehensive income subject to repurchase agreements

| <i>Subject to repurchase agreements<br/>Financial assets at fair value through other<br/>comprehensive income</i> | Current Period |                   | Prior Period   |                  |
|---|----------------|-------------------|----------------|------------------|
|   | TL             | FC                | TL             | FC               |
| Government Bonds  | 87.568         | 14.610.285        | 868.996        | 4.039.032        |
| Treasury Bills  | --             | --                | --             | --               |
| Other Debt Securities   | --             | --                | --             | --               |
| Bank Bills and Bank Guaranteed Bills  | --             | --                | --             | --               |
| Asset Backed Securities   | --             | --                | --             | --               |
| Other   | --             | --                | --             | --               |
| <b>Total</b>  | <b>87.568</b>  | <b>14.610.285</b> | <b>868.996</b> | <b>4.039.032</b> |

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

| <i>Financial assets at fair value through other comprehensive income</i> | Current Period    | Prior Period      |
|--|-------------------|-------------------|
| <b>Debt Securities</b>   | <b>77.257.107</b> | <b>29.106.507</b> |
| Quoted on Stock Exchange <sup>(*)</sup>                                  | 77.257.107        | 29.106.507        |
| Unquoted on Stock Exchange   | --                | --                |
| <b>Share Certificates</b>  | <b>1.630</b>      | <b>981</b>        |
| Quoted on Stock Exchange   | --                | --                |
| Unquoted on Stock Exchange   | 1.630             | 981               |
| <b>Impairment Provisions (-)</b>   | <b>--</b>         | <b>--</b>         |
| <b>Total</b>   | <b>77.258.737</b> | <b>29.107.488</b> |

(\*) It includes bank and corporate bills.

### d. Explanations on loans

#### 1. Information on the balance of any kind of loan or advance granted to shareholders and employees of the Bank

|   | Current Period |               | Prior Period  |              |
|---|----------------|---------------|---------------|--------------|
|   | Cash           | Non-Cash      | Cash          | Non-Cash     |
| <b>Direct Loans Granted to Shareholders</b>   | <b>--</b>      | <b>93.168</b> | <b>--</b>     | <b>6.144</b> |
| Corporate Shareholders                        | --             | 93.168        | --            | 6.144        |
| Individual Shareholders                       | --             | --            | --            | --           |
| <b>Indirect Loans Granted to Shareholders</b> | <b>--</b>      | <b>--</b>     | <b>--</b>     | <b>--</b>    |
| <b>Loans Granted to Employees</b>             | <b>347.083</b> | <b>155</b>    | <b>98.936</b> | <b>386</b>   |
| <b>Total</b>                                  | <b>347.083</b> | <b>93.323</b> | <b>98.936</b> | <b>6.530</b> |



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## 2. Information on standard loans and loans under close monitoring and loans under restructuring

|                                  | Loans Under Close Monitoring |                                    |                                   |                   |
|----------------------------------|------------------------------|------------------------------------|-----------------------------------|-------------------|
|                                  | Standard Loans               | Not included in restructured loans | Restructured Loans                |                   |
|                                  |                              |                                    | Changes in conditions of contract | Refinancing       |
| <b>Cash loans <sup>(*)</sup></b> |                              |                                    |                                   |                   |
| <b>Non-specialized loans</b>     | <b>281.572.257</b>           | <b>12.308.820</b>                  | <b>8.090.661</b>                  | <b>14.457.158</b> |
| Corporate loans                  | 49.344.370                   | 2.494.925                          | 3.138.225                         | 3.956.709         |
| Export loans                     | 23.462.124                   | 84.588                             | --                                | 299.528           |
| Import loans                     | --                           | --                                 | --                                | --                |
| Financial sector loans           | 3.971.689                    | 11.202                             | --                                | --                |
| Consumer loans                   | 41.742.273                   | 2.757.904                          | 1.421.876                         | 82.392            |
| Credit cards                     | 39.643.982                   | 1.289.910                          | 720.347                           | 15.858            |
| Others                           | 123.407.819                  | 5.670.291                          | 2.810.213                         | 10.102.671        |
| <b>Specialized loans</b>         | <b>18.672.022</b>            | <b>1.273.023</b>                   | <b>342.748</b>                    | <b>653.966</b>    |
| <b>Other receivables</b>         | <b>16.980.917</b>            | <b>653.377</b>                     | <b>1.433.633</b>                  | <b>702</b>        |
| <b>Total</b>                     | <b>317.225.196</b>           | <b>14.235.220</b>                  | <b>9.867.042</b>                  | <b>15.111.826</b> |

<sup>(\*)</sup> It includes loans measured at amortised cost.

| Stage 1 and Stage 2 Provisions for Expected Credit Loss | Current Period   |                              | Prior Period     |                              |
|---|------------------|------------------------------|------------------|------------------------------|
|   | Standard Loans   | Loans Under Close Monitoring | Standard Loans   | Loans Under Close Monitoring |
| 12-Month provision for expected credit loss             | 4.920.254        | --                           | 3.187.819        | --                           |
| Significant increase in credit risk                     | --               | 12.484.365                   | --               | 10.791.714                   |
| <b>Total</b>  | <b>4.920.254</b> | <b>12.484.365</b>            | <b>3.187.819</b> | <b>10.791.714</b>            |

## 3. Distribution of cash loans according to maturity structure

|                            | Loans Under Close Monitoring |                   |                   |
|----------------------------|------------------------------|-------------------|-------------------|
|                            | Standard Loans               | Not Restructured  | Restructured      |
| Short-Term Loans           | 130.708.294                  | 4.031.509         | 5.293.750         |
| Medium and Long-Term Loans | 186.516.902                  | 10.203.711        | 19.685.118        |
| <b>Total</b>               | <b>317.225.196</b>           | <b>14.235.220</b> | <b>24.978.868</b> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## 4. Information on consumer loans, individual credit cards and personnel credit cards

|   | Short Term        | Medium or Long Term | Total             |
|---|-------------------|---------------------|-------------------|
| <b>Consumer Loans-TL</b>                                | <b>5.539.299</b>  | <b>36.223.838</b>   | <b>41.763.137</b> |
| Real estate Loans                                       | 3.367             | 1.089.984           | <b>1.093.351</b>  |
| Vehicle Loans   | 12.891            | 49.700              | <b>62.591</b>     |
| General Purpose Loans                                   | 5.521.882         | 35.084.154          | <b>40.606.036</b> |
| Other   | 1.159             | --                  | <b>1.159</b>      |
| <b>Consumer Loans-Indexed to FC</b>                     | <b>--</b>         | <b>12.128</b>       | <b>12.128</b>     |
| Real estate Loans                                       | --                | 11.122              | <b>11.122</b>     |
| Vehicle Loans   | --                | --                  | <b>--</b>         |
| General Purpose Loans                                   | --                | 1.006               | <b>1.006</b>      |
| Other   | --                | --                  | <b>--</b>         |
| <b>Consumer Loans-FC</b>                                | <b>36.646</b>     | <b>55.519</b>       | <b>92.165</b>     |
| Real estate Loans                                       | --                | 13.966              | <b>13.966</b>     |
| Vehicle Loans   | --                | --                  | <b>--</b>         |
| General Purpose Loans                                   | 33.231            | --                  | <b>33.231</b>     |
| Other   | 3.415             | 41.553              | <b>44.968</b>     |
| <b>Individual Credit Cards-TL</b>                       | <b>30.361.598</b> | <b>1.179.453</b>    | <b>31.541.051</b> |
| Installment   | 15.604.676        | 1.179.453           | <b>16.784.129</b> |
| Non installment   | 14.756.922        | --                  | <b>14.756.922</b> |
| <b>Individual Credit Cards-FC</b>                       | <b>21.962</b>     | <b>--</b>           | <b>21.962</b>     |
| Installment   | --                | --                  | <b>--</b>         |
| Non installment   | 21.962            | --                  | <b>21.962</b>     |
| <b>Loans Given to Employees-TL</b>                      | <b>86.332</b>     | <b>144.732</b>      | <b>231.064</b>    |
| Real estate Loans                                       | --                | 224                 | <b>224</b>        |
| Vehicle Loans   | --                | --                  | <b>--</b>         |
| General Purpose Loans                                   | 86.332            | 144.508             | <b>230.840</b>    |
| Other   | --                | --                  | <b>--</b>         |
| <b>Loans Given to Employees - Indexed to FC</b>         | <b>--</b>         | <b>841</b>          | <b>841</b>        |
| Real estate Loans                                       | --                | --                  | <b>--</b>         |
| Vehicle Loans   | --                | --                  | <b>--</b>         |
| General Purpose Loans                                   | --                | --                  | <b>--</b>         |
| Other   | --                | 841                 | <b>841</b>        |
| <b>Loans Given to Employees - FC</b>                    | <b>--</b>         | <b>--</b>           | <b>--</b>         |
| Real estate Loans                                       | --                | --                  | <b>--</b>         |
| Vehicle Loans   | --                | --                  | <b>--</b>         |
| General Purpose Loans                                   | --                | --                  | <b>--</b>         |
| Other   | --                | --                  | <b>--</b>         |
| <b>Personnel Credit Cards - TL</b>                      | <b>110.346</b>    | <b>350</b>          | <b>110.696</b>    |
| Installment   | 50.141            | 350                 | <b>50.491</b>     |
| Non installment   | 60.205            | --                  | <b>60.205</b>     |
| <b>Personnel Credit Cards - FC</b>                      | <b>440</b>        | <b>--</b>           | <b>440</b>        |
| Installment   | --                | --                  | <b>--</b>         |
| Non installment   | 440               | --                  | <b>440</b>        |
| <b>Overdraft Loans-TL (Real Persons) <sup>(*)</sup></b> | <b>3.895.433</b>  | <b>--</b>           | <b>3.895.433</b>  |
| <b>Overdraft Loans-FC (Real Persons)</b>                | <b>9.677</b>      | <b>--</b>           | <b>9.677</b>      |
| <b>Total</b>  | <b>40.061.733</b> | <b>37.616.861</b>   | <b>77.678.594</b> |

<sup>(\*)</sup> The overdraft account used by the personnel of the Parent Bank amounts to TL 4.042 (31 December 2021: TL 3.154).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 5. Information on commercial installment loans and corporate credit cards

|   | Short Term        | Medium or Long Term | Total              |
|---|-------------------|---------------------|--------------------|
| <b>Installment Commercial Loans - TL</b>            | <b>6.930.760</b>  | <b>19.258.525</b>   | <b>26.189.285</b>  |
| Real estate Loans                                   | 7                 | 85.015              | <b>85.022</b>      |
| Vehicle Loans                                       | 87.147            | 311.594             | <b>398.741</b>     |
| General Purpose Loans                               | 4.859.866         | 18.857.203          | <b>23.717.069</b>  |
| Other   | 1.983.740         | 4.713               | <b>1.988.453</b>   |
| <b>Installment Commercial Loans - Indexed to FC</b> | <b>--</b>         | <b>315.403</b>      | <b>315.403</b>     |
| Real estate Loans                                   | --                | 1.988               | <b>1.988</b>       |
| Vehicle Loans                                       | --                | --                  | <b>--</b>          |
| General Purpose Loans                               | --                | 313.415             | <b>313.415</b>     |
| Other   | --                | --                  | <b>--</b>          |
| <b>Installment Commercial Loans - FC</b>            | <b>4.674.038</b>  | <b>70.390.039</b>   | <b>75.064.077</b>  |
| Real estate Loans                                   | --                | --                  | <b>--</b>          |
| Vehicle Loans                                       | --                | 14.393              | <b>14.393</b>      |
| General Purpose Loans                               | 334.958           | 15.224.914          | <b>15.559.872</b>  |
| Other   | 4.339.080         | 55.150.732          | <b>59.489.812</b>  |
| <b>Corporate Credit Cards - TL</b>                  | <b>9.615.535</b>  | <b>379.810</b>      | <b>9.995.345</b>   |
| Installment   | 3.917.172         | 379.810             | <b>4.296.982</b>   |
| Non installment                                     | 5.698.363         | --                  | <b>5.698.363</b>   |
| <b>Corporate Credit Cards - FC</b>                  | <b>603</b>        | <b>--</b>           | <b>603</b>         |
| Installment   | --                | --                  | <b>--</b>          |
| Non installment                                     | 603               | --                  | <b>603</b>         |
| <b>Overdraft Loans-TL (Legal Entities)</b>          | <b>3.876.219</b>  | <b>--</b>           | <b>3.876.219</b>   |
| <b>Overdraft Loans-FC (Legal Entities)</b>          | <b>7.702</b>      | <b>--</b>           | <b>7.702</b>       |
| <b>Total</b>  | <b>25.104.857</b> | <b>90.343.777</b>   | <b>115.448.634</b> |

### 6. Distribution of loans according to user

|              | Current Period     | Prior Period       |
|--------------|--------------------|--------------------|
| Public       | 7.047.181          | 5.505.733          |
| Private      | 349.392.103        | 229.374.945        |
| <b>Total</b> | <b>356.439.284</b> | <b>234.880.678</b> |

### 7. Distribution of domestic and foreign loans

|                | Current Period     | Prior Period       |
|----------------|--------------------|--------------------|
| Domestic Loans | 319.162.232        | 207.323.532        |
| Foreign Loans  | 37.277.052         | 27.557.146         |
| <b>Total</b>   | <b>356.439.284</b> | <b>234.880.678</b> |

### 8. Loans granted to subsidiaries and associates

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Direct loans granted to subsidiaries and associates   | --             | --           |
| Indirect loans granted to subsidiaries and associates | --             | --           |
| <b>Total</b>  | <b>--</b>      | <b>--</b>    |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 9. Specific provisions for loans or provisions for stage 3 loans

| Provisions related to loans or credit impaired lossess (stage 3) | Current Period    | Prior Period      |
|--|-------------------|-------------------|
| Loans with Limited Collectability                                | 2.967.990         | 1.461.340         |
| Loans with Doubtful Collectability                               | 2.014.523         | 1.775.955         |
| Uncollectible Loans  | 9.021.838         | 8.575.959         |
| <b>Total</b>   | <b>14.004.351</b> | <b>11.813.254</b> |

### 10. Information on non-performing loans (Net)

(i) nformation on non-performing loans and restructured loans by the Group

|                                       | Group III<br>Loans with Limited<br>Collectability | Group IV<br>Loans with Doubtful<br>Collectability | Group V<br>Uncollectible<br>Loans |
|---------------------------------------|---|---|-----------------------------------|
| <b>Current Period</b>                 | <b>2.267.706</b>                                  | <b>161.190</b>                                    | <b>5.987.003</b>                  |
| (Gross amounts before the provisions) |   |   |                                   |
| Restructured loans                    | 2.267.706   | 161.190   | 5.987.003                         |
| <b>Prior Period</b>                   | <b>103.137</b>                                    | <b>252.600</b>                                    | <b>1.292.990</b>                  |
| (Gross amounts before the provisions) |   |   |                                   |
| Restructured loans                    | 103.137   | 252.600   | 1.292.990                         |

(ii) Information on movement of total non-performing loans

|   | Group III<br>Loans with limited<br>collectability | Group IV<br>Loans with doubtful<br>collectability | Group V<br>Uncollectible<br>loans |
|---|---|---|-----------------------------------|
| <b>Balances at Beginning of the Period</b>                  | <b>2.675.413</b>                                  | <b>3.083.748</b>                                  | <b>10.879.112</b>                 |
| Additions (+)   | 4.289.540   | 2.295.593   | 4.296.723                         |
| Transfers from Other Categories of Non-Performing Loans (+) | --  | 1.434.076   | 2.572.086                         |
| Transfers from Other Categories of Non-Performing Loans (-) | 1.434.076   | 2.572.086   | --                                |
| Collections (-)   | 1.568.541   | 1.684.487   | 3.500.573                         |
| Write-offs (-) <sup>(*)</sup>                               | --  | --  | 4.155.621                         |
| Sales (-)   | --  | --  | 1.281                             |
| Corporate and Commercial Loans                              | --  | --  | --                                |
| Retail Loans  | --  | --  | 1.281                             |
| Credit Cards  | --  | --  | --                                |
| Other   | --  | --  | --                                |
| FX difference   | 117.163   | 331.932   | 691.814                           |
| <b>Balances at End of the Period</b>                        | <b>4.079.499</b>                                  | <b>2.888.776</b>                                  | <b>10.782.260</b>                 |
| Specific Provisions (-)                                     | 2.967.990   | 1.998.241   | 9.038.120                         |
| <b>Net Balance on Balance Sheet</b>                         | <b>1.111.509</b>                                  | <b>890.535</b>                                    | <b>1.744.140</b>                  |

<sup>(\*)</sup> There is no reasonable expectation for the recovery of the receivable amounting to TL 895.067 belonging to LYY Telekomunikasyon A.Ş. and it has been classified as non-performing loans and a provision has been made for the full amount of the receivable as of 30 June 2022. The amount of the related receivables and the provision made have been deducted from the records as accounting classification as of 30 September 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

(iii) Information on non-performing loans utilised in foreign currencies

|   | Group III<br>Loans with limited<br>collectability | Group IV<br>Loans with doubtful<br>collectability | Group V<br>Uncollectible<br>loans |
|---|---|---|-----------------------------------|
| <b>Current Period: 31 December 2022</b> |   |   |                                   |
| Balance as of the Period End            | 722.263   | 585.951   | 2.962.447                         |
| Provisions (-)                          | 704.489   | 296.577   | 2.195.209                         |
| <b>Net Balance on Balance Sheet</b>     | <b>17.774</b>                                     | <b>289.374</b>                                    | <b>767.238</b>                    |
| <b>Prior Period: 31 December 2021</b>   |   |   |                                   |
| Balance as of the Period End            | 30.799  | 1.239.500   | 1.828.491                         |
| Provisions (-)                          | 30.650  | 790.382   | 1.274.646                         |
| <b>Net Balance on Balance Sheet</b>     | <b>149</b>  | <b>449.118</b>                                    | <b>553.845</b>                    |

(iv) Information on gross and net amounts of non-performing loans according to beneficiary group

|  | Group III<br>Loans with limited<br>collectability | Group IV<br>Loans with doubtful<br>collectability | Group V<br>Uncollectible loans |
|--|---|---|--------------------------------|
| <b>Current Period (Net): 31 December 2022</b>            | <b>1.111.509</b>                                  | <b>890.535</b>                                    | <b>1.744.140</b>               |
| Loans Granted to Real Persons and Legal Entities (Gross) | 4.079.499   | 2.888.776   | 10.782.260                     |
| Provisions (-)   | 2.967.990   | 1.998.241   | 9.038.120                      |
| Loans Granted to Real Persons and Legal Entities (Net)   | 1.111.509   | 890.535   | 1.744.140                      |
| Banks (Gross)  | --  | --  | --                             |
| Provisions (-)   | --  | --  | --                             |
| Banks (Net)  | --  | --  | --                             |
| Other Loan (Gross)                                       | --  | --  | --                             |
| Provisions (-)   | --  | --  | --                             |
| Other Loan (Net)   | --  | --  | --                             |
| <b>Priod Period (Net): 31 December 2021</b>              | <b>1.214.073</b>                                  | <b>1.307.793</b>                                  | <b>2.303.153</b>               |
| Loans Granted to Real Persons and Legal Entities (Gross) | 2.675.413   | 3.083.748   | 10.879.112                     |
| Provisions (-)   | 1.461.340   | 1.775.955   | 8.575.959                      |
| Loans Granted to Real Persons and Legal Entities (Net)   | 1.214.073   | 1.307.793   | 2.303.153                      |
| Banks (Gross)  | --  | --  | --                             |
| Provisions (-)   | --  | --  | --                             |
| Banks (Net)  | --  | --  | --                             |
| Other Loans (Gross)                                      | --  | --  | --                             |
| Provisions (-)   | --  | --  | --                             |
| Other Loans (Net)  | --  | --  | --                             |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

(v) Information on interest accruals, rediscount and valuation differences for non-performing loans and their provisions

|  | Group III<br>Loans with Limited<br>Collectability | Group IV<br>Loans with Doubtful<br>Collectability | Group V<br>Uncollectible<br>Loans |
|--|---|---|-----------------------------------|
| <b>Current Period (Net)</b>                                | <b>106.302</b>                                    | <b>218.093</b>                                    | <b>124.651</b>                    |
| Interest accruals and rediscount and valuation differences | 395.456   | 398.348   | 1.160.649                         |
| Amount of provision (-)                                    | 289.154   | 180.255   | 1.035.998                         |
| <b>Prior Period (Net)</b>                                  | <b>127.309</b>                                    | <b>219.620</b>                                    | <b>304.872</b>                    |
| Interest accruals and rediscount and valuation differences | 285.077   | 348.746   | 1.382.992                         |
| Amount of provision (-)                                    | 157.768   | 129.126   | 1.078.120                         |

**11. Outline of liquidation policy for uncollectible loans and other receivables**

For uncollectible loans, first of all the Bank and the company try to reach an agreement; where these methods to not work and no results can be obtained from follow-up, all the procedures to be performed within the framework of legal legislation are carried out. These transactions last until the companies sign a pledge deficit document or a certificate of insolvency.

**12. Explanations on write-off policy**

The general policy of the Bank is to write-off the receivables that are documented as not possible to be collected during the legal follow-up process.

Write-off policy:

In accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated 27 November 2019 by BRSA, the Parent Bank, in line with TFRS 9, may write-off part of the loans for which there is no reasonable expectation of recovery and that are classified under group 5 with a life time expected credit loss due to the default of debtor, starting from the following reporting date that the loan is classified in group 5.

Write-off is only an accounting practice in accordance with the related change in the regulation and it does not result in giving up the right on the receivable.

The Bank uses the following indicators as to the absence of reasonable expectations regarding the collection of loans:

- For receivables subject to collective assessment,
- Maximum attempts were made by the Bank regarding collection during the legal follow-up and remained inconclusive
- Recovery horizon is reached
- 100% provisioning is realised
- Certain data for those who will be subject to individual assessment that their collection ability has been completely lost as a result of customer analysis and interviews

Although the Bank has applied write-off, its policies for the loans that it follows are in line with the loans it actively pursues in terms of legal collection of borrowers, subjecting loans to the sale of non-performing loans and withdrawal decisions.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**e. Information on financial assets measured at amortised cost****1. Information on securities subject to repurchase agreement and given as collateral or blocked**

(i) Information on securities subject to repurchase agreement

Financial assets measured at amortised cost subject to repurchase agreement amounts to TL 5.169.389 (31 December 2021: TL 5.076.422).

(ii) Information on securities subject to given as collateral or blocked

Collateralized financial assets measured at amortised cost are government bonds, book value of which amounts to TL 3.903.075 (31 December 2021: TL 1.531.367).

**2. Information on government debt securities measured at amortised cost**

| <i>Government debt securities measured at amortised cost</i> | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Government Bonds   | 18.316.908            | 7.124.821           |
| Treasury Bills   | --                    | --                  |
| Other Government Debt Securities                             | --                    | --                  |
| <b>Total</b>   | <b>18.316.908</b>     | <b>7.124.821</b>    |

**3. Information on financial assets measured at amortised cost**

| <i>Financial assets measured at amortised cost</i> | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| <b>Debt Securities</b>                             | <b>18.316.908</b>     | <b>7.124.821</b>    |
| Quoted on Stock Exchange                           | 18.316.908            | 7.124.821           |
| Unquoted on Stock Exchange                         | --                    | --                  |
| <b>Impairment provisions (-)</b>                   | <b>--</b>             | <b>--</b>           |
| <b>Total</b>                                       | <b>18.316.908</b>     | <b>7.124.821</b>    |

**4. The movements of financial assets measured at amortised cost during the period**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| <b>Balance at the beginning of the period</b>                  | <b>7.124.821</b>      | <b>7.262.042</b>    |
| Foreign exchange differences in monetary assets <sup>(1)</sup> | 1.837.199             | 1.106.718           |
| Purchases during the year                                      | 10.242.395            | --                  |
| Disposals by sale and redemption                               | (887.507)             | (1.243.939)         |
| <b>Impairment provisions (-)</b>                               | <b>--</b>             | <b>--</b>           |
| <b>Total</b>   | <b>18.316.908</b>     | <b>7.124.821</b>    |

<sup>(1)</sup> Accruals of financial assets measured at amortised cost are included in "foreign exchange differences in monetary assets".**f. Information on investments in associates****1. Investments in unconsolidated associates**

| <b>Title</b>  | <b>Address<br/>(City/Country)</b> | <b>Share<br/>percentage of the<br/>Parent Bank(%)</b> | <b>Risk Group Share<br/>Percentage of the<br/>Parent Bank(%)</b> |
|---|-----------------------------------|---|--|
| 1- Kredi Kayıt Bürosu A.Ş. <sup>(1)</sup>               | Istanbul/Turkey                   | 9,00  | --   |
| 2- Kredi Garanti Fonu A.Ş. <sup>(2)</sup>               | Ankara/Turkey                     | 2,00  | --   |
| 3- Ege Tarım Ürünleri Lisanslı Dep. A.Ş. <sup>(3)</sup> | İzmir/Turkey                      | 9,00  | --   |
| 4- İhracatı Geliştirme A.Ş. <sup>(4)</sup>              | Istanbul/Turkey                   | 0,16  | --   |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|   | <b>Total Assets</b> | <b>Shareholders' Equity</b> | <b>Total Fixed Assets</b> | <b>Interest Income</b> | <b>Income on Securities Portfolio</b> | <b>Current Period Profit/(Loss)</b> | <b>Prior Period Profit/(Loss)</b> | <b>Fair Value</b> |
|---|---------------------|-----------------------------|---------------------------|------------------------|---------------------------------------|-------------------------------------|-----------------------------------|-------------------|
| 1 | 766.973             | 155.774                     | 262.861                   | 27.653                 | --                                    | 29.975                              | 47.719                            | --                |
| 2 | 1.178.649           | 806.022                     | 25.207                    | 110.828                | --                                    | 244.546                             | 95.447                            | --                |
| 3 | 57.464              | 21.246                      | 44.889                    | 471                    | --                                    | 2.113                               | 2.437                             | --                |
| 4 | --                  | --                          | --                        | --                     | --                                    | --                                  | --                                | --                |

<sup>(1)</sup> Information on the financial statements is presented as of the period ended 30 September 2022.<sup>(2)</sup> Information on the financial statements is presented as of the period ended 31 December 2021.<sup>(3)</sup> Information on the financial statements is presented as of the period ended 31 December 2022.<sup>(4)</sup> The Parent Bank has participated in İhracatı Geliştirme A.Ş. on 28 July 2022.**2. Investments in consolidated associates**

There are no investments in consolidated associates.

**g. Information on investments in subsidiaries****1. Information on shareholders' equity of major subsidiaries**

The Parent Bank do not not have any capital requirement arising from its subsidiaries included in the consolidated capital adequacy standard ratio.

The amounts below are obtained from the financial data of 31 December 2022 prepared in accordance with the legislation to which Denizbank AG is subject to.

|                                 | <b>Denizbank AG</b> |
|---------------------------------|---------------------|
| Paid-in capital                 | 4.621.528           |
| Share premium                   | 6.790.345           |
| Reserves                        | 11.720.060          |
| Deductions from capital         | 33.904              |
| <b>Total Common Equity</b>      | <b>23.098.029</b>   |
| Total additional Tier I capital | --                  |
| Deductions from capital         | 135.616             |
| <b>Total Core Capital</b>       | <b>22.962.413</b>   |
| Total supplementary capital     | --                  |
| <b>Capital</b>                  | <b>22.962.413</b>   |
| Deductions from capital         | --                  |
| <b>SHAREHOLDERS' EQUITY</b>     | <b>22.962.413</b>   |

**2. Information on unconsolidated subsidiaries**

| <b>Title</b>   | <b>Address<br/>(City/Country)</b> | <b>Share<br/>percentage of the<br/>Parent Bank (%)</b> | <b>Share percentage<br/>of other shareholders (%)</b> |
|--|-----------------------------------|--|---|
| 1- İntertech Bilgi İşlem ve Pazarlama Ticaret A.Ş.                   | İstanbul/Turkey                   | 100  | --  |
| 2- Denizbank Kültür Sanat Yayıncılık Ticaret ve Sanayi A.Ş.          | İstanbul/Turkey                   | 100  | --  |
| 3- Açık Deniz Radyo ve Televizyon İletişim Yayıncılık ve Sanayi A.Ş. | İstanbul/Turkey                   | --   | 100   |
| 4- Deniz Immobilien Service GmbH                                     | Vienna/Austria                    | --   | 100   |
| 5- Ekspres Bilgi İşlem ve Ticaret A.Ş.                               | İstanbul/Turkey                   | 71   | 29  |
| 6- Neohub Teknoloji Yazılım Pazarlama ve Danışmanlık A.Ş.            | İstanbul/Turkey                   | --   | 100   |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|   | Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income on Securities Portfolio | Current Period Profit/(Loss) | Prior Period Profit/(Loss) | Fair Value |
|---|--------------|----------------------|--------------------|-----------------|--------------------------------|------------------------------|----------------------------|------------|
| 1 | 1.380.837    | 1.060.387            | 448.044            | 30.130          | --                             | 474.547                      | 227.197                    | --         |
| 2 | 913          | 891                  | --                 | --              | --                             | 169                          | (181)                      | --         |
| 3 | 558          | 555                  | --                 | --              | --                             | 69                           | 58                         | --         |
| 4 | 375          | 240                  | --                 | --              | --                             | 31                           | (100)                      | --         |
| 5 | 60.601       | 14.466               | 10.452             | 2.638           | --                             | 2.600                        | (685)                      | --         |
| 6 | 46.017       | 38.030               | 2.238              | 3.431           | --                             | 10.781                       | (6.742)                    | --         |

The financial statements of the above subsidiaries for the period ended on 31 December 2022 are not included in the consolidation since they are non-financial subsidiaries.

**3. Information on consolidated subsidiaries**

| Title   | Address (City/Country) | Share percentage of the Parent Bank (%) | Share percentage of other shareholders (%) <sup>(*)</sup> | Consolidation Method |
|---|------------------------|---|---|----------------------|
| 1 Denizbank AG                                      | Vienna/Austria         | 100                                     | --  | Full consolidation   |
| 2 Eurodeniz International Banking Unit Ltd.         | Nicosia/Cyprus         | 100                                     | --  | Full consolidation   |
| 3 Deniz Yatırım Menkul Kıymetler A.Ş.               | Istanbul/Turkey        | 100                                     | --  | Full consolidation   |
| 4 JSC Denizbank Moskova <sup>(**)</sup>             | Moscow/Russia          | 100                                     | --  | Full consolidation   |
| 5 Deniz Portföy Yönetimi A.Ş.                       | Istanbul/Turkey        | --                                      | 100   | Full consolidation   |
| 6 Deniz Finansal Kiralama A.Ş.                      | Istanbul/Turkey        | 100                                     | --  | Full consolidation   |
| 7 Deniz Faktoring A.Ş.                              | Istanbul/Turkey        | 100                                     | --  | Full consolidation   |
| 8 Deniz Gayrimenkul Yatırım Ortaklığı A.Ş.          | Istanbul/Turkey        | --                                      | 75  | Full consolidation   |
| 9 CR Erdberg Eins GmbH & Co KG                      | Vienna/Austria         | --                                      | 100   | Full consolidation   |
| 10 Fastpay Elektronik Para ve Ödeme Hizmetleri A.Ş. | Istanbul/Turkey        | 100                                     | --  | Full consolidation   |

<sup>(\*)</sup> Represents risk group share percentage of the Bank.

<sup>(\*\*)</sup> Denizbank AG sold its subsidiary share in JSC Denizbank Moscow to Denizbank in 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

|    | Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income on Securities Portfolio | Current Period Profit/(Loss) | Prior Period Profit/(Loss) | Fair Value | Capital requirement |
|----|--------------|----------------------|--------------------|-----------------|--------------------------------|------------------------------|----------------------------|------------|---------------------|
| 1  | 114.638.039  | 28.404.214           | 289.938            | 3.138.318       | 219.990                        | 1.420.377                    | 272.989                    | --         | --                  |
| 2  | 171.899      | 143.502              | 20                 | 28.579          | --                             | 2.019                        | 2562                       | --         | --                  |
| 3  | 5.132.343    | 2.065.392            | 17.543             | 411.018         | --                             | 503.002                      | 268.754                    | --         | --                  |
| 4  | 5.055.816    | 1.922.002            | 50.920             | 435.401         | 79.189                         | 723.697                      | 82.520                     | --         | --                  |
| 5  | 100.896      | 83.528               | 3.068              | 1.447           | 642                            | 35.592                       | 14.565                     | --         | --                  |
| 6  | 11.297.303   | 1.635.468            | 2.209.336          | 795.761         | 23.371                         | 660.792                      | 319.340                    | --         | --                  |
| 7  | 8.289.353    | 530.323              | 18.361             | 862.851         | 17.818                         | 240.602                      | 37.842                     | --         | --                  |
| 8  | 1.571.032    | 1.325.617            | 4.357              | 45.397          | 8.325                          | 606.008                      | 95.307                     | --         | --                  |
| 9  | 697.112      | 607.772              | 520.301            | 11              | --                             | 5.722                        | 3386                       | --         | --                  |
| 10 | 34.325       | 26.479               | 3.910              | 2.229           | --                             | (5.823)                      | (1.902)                    | --         | --                  |

Includes financial statement details subject to 31 December 2022 consolidation.

(i) Movement of consolidated subsidiaries during the period

|  | Current Period   | Prior Period     |
|--|------------------|------------------|
| <b>Balance at the Beginning of the Period</b>                | <b>4.179.527</b> | <b>3.666.689</b> |
| <b>Movements During the Period</b>                           | <b>589.008</b>   | <b>512.838</b>   |
| Purchases <sup>(*)</sup>                                     | 25.000           | 4.000            |
| Bonus Shares Received  | --               | --               |
| Dividends from Current Year Profit                           | --               | --               |
| Sales  | --               | --               |
| Revaluation Increase, Effect of Inflation and F/X Difference | 564.008          | 508.838          |
| Other  | --               | --               |
| Provision for Impairment                                     | --               | --               |
| <b>Balance at the End of the Period</b>                      | <b>4.768.535</b> | <b>4.179.527</b> |
| <b>Capital Commitments</b>                                   |                  | --               |
| <b>Share Percentage at the end of Period (%)</b>             | <b>--</b>        | <b>--</b>        |

<sup>(\*)</sup> As of 31 December 2020, the capital commitment of TL 4.000 to "Fastpay Elektronik Para ve Dağıtım Hizmetleri A.Ş.", a 100% subsidiary of the Bank, was paid in cash as of 31 March 2021, and the capital increase was completed. With the decision of the Board of Directors of the Bank dated 31 March 2022, it has been decided to increase the capital by TL 25.000 in order to comply with the minimum equity requirement, and to participate in the entire amount increased by the Bank. The capital commitment debt was paid on 31 March 2022 before the capital increase decision was registered.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

(ii) Sectorial information on the consolidated subsidiaries and the related carrying amounts

|                     | Current Period   | Prior Period     |
|---------------------|------------------|------------------|
| Banks               | 2.321.148        | 2.117.936        |
| Insurance Companies | --               | --               |
| Factoring Companies | 138.107          | 138.107          |
| Leasing Companies   | 801.217          | 801.217          |
| Finance Companies   | --               | --               |
| Other Subsidiaries  | 1.508.063        | 1.122.267        |
| <b>Total</b>        | <b>4.768.535</b> | <b>4.179.527</b> |

The balances of the consolidated subsidiaries mentioned in the above have been eliminated in the accompanying financial statements.

(iii) Quoted subsidiaries within the consolidation scope

|                            | Current Period | Prior Period |
|----------------------------|----------------|--------------|
| Quoted on domestic markets | 1.204.727      | 674.288      |
| Quoted on foreign markets  | --             | --           |

(iv) Consolidated subsidiaries disposed during the current period: None.

(v) Consolidated subsidiaries acquired during the current period: None.

### h. Information on jointly controlled entities (joint ventures)

#### 1. Information on jointly controlled entities (joint ventures)

| Title   | Share<br>percentage<br>of the Parent<br>Bank (%) | Share<br>percentage of<br>the Group (%) | Current<br>Assets | Non-<br>Current<br>Assets | Non-<br>Current<br>Liabilities | Income  | Expenses  |
|---|--|---|-------------------|---------------------------|--------------------------------|---------|-----------|
| Bantaş Nakit ve Kıymetli<br>Mal Taşıma ve Güvenlik<br>Hizmetleri A.Ş. | 33   | 33                                      | 189.007           | 114.693                   | 45.178                         | 539.423 | (488.306) |

Information on the unaudited financial statements is presented as of the period ended 31 December 2022.

#### 2. Reasons of being unconsolidated for unconsolidated jointly controlled entities (joint ventures) and method used in the accounting of jointly controlled entities (joint ventures) in the Parent Bank's unconsolidated financial statements

Although the Parent Bank represents Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. ("Bantaş") with %33 of ownership rate as jointly controlled affiliate in its financial statements, it was not consolidated since it is a non-financial entity. This investment is carried at cost.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### i. Information on receivables from leasing transactions

#### 1. Representation of investments in leasing transactions by remaining maturity

|                   | Current Period <sup>(*)</sup> |                  | Prior Period <sup>(*)</sup> |                  |
|-------------------|-------------------------------|------------------|-----------------------------|------------------|
|                   | Gross                         | Net              | Gross                       | Net              |
| Less than 1 year  | 1.918.344                     | 1.804.362        | 326.429                     | 306.066          |
| Between 1-4 years | 4.021.142                     | 3.276.322        | 2.191.947                   | 1.790.003        |
| Over 4 years      | 4.075.630                     | 3.116.017        | 3.638.795                   | 2.750.164        |
| <b>Total</b>      | <b>10.015.116</b>             | <b>8.196.701</b> | <b>6.157.171</b>            | <b>4.846.233</b> |

<sup>(\*)</sup> Non-performing lease receivables of TL 376.297 are not included (31 December 2021: TL 381.425).

#### 2. Information on net investments in lease transactions

|  | Current Period <sup>(*)</sup> | Prior Period <sup>(*)</sup> |
|--|-------------------------------|-----------------------------|
| Gross finance lease investment                 | 10.015.116                    | 6.157.171                   |
| Unearned finance income from finance lease (-) | 1.818.415                     | 1.310.938                   |
| Cancelled leasing amounts (-)                  | --                            | --                          |
| <b>Net investment on finance leases</b>        | <b>8.196.701</b>              | <b>4.846.233</b>            |

<sup>(\*)</sup> Non-performing lease receivables of TL 376.297 are not included (31 December 2021: TL 381.425).

#### 3. Information on operating lease

Deniz Finansal Kiralama A.Ş. started the fleet rental operations in the scope of operational leasing in June 2014.

Long-term receivables arising from leased assets are not recognised in the DFS Group's balance sheet. Receivables arising from the invoiced rents amounts within the period are recognised in the Group's balance sheet.

As of 31 December 2022, the DFS Group's receivables which arise from its operational leasing agreements and will emerge in the future are distributed as follows by year:

|                   | Current Period | Prior Period  |
|-------------------|----------------|---------------|
| Up to 1 year      | 19.783         | 10.456        |
| Between 1-5 years | --             | --            |
| 5 years and over  | --             | --            |
| <b>Total</b>      | <b>19.783</b>  | <b>10.456</b> |

#### j. Explanation on derivative financial instruments for hedging purpose

None.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**k. Information on tangible assets**

|  | Real Estate     | Vehicles         | Right-of-Use<br>Assets | Other              | Total              |
|--|-----------------|------------------|------------------------|--------------------|--------------------|
| <b>Cost At the End Of The Prior Period</b>                     | <b>518.663</b>  | <b>1.078.565</b> | <b>1.124.434</b>       | <b>2.001.746</b>   | <b>4.723.408</b>   |
| Transfers  | --              | --               | --                     | --                 | --                 |
| Acquisitions   | --              | 1.265.765        | 338.487                | 397.392            | 2.001.644          |
| Revaluation differences  | 111.380         | --               | --                     | --                 | 111.380            |
| Disposals  | --              | (128.103)        | (11.762)               | (82.816)           | (222.681)          |
| Foreign exchange differences                                   | 127.079         | 787              | 60.863                 | 91.819             | 280.548            |
| <b>Cost At the End Of The Period</b>                           | <b>757.122</b>  | <b>2.217.014</b> | <b>1.512.022</b>       | <b>2.408.141</b>   | <b>6.894.299</b>   |
| <b>Accumulated Depreciation At the End Of The Prior Period</b> | <b>--</b>       | <b>(45.980)</b>  | <b>(641.864)</b>       | <b>(1.294.287)</b> | <b>(1.982.131)</b> |
| Transfers  | --              | 458              | --                     | (458)              | --                 |
| Depreciation fort he period                                    | (11.639)        | (877)            | (294.034)              | (229.931)          | (536.481)          |
| Disposals  | --              | 12.834           | 11.762                 | 71.189             | 95.785             |
| Foreign exchange differences                                   | (1.511)         | (450)            | (43.755)               | (68.064)           | (113.780)          |
| <b>Accumulated Depreciation At the End Of The Period</b>       | <b>(13.150)</b> | <b>(34.015)</b>  | <b>(967.891)</b>       | <b>(1.521.551)</b> | <b>(2.536.607)</b> |
| <b>Net Book Value At The End Of The Period</b>                 | <b>743.972</b>  | <b>2.182.999</b> | <b>544.131</b>         | <b>886.590</b>     | <b>4.357.692</b>   |

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". The positive difference between the property values in the expertise reports prepared by the licensed appraisal companies and the net book value of the related properties is followed in the equity accounts and the negative differences are followed in the statement of profit or loss.

Revaluation difference amounting to TL 455.819 (31 December 2021: TL 270.645) is recognised under equity as a result of revaluation process.

**l. Information on intangible assets**

|  | Other              | Goodwill  | Total              |
|--|--------------------|-----------|--------------------|
| <b>Cost At the End Of The Prior Period</b>                     | <b>1.999.015</b>   | <b>--</b> | <b>1.999.015</b>   |
| Transfers  | --                 | --        | --                 |
| Acquisitions   | 1.313.227          | --        | 1.313.227          |
| Revaluation differences  | --                 | --        | --                 |
| Disposals  | (36)               | --        | (36)               |
| Foreign exchange differences                                   | 111.380            | --        | 111.380            |
| <b>Cost At the End Of The Period</b>                           | <b>3.423.586</b>   | <b>--</b> | <b>3.423.586</b>   |
| <b>Accumulated Depreciation At the End Of The Prior Period</b> | <b>(1.375.315)</b> | <b>--</b> | <b>(1.375.315)</b> |
| Transfers  | --                 | --        | --                 |
| Depreciation fort he period                                    | (438.823)          | --        | (438.823)          |
| Disposals  | 36                 | --        | 36                 |
| Foreign exchange differences                                   | (86.698)           | --        | (86.698)           |
| <b>Accumulated Depreciation At the End Of The Period</b>       | <b>(1.900.800)</b> | <b>--</b> | <b>(1.900.800)</b> |
| <b>Net Book Value At The End Of The Period</b>                 | <b>1.522.786</b>   | <b>--</b> | <b>1.522.786</b>   |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**m. Explanation on investment properties**

Investment properties are properties held by Deniz GYO for the purpose of generating lease profit.

As of 31 December 2022, the DFS Group's investment properties amount to TL 709.270 (31 December 2021: TL 369.625) which are carried at fair value in the consolidated financial statements.

**n. Information on deferred tax asset**

Deferred tax asset calculated within the scope of applicable regulation amounts to TL 4.357.629 (31 December 2021: TL 3.084.569) and deferred tax liability amounts to TL 654.432 (31 December 2021: TL 161.793). The mentioned value has been calculated by netting off the deductible and taxable temporary differences as of the balance sheet date.

The following table summarizes the distribution of deferred tax in terms of sources:

|   | Current Period   | Prior Period       |
|---|------------------|--------------------|
| Miscellaneous Provisions                  | 3.908.989        | 2.767.433          |
| Provision for Employee Benefits           | 372.613          | 149.840            |
| Valuation Differences of Financial Assets | 283.918          | 314.587            |
| Unearned Revenue                          | 130.638          | 63.774             |
| Tax Losses <sup>(*)</sup>                 | --               | 683.860            |
| Other                                     | --               | 46.791             |
| <b>Deferred Tax Assets</b>                | <b>4.696.158</b> | <b>4.026.285</b>   |
| Valuation Differences of Tangible Assets  | (403.812)        | (232.029)          |
| Valuation Differences of Derivatives      | (334.138)        | (871.480)          |
| Other                                     | (255.011)        | --                 |
| <b>Deferred Tax Liabilities</b>           | <b>(992.961)</b> | <b>(1.103.509)</b> |
| <b>Net Deferred Tax Assets</b>            | <b>3.703.197</b> | <b>2.922.776</b>   |

<sup>(\*)</sup> Tax losses is mainly due to the valuation of financial instruments in accordance with the Tax Procedure Law in the calculation of the corporate tax.

**o. Explanation on non-current assets or disposal groups held for sale and from discontinued operations**

None.

**p. Information on other assets****1. Information on prepaid expense, taxes and similar items**

DFS Group's total prepaid expenses are TL 2.192.347 (31 December 2021: TL 823.245).

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### II. Explanations and disclosures related to consolidated liabilities

#### a. Information on deposits

Foreign currency protected deposit product, the operating rules of which are determined by the Ministry of Treasury and Finance and the CBRT, and which ensures that TL deposits are valued with interest rates and are protected against foreign currency exchange rates, started to be offered to bank customers as of the year of 2021 accounting period reported. TL deposits include TL 73.171.134 deposits within this scope as of 31 December 2022 (31 December 2021: TL 3.307.220).

#### 1. Information on maturity structure of deposits

| Current Period:<br>31 December 2022         | Demand             | 7 Days<br>Notice | Up to<br>1 Month  | 1-3<br>Months      | 3-6 Months        | 6 Months-<br>1 Year | 1 Year and<br>Over | Accumulated<br>Deposit<br>Accounts | Total              |
|---|--------------------|------------------|-------------------|--------------------|-------------------|---------------------|--------------------|------------------------------------|--------------------|
| Saving Deposits                             | 11.756.270         | --               | 7.316.517         | 27.311.244         | 44.764.424        | 2.987.232           | 3.768.833          | 3.282                              | 97.907.802         |
| Foreign Currency<br>Deposits <sup>(*)</sup> | 110.070.189        | --               | 26.283.703        | 44.521.318         | 15.312.330        | 15.079.648          | 21.623.713         | 4.679                              | 232.895.580        |
| Residents in Turkey                         | 49.717.116         | --               | 18.697.583        | 32.674.523         | 9.905.614         | 4.174.855           | 3.369.303          | 4.540                              | 118.543.534        |
| Residents Abroad                            | 60.353.073         | --               | 7.586.120         | 11.846.795         | 5.406.716         | 10.904.793          | 18.254.410         | 139                                | 114.352.046        |
| Public Sector Deposits                      | 1.117.565          | --               | 541.338           | 362.896            | 193               | --                  | --                 | --                                 | 2.021.992          |
| Commercial Deposits                         | 14.085.372         | --               | 11.192.746        | 12.161.839         | 18.777.920        | 4.243.606           | 3.923.452          | --                                 | 64.384.935         |
| Other Ins. Deposits                         | 338.732            | --               | 222.975           | 643.035            | 430.336           | 89.147              | 18.504             | --                                 | 1.742.729          |
| Precious Metal Deposits                     | 12.449.445         | --               | 216.469           | 3.137.409          | 711.610           | 782.637             | 712.289            | 5.994                              | 18.015.853         |
| Bank Deposits                               | 1.139.864          | --               | 259.621           | 17.665.898         | 1.614.163         | 656.125             | 1.102.449          | --                                 | 22.438.120         |
| Central Bank                                | 413.798            | --               | --                | --                 | --                | --                  | --                 | --                                 | 413.798            |
| Domestic Banks                              | 40.297             | --               | 1.064             | 201.872            | 190.740           | --                  | --                 | --                                 | 433.973            |
| Foreign Banks                               | 684.508            | --               | 258.557           | 17.464.026         | 1.423.423         | 656.125             | 1.102.449          | --                                 | 21.589.088         |
| Special Finan. Inst.                        | 1.261              | --               | --                | --                 | --                | --                  | --                 | --                                 | 1.261              |
| Other                                       | --                 | --               | --                | --                 | --                | --                  | --                 | --                                 | --                 |
| <b>Total</b>                                | <b>150.957.437</b> | <b>--</b>        | <b>46.033.369</b> | <b>105.803.639</b> | <b>81.610.976</b> | <b>23.838.395</b>   | <b>31.149.240</b>  | <b>13.955</b>                      | <b>439.407.011</b> |

<sup>(\*)</sup> Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 156.843.158 and Commercial Deposit customers at the amount of TL 76.052.422.

| Prior Period:<br>31 December 2021           | Demand            | 7 Days<br>Notice | Up to<br>1 Month  | 1-3<br>Months     | 3-6 Months        | 6 Months-<br>1 Year | 1 Year and<br>Over | Accumulated<br>Deposit<br>Accounts | Total              |
|---|-------------------|------------------|-------------------|-------------------|-------------------|---------------------|--------------------|------------------------------------|--------------------|
| Saving Deposits                             | 6.579.812         | --               | 5.980.264         | 25.068.065        | 3.344.144         | 731.895             | 701.187            | 4.737                              | 42.410.104         |
| Foreign Currency<br>Deposits <sup>(*)</sup> | 71.014.356        | --               | 15.559.214        | 33.722.982        | 8.284.389         | 11.322.906          | 37.182.369         | 2.943                              | 177.089.159        |
| Residents in Turkey                         | 35.191.103        | --               | 15.172.532        | 31.858.686        | 6.915.824         | 3.930.198           | 3.466.944          | 2.866                              | 96.538.153         |
| Residents Abroad                            | 35.823.253        | --               | 386.682           | 1.864.296         | 1.368.565         | 7.392.708           | 33.715.425         | 77                                 | 80.551.006         |
| Public Sector Deposits                      | 939.363           | --               | 31.437            | 178.843           | 413               | --                  | 53                 | --                                 | 1.150.109          |
| Commercial Deposits                         | 5.024.341         | --               | 3.741.236         | 3.046.774         | 63.510            | 21.299              | 19.639             | --                                 | 11.916.799         |
| Other Ins. Deposits                         | 248.098           | --               | 203.061           | 534.001           | 38.609            | 1.704               | 58.815             | --                                 | 1.084.288          |
| Precious Metal Deposits                     | 10.410.262        | --               | 308.623           | 2.388.241         | 322.121           | 880.936             | 536.416            | 12.333                             | 14.858.932         |
| Bank Deposits                               | 1.089.478         | --               | 3.719.307         | 10.635.668        | 310.324           | 2.402.135           | --                 | --                                 | 18.156.912         |
| Central Bank                                | --                | --               | --                | --                | --                | --                  | --                 | --                                 | --                 |
| Domestic Banks                              | 46.631            | --               | (905)             | 225.134           | --                | 6.677               | --                 | --                                 | 277.537            |
| Foreign Banks                               | 1.041.923         | --               | 3.720.212         | 10.410.534        | 310.324           | 2.395.458           | --                 | --                                 | 17.878.451         |
| Special Finan. Inst.                        | 924               | --               | --                | --                | --                | --                  | --                 | --                                 | 924                |
| Other                                       | --                | --               | --                | --                | --                | --                  | --                 | --                                 | --                 |
| <b>Total</b>                                | <b>95.305.710</b> | <b>--</b>        | <b>29.543.142</b> | <b>75.574.574</b> | <b>12.363.510</b> | <b>15.360.875</b>   | <b>38.498.479</b>  | <b>20.013</b>                      | <b>266.666.303</b> |

<sup>(\*)</sup> Foreign Currency Deposit Account consists of Saving Deposit customers at the amount of TL 121.500.908 and Commercial Deposit customers at the amount of TL 55.588.251.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 2. Information on deposit insurance

(i) Information on saving deposits under the guarantee of insurance and exceeding the limit of insurance

Deposits owned by foreign subsidiaries in scope of consolidation are under insurance coverage according to legislations of countries in which they are located and are not included in following table.

|   | Saving Deposit<br>Insurance Fund |                   | Exceeding the Insurance<br>Coverage Limit |                   |
|---|----------------------------------|-------------------|---|-------------------|
|   | Current Period                   | Prior Period      | Current Period                            | Prior Period      |
| Saving Deposits   | 35.687.504                       | 22.588.462        | 62.212.788                                | 19.699.031        |
| Foreign Currency Saving Deposits  | 23.063.342                       | 16.649.353        | 83.124.491                                | 54.352.494        |
| Other Deposits in the form of Saving<br>Deposits                            | --                               | --                | --  | --                |
| Foreign Branches' Deposits under<br>Foreign Authorities' Insurance          | --                               | --                | --  | --                |
| Off-shore Banking Regions' Deposits<br>under Foreign Authorities' Insurance | --                               | --                | --  | --                |
| <b>Total</b>  | <b>58.750.846</b>                | <b>39.237.815</b> | <b>145.337.279</b>                        | <b>74.051.525</b> |

In accordance with the "Regulation on Amending the Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated 27 August 2022 and numbered 31936, official institutions in the presence of credit institutions, credit institutions and all deposits and participation funds, except those belonging to financial institutions, have started to be insured. In this context, commercial deposits covered by the insurance amount to TL 8.283.406 and the relevant amount is not included in the footnote.

(ii) Saving deposits of real persons which are not under the guarantee of insurance

|  | Current Period | Prior Period   |
|--|----------------|----------------|
| Deposits and Other Accounts in Foreign Branches  | 112.304        | 138.421        |
| Deposits and Other Accounts belong to Major Shareholders with Their<br>Parents, Spouse and Children under Their Wardship                                   | --             | --             |
| Deposits and Other Accounts belong to Members of Board of Directors,<br>CEO and Deputy CEO with Their Parents, Spouse and Children under Their<br>Wardship | 187.849        | 127.782        |
| Deposits and Other Accounts linked to Crimes Mentioned in 282nd Article of<br>5237 Numbered Turkish Penal Code dated on 26/09/2004                         | --             | --             |
| Deposits belong to Off-Shore Banks which are established in Turkey   | 28.190         | 61.642         |
| <b>Total</b>   | <b>328.343</b> | <b>327.845</b> |

(iii) Saving deposits in Turkey are not covered by any insurance in any other country since the Bank's headquarter is not located abroad.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### b. Information on derivative financial liabilities held for trading

#### 1. Negative differences table for derivative financial liabilities held for trading

|                      | Current Period |                  | Prior Period     |                  |
|----------------------|----------------|------------------|------------------|------------------|
|                      | TL             | FC               | TL               | FC               |
| Forward Transactions | 11.023         | 177.594          | 429.031          | 212.894          |
| Swap Transactions    | 177.469        | 1.993.976        | 938.428          | 2.741.948        |
| Futures Transactions | 2.908          | --               | --               | --               |
| Options              | --             | 1.058.563        | 4                | 137.541          |
| Other                | --             | --               | --               | --               |
| <b>Total</b>         | <b>191.400</b> | <b>3.230.133</b> | <b>1.367.463</b> | <b>3.092.383</b> |

### c. Information on funds borrowed

#### 1. Information on banks and other financial institutions

|                                       | Current Period   |                   | Prior Period     |                   |
|---------------------------------------|------------------|-------------------|------------------|-------------------|
|                                       | TL               | FC                | TL               | FC                |
| Central Bank Loans                    | --               | --                | --               | --                |
| Domestic Banks and Institutions       | 5.692.037        | 416.454           | 2.909.771        | 2.518.156         |
| Foreign Banks, Institutions and Funds | --               | 44.473.013        | --               | 43.428.380        |
| <b>Total</b>                          | <b>5.692.037</b> | <b>44.889.467</b> | <b>2.909.771</b> | <b>45.946.536</b> |

#### 2. Maturity information of funds borrowed

|                      | Current Period   |                   | Prior Period     |                   |
|----------------------|------------------|-------------------|------------------|-------------------|
|                      | TL               | FC                | TL               | FC                |
| Short-Term           | 5.649.469        | 7.630.802         | 2.693.806        | 9.916.973         |
| Medium and Long-Term | 42.568           | 37.258.665        | 215.965          | 36.029.563        |
| <b>Total</b>         | <b>5.692.037</b> | <b>44.889.467</b> | <b>2.909.771</b> | <b>45.946.536</b> |

### 3. Additional explanations on the areas which the Group's liabilities are concentrated

Deposits are the most important funding source of the Group and constitute 70% of total funding source (31 December 2021: 67%). Loans received, subordinated loans, debts to money markets and securities issued constitute 14% of total funding source (31 December 2021: 20%).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### d. Information on securities issued

|                         | Current Period   |                  | Prior Period     |                  |
|-------------------------|------------------|------------------|------------------|------------------|
|                         | TL               | FC               | TL               | FC               |
| Bonds <sup>(*)</sup>    | --               | 4.687.007        | 569.352          | 2.489.288        |
| Bills                   | 3.616.862        | 494.857          | 4.725.194        | 2.609.796        |
| Asset Backed Securities | --               | --               | --               | --               |
| <b>Total</b>            | <b>3.616.862</b> | <b>5.181.864</b> | <b>5.294.546</b> | <b>5.099.084</b> |

<sup>(\*)</sup> DFSG provides funds through securitization transactions based on foreign remittance flows through DFS Funding Corporation, a special purpose institution established abroad within the framework of its foreign borrowing program.

The Parent Bank has repurchased the securities it has issued amounting to TL 22.611 and netted them in its financial statements (31 December 2021: TL 384.780).

### e. If other liabilities line of the balance sheet exceeds 10% of the total balance sheet excluding the off balance sheet commitments, the names and amounts of the sub-accounts constituting at least 20% of the other liabilities

Other liabilities do not exceed 10% of the balance sheet total excluding the off-balance sheet commitments.

### f. Information on lease liabilities

|                   | Current Period |                | Prior Period   |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | Gross          | Net            | Gross          | Net            |
| Less than 1 year  | 498.631        | 341.994        | 360.808        | 239.785        |
| Between 1-4 years | 408.251        | 267.052        | 512.696        | 351.324        |
| Over 4 years      | 64.306         | 46.877         | 20.144         | 16.704         |
| <b>Total</b>      | <b>971.188</b> | <b>655.923</b> | <b>893.648</b> | <b>607.813</b> |

### g. Information on derivative financial liabilities for hedging purpose

None.

### h. Explanation on provisions

#### 1. Provision for foreign exchange differences on foreign currency indexed loans

As of 31 December 2022, there is no provisions for foreign exchange differences on foreign currency indexed loans (31 December 2021: None). The amount of the provision for foreign exchange differences on foreign currency indexed loans are netted against loans and receivables under assets in the financial statements.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 2. Liabilities of provision for employee benefits

TAS 19 requires using the actuarial valuation method for calculation of liabilities.

Accordingly, the following actuarial assumptions were used in the calculation of the total provision for employee termination benefits:

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Discount rate  | %1,91          | %5,08        |
| Interest rate  | %21,83         | %24,00       |
| Estimated rate of increase in salary/severance pay limit | %19,55         | %18,00       |

As of 31 December 2022, TL 978.935 of provision for employee termination benefits (31 December 2021: TL 320.924) and TL 698.339 of unused vacation provisions and other rights (31 December 2021: TL 444.674) were reflected to the consolidated financial statements.

Movement of the provision for employee termination benefits during the period is as follows:

|   | Current Period | Prior Period   |
|---|----------------|----------------|
| <b>Balance at the Beginning of the Period</b> | <b>320.924</b> | <b>284.403</b> |
| Changes in the period                         | 304.137        | 79.445         |
| Actuarial loss/(gain)                         | 420.567        | (4.264)        |
| Paid in the period                            | (70.113)       | (44.559)       |
| FX difference                                 | 3.420          | 5.899          |
| <b>Balance at the End of the Period</b>       | <b>978.935</b> | <b>320.924</b> |

### 3. Information on other provisions

Information on the items and amounts causing the excess if other provisions exceed 10% of total provisions:

#### Current period:

TL 1.027.938 of other provisions represents stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 1.961.333 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 311.508 is the provisions for the litigations against the Bank, TL 4.175.000 includes free provision and TL 1.136.724 includes other provisions.

#### Prior period:

TL 806.855 of other provisions represents stage 1 and stage 2 provisions for expected credit loss for non-cash loans, TL 642.882 is related to stage 3 provision for expected credit loss for non-cash loans that are unindemnified and not converted into cash, TL 252.167 is the provisions for the litigations against the Bank and TL 920.154 includes other provisions.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### i. Explanations on tax liability

#### 1. Information on current tax liability

(i) Information on tax provision

As of 31 December 2022, the corporate tax provision of DFS Group amounts to TL 6.907.352 (31 December 2021: TL 337.181), and it has been offset with advance taxes amounting to TL 4.653.485 (31 December 2021: TL 305.908).

(ii) Information on tax liabilities

|  | Current Period   | Prior Period   |
|--|------------------|----------------|
| Corporate tax payables                   | 2.253.867        | 31.273         |
| Taxation on securities                   | 107.059          | 64.325         |
| Taxes on real estate capital gain        | 4.585            | 2.986          |
| Banking Insurance Transaction Tax (BITT) | 547.568          | 157.096        |
| Taxes on foreign exchange transactions   | 17.069           | 43.286         |
| Value added tax payables                 | 28.401           | 14.753         |
| Other                                    | 132.488          | 40.184         |
| <b>Total</b>                             | <b>3.091.037</b> | <b>353.903</b> |

(iii) Information on premiums

|   | Current Period | Prior Period  |
|---|----------------|---------------|
| Social security premiums- employee share                    | 32.231         | 14.834        |
| Social security premiums- employer share                    | 37.704         | 16.618        |
| Bank pension fund premium- employee share                   | --             | --            |
| Bank pension fund premium- employer share                   | --             | --            |
| Pension fund membership fees and provisions- employee share | --             | 1.864         |
| Pension fund membership fees and provisions- employer share | --             | 2.282         |
| Unemployment insurance- employee share                      | 12.202         | 1.084         |
| Unemployment insurance- employer share                      | 4.431          | 2.079         |
| Other   | --             | 28.051        |
| <b>Total</b>  | <b>86.568</b>  | <b>66.812</b> |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**2. Information on deferred tax liability**

Deferred tax liability calculated within the scope of the applicable regulations amounts to TL 654.432 (31 December 2021: TL 161.793). The detail of deferred tax is disclosed in Note "n" of explanations and disclosures related to consolidated assets.

**j. Information on liabilities related to non-current assets held for sale and discontinued operations**

None.

**k. Information on subordinated loans**

|  | Current Period |                   | Prior Period |                   |
|--|----------------|-------------------|--------------|-------------------|
|  | TL             | FC                | TL           | FC                |
| <b>Debt Instruments subject to common equity</b> | --             | --                | --           | --                |
| Subordinated Loans                               | --             | --                | --           | --                |
| Subordinated Debt Instruments                    | --             | --                | --           | --                |
| <b>Debt Instruments subject to tier 2 equity</b> | --             | <b>14.561.492</b> | --           | <b>10.484.778</b> |
| Subordinated Loans                               | --             | 14.561.492        | --           | 10.484.778        |
| Subordinated Debt Instruments                    | --             | --                | --           | --                |
| <b>Total</b>                                     | --             | <b>14.561.492</b> | --           | <b>10.484.778</b> |

Information on subordinated loans is disclosed in Section Four, note I-b.

**l. Information on shareholders' equity****1. Presentation of paid-in capital**

|                 | Current Period | Prior Period |
|-----------------|----------------|--------------|
| Share           | 5.696.100      | 5.696.100    |
| Preferred Share | --             | --           |

Paid-in capital of the Parent Bank is shown at nominal value.

**2. Paid-in capital amount, explanation as to whether the registered share capital system is applied at the bank; if so the upper limit of registered share capital**

The registered share capital system is not applied.

**3. Information on share capital increases and their sources and other information on any increase in capital shares during the current period**

None.

**4. Information on share capital increases from revaluation funds during the current period**

None.

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

The capital is totally paid in and there are no capital commitments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

**6. Prior period indicators of the Parent Bank's income, profitability and liquidity; and possible effects of the predictions on equity, considering uncertainty indicators**

Balance sheets of the entities under DFS Group are managed prudently, to minimize the negative effects of interest rate, foreign currency and credit risks. This policy contributes to the progress of DFS Group's profitability with a steady increasing trend.

**7. Summary information on the privileges given to stocks representing the capital**

The Parent Bank does not have any preferred stocks.

**8. Share premiums, shares and equity instruments**

|                                   | Current Period | Prior Period |
|-----------------------------------|----------------|--------------|
| Number of Shares <sup>(*)</sup>   | 50.368.526     | 50.368.526   |
| Preferred Shares                  | --             | --           |
| Share Premium <sup>(**)</sup>     | 15             | 15           |
| Share Cancellation Profits        | --             | --           |
| Other Equity Instruments          | --             | --           |
| Total Share Issued <sup>(*)</sup> | 50.369         | 50.369       |

<sup>(\*)</sup> Related to the Parent Bank's capital increase on 27 September 2004. The Parent Bank's capital was increased from TL 202.000 to TL 290.000; and TL 50.369 of the increased TL 88.000 was received in cash through shares issued to the public on 27 September 2004.

<sup>(\*\*)</sup> In the related period, the number of shares with nominal value of "one thousand" Turkish Lira was sold for "two thousand eight hundred seventy-five" Turkish Lira and TL 94.441 share premium was obtained. Inflation valuation difference until December 2004 amounts to TL 3.910 and is followed under the related account in accordance with the regulation. Share premium of TL 60 through obtained from the paid-in capital increase of TL 400.000 on 28 August 2008.

Share premium at an amount of TL 94.501 and inflation adjustment differences of share premium at an amount of TL 3.910 has been added to paid-in capital with the capital increase made by the Parent Bank at the date of 14 October 2015.

Through the capital increase of TL 1.500.000 realised on 28 June 2016, an emission premium of TL 15 was generated.

**9. Information on marketable securities value increase fund**

|                                  | Current Period   |                    | Prior Period     |                    |
|----------------------------------|------------------|--------------------|------------------|--------------------|
|                                  | TL               | FC                 | TL               | FC                 |
| Associates, Subsidiaries and JVs | 2.305.678        | --                 | 1.017.498        | --                 |
| Valuation Difference             | 5.700.552        | (2.361.679)        | 270.464          | (1.436.122)        |
| FX Gain or Loss                  | --               | --                 | --               | --                 |
| <b>Total</b>                     | <b>8.006.230</b> | <b>(2.361.679)</b> | <b>1.287.962</b> | <b>(1.436.122)</b> |

**10. Information on hedging funds**

Explanations about hedging funds are in Section Four, note XI.

**11. Explanations on minority shares**

|  | Current Period | Prior Period   |
|--|----------------|----------------|
| <b>Balance at the Beginning of the Period</b>              | <b>151.621</b> | <b>53.494</b>  |
| Minority shares in net income of consolidated subsidiaries | 152.146        | 32.894         |
| Increase/(decrease) in minority shares due to disposals    | --             | --             |
| Other  |                | 65.233         |
| <b>Balance at the End of the Period</b>                    | <b>303.767</b> | <b>151.621</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 12. Explanations on revaluation differences of tangible fixed assets

As of 31 December 2016, in the valuation of the properties in use that are recognised under tangible fixed assets, the cost model has been changed as revaluation model in accordance with TAS 16 "Tangible Fixed Assets". As a result of the revaluation made, the net revaluation difference after tax amounting to TL 359.307 has been accounted for in "Other Accumulated Comprehensive Income That Will Not Be Reclassified in Profit or Loss" under equities (31 December 2021: TL 224.096).

### 13. Explanations on profit distribution

At the Ordinary General Assembly Meeting held on 25 March 2022, according to the proposal of the Parent Bank's Board of Directors for profit distribution, TL 177.346 of the net profit for the period of 2021 amounting to TL 3.546.918 was allocated as legal reserves and the remaining TL 3.369.572 was allocated as extraordinary reserves and due to the expiry of the period for keeping the sales earnings subject to the exemption in a special fund account until the end of the 5th year following the sale, as determined in article 5/1-e of the Corporate Tax Law, it has been decided to include the relevant fund account balance of TL 76.275 into extraordinary reserves.

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

#### a. Explanation on liabilities in off-balance sheet accounts

##### 1. Type and amount of irrevocable loan commitments

All of DFS Group's off-balance sheet loan commitments are in the nature of irrevocable commitments. As of 31 December 2022, loan granting commitments, commitments for credit card expenditure limits and commitments for cheque payments are TL 30.474.774, TL 80.333.770 and TL 6.613.792 respectively (31 December 2021: TL 21.028.309, TL 42.095.217 and TL 3.369.186 respectively). The details of these items are followed in the off-balance sheet accounts.

##### 2. Structure and amount of probable losses and commitments arising from off-balance sheet items

(i) Non-cash loans including guarantees, bill of guarantee and acceptances of bank and other letters of credit and commitments which can be considered as financial collateral

As of 31 December 2022, DFS Group has letters of guarantee amounting to TL 66.781.335, bill of guarantee and acceptances amounting to TL 742.939, and guarantees and warranties on letters of credit amounting to TL 15.638.691 and other guarantees and warranties amounting to TL 7.837.197.

As of 31 December 2021, DFS Group has letters of guarantee amounting to TL 49.102.467, bill of guarantee and acceptances amounting to TL 111.075, and guarantees and warranties on letters of credit amounting to TL 13.467.228 and other guarantees and warranties amounting to TL 4.411.314.

(ii) Final guarantees, provisional guarantees, sureties and similar transactions

|   | Current Period    | Prior Period      |
|---|-------------------|-------------------|
| Provisional Letters of Guarantee              | 1.771.272         | 988.508           |
| Final Letters of Guarantee                    | 40.203.783        | 25.513.361        |
| Letters of Guarantee for Advances             | 6.411.154         | 4.384.604         |
| Letters of Guarantee given to Customs Offices | 370.592           | 290.258           |
| Other Letters of Guarantee                    | 18.024.534        | 17.925.736        |
| <b>Total</b>                                  | <b>66.781.335</b> | <b>49.102.467</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### 3. Information on non-cash loans

(i) Total amount of non-cash loans

|   | Current Period    | Prior Period      |
|---|-------------------|-------------------|
| Non-Cash Loans Given for Obtaining Cash Loans | 26.032.382        | 23.618.106        |
| With Original Maturity of 1 Year or Less      | 26.032.382        | 23.132.807        |
| With Original Maturity of More Than 1 Year    | --                | 485.299           |
| Other Non-Cash Loans                          | 64.967.780        | 43.473.978        |
| <b>Total</b>                                  | <b>91.000.162</b> | <b>67.092.084</b> |

(ii) Information on risk concentration on sector basis within the non-cash loans account

|                                      | Current Period    |               |                   |               |
|--------------------------------------|-------------------|---------------|-------------------|---------------|
|                                      | TL                | %             | FC                | %             |
| <b>Agricultural</b>                  | <b>1.878.915</b>  | <b>4,92</b>   | <b>689.664</b>    | <b>1,31</b>   |
| Farming and Cattle                   | 1.815.938         | 4,76          | 659.138           | 1,25          |
| Forestry                             | 1.434             | --            | --                | --            |
| Fishing                              | 61.543            | 0,16          | 30.526            | 0,06          |
| <b>Manufacturing</b>                 | <b>12.418.326</b> | <b>32,54</b>  | <b>22.219.549</b> | <b>42,06</b>  |
| Mining                               | 605.242           | 1,59          | 343.115           | 0,65          |
| Production                           | 10.175.012        | 26,66         | 19.336.495        | 36,60         |
| Electric, Gas, Water                 | 1.638.072         | 4,29          | 2.539.939         | 4,81          |
| <b>Construction</b>                  | <b>6.345.676</b>  | <b>16,63</b>  | <b>12.530.070</b> | <b>23,72</b>  |
| <b>Services</b>                      | <b>12.225.905</b> | <b>32,03</b>  | <b>13.390.791</b> | <b>25,34</b>  |
| Wholesale and Retail Trade           | 8.075.980         | 21,16         | 7.569.562         | 14,33         |
| Hotel and Restaurant Services        | 824.826           | 2,16          | 1.006.255         | 1,90          |
| Transportation and telecommunication | 1.598.385         | 4,19          | 3.754.353         | 7,11          |
| Financial institutions               | 974.952           | 2,55          | 918.095           | 1,74          |
| Real estate and letting services     | 167.297           | 0,44          | 7.638             | 0,01          |
| Self-employment services             | --                | --            | --                | --            |
| Education services                   | 110.003           | 0,29          | 18.442            | 0,03          |
| Health and social services           | 474.462           | 1,24          | 116.446           | 0,22          |
| <b>Other</b>                         | <b>5.299.220</b>  | <b>13,88</b>  | <b>4.002.046</b>  | <b>7,57</b>   |
| <b>Total</b>                         | <b>38.168.042</b> | <b>100,00</b> | <b>52.832.120</b> | <b>100,00</b> |



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

|                                      | Prior Period      |               |                   |               |
|--------------------------------------|-------------------|---------------|-------------------|---------------|
|                                      | TL                | %             | FC                | %             |
| <b>Agricultural</b>                  | <b>615.282</b>    | <b>3,98</b>   | <b>404.233</b>    | <b>0,78</b>   |
| Farming and Cattle                   | 612.092           | 3,96          | 404.233           | 0,78          |
| Forestry                             | 459               | --            | --                | --            |
| Fishing                              | 2.731             | 0,02          | --                | --            |
| <b>Manufacturing</b>                 | <b>3.628.081</b>  | <b>23,48</b>  | <b>22.198.241</b> | <b>42,98</b>  |
| Mining                               | 186.014           | 1,20          | 469.008           | 0,91          |
| Production                           | 2.821.026         | 18,26         | 19.588.819        | 37,93         |
| Electric, Gas, Water                 | 621.041           | 4,02          | 2.140.414         | 4,14          |
| <b>Construction</b>                  | <b>3.785.062</b>  | <b>24,49</b>  | <b>10.409.411</b> | <b>20,16</b>  |
| <b>Services</b>                      | <b>5.592.884</b>  | <b>36,18</b>  | <b>15.242.259</b> | <b>29,51</b>  |
| Wholesale and Retail Trade           | 3.482.009         | 22,53         | 7.881.869         | 15,26         |
| Hotel and Restaurant Services        | 317.277           | 2,05          | 2.128.170         | 4,12          |
| Transportation and telecommunication | 795.713           | 5,15          | 3.561.439         | 6,90          |
| Financial institutions               | 709.332           | 4,59          | 1.504.674         | 2,91          |
| Real estate and letting services     | 74.407            | 0,48          | 5.112             | 0,01          |
| Self-employment services             | --                | --            | --                | --            |
| Education services                   | 65.199            | 0,42          | 14.959            | 0,03          |
| Health and social services           | 148.947           | 0,96          | 146.036           | 0,28          |
| <b>Other</b>                         | <b>1.831.871</b>  | <b>11,87</b>  | <b>3.384.760</b>  | <b>6,57</b>   |
| <b>Total</b>                         | <b>15.453.180</b> | <b>100,00</b> | <b>51.638.904</b> | <b>100,00</b> |

(iii) Information about the non-cash loans classified first and second group

|                                     | I. Group          |                   | II. Group      |                  |
|-------------------------------------|-------------------|-------------------|----------------|------------------|
|                                     | TL                | FC                | TL             | FC               |
| Letters of Guarantee                | 32.000.202        | 33.180.269        | 609.900        | 990.964          |
| Bill of Guarantee and Acceptances   | 149.232           | 592.290           | --             | 1.417            |
| Letters of Credit                   | 39.625            | 15.516.323        | --             | 82.743           |
| Endorsements                        | --                | --                | --             | --               |
| Underwriting Commitments            | --                | --                | --             | --               |
| Factoring Commitments               | --                | --                | --             | --               |
| Other Commitments and Contingencies | 5.358.083         | 2.468.114         | 11.000         | --               |
| <b>Total</b>                        | <b>37.547.142</b> | <b>51.756.996</b> | <b>620.900</b> | <b>1.075.124</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

## b. Information related to derivative financial instruments

| Current Period   | Up to<br>1 month   | 1-3<br>months      | 3-12<br>months    | 1-5<br>years      | More than<br>5 years | Total              |
|--|--------------------|--------------------|-------------------|-------------------|----------------------|--------------------|
| <b>Hedging Purpose Derivative Transactions</b>               |                    |                    |                   |                   |                      |                    |
| <b>A. Total Hedging Purpose Derivative Transactions</b>      | --                 | --                 | --                | --                | --                   | --                 |
| Fair Value Hedge Transactions                                | --                 | --                 | --                | --                | --                   | --                 |
| Cash Flow Hedge Transactions                                 | --                 | --                 | --                | --                | --                   | --                 |
| Net Foreign Investment Hedge Transactions                    | --                 | --                 | --                | --                | --                   | --                 |
| <b>Types of Trading Transactions</b>                         |                    |                    |                   |                   |                      |                    |
| <b>Foreign Currency Related Derivative Transactions (I)</b>  | <b>193.720.164</b> | <b>133.145.167</b> | <b>45.680.473</b> | <b>373.402</b>    | <b>--</b>            | <b>372.919.206</b> |
| Forward FC Call Transactions                                 | 4.237.336          | 3.354.199          | 6.696.987         | --                | --                   | 14.288.522         |
| Forward FC Pull Transactions                                 | 3.637.024          | 3.260.735          | 6.610.909         | --                | --                   | 13.508.668         |
| Swap FC Call Transactions                                    | 73.325.076         | 20.978.194         | 8.563.358         | 272.743           | --                   | 103.139.371        |
| Swap FC Pull Transactions                                    | 78.072.310         | 24.979.925         | 8.393.146         | 98.789            | --                   | 111.544.170        |
| Options FC Call Transactions                                 | 16.475.694         | 40.094.097         | 7.733.527         | 1.870             | --                   | 64.305.188         |
| Options FC Pull Transactions                                 | 16.484.531         | 40.217.627         | 7.682.546         | --                | --                   | 64.384.704         |
| Futures FC Call Transactions                                 | 737.273            | 127.131            | --                | --                | --                   | 864.404            |
| Futures FC Pull Transactions                                 | 750.920            | 133.259            | --                | --                | --                   | 884.179            |
| <b>Total of Interest Derivative Transactions (II)</b>        | <b>450.000</b>     | <b>551.754</b>     | <b>810.260</b>    | <b>49.296.856</b> | <b>46.764.400</b>    | <b>97.873.270</b>  |
| Swap Interest Call Transactions                              | 225.000            | 250.000            | 405.130           | 24.648.428        | 22.620.289           | 48.148.847         |
| Swap Interest Pull Transactions                              | 225.000            | 250.000            | 405.130           | 24.648.428        | 22.620.287           | 48.148.845         |
| Options Interest Call Transactions                           | --                 | 25.877             | --                | --                | 761.912              | 787.789            |
| Options Interest Pull Transactions                           | --                 | 25.877             | --                | --                | 761.912              | 787.789            |
| Securities Interest Call Transactions                        | --                 | --                 | --                | --                | --                   | --                 |
| Securities Interest Pull Transactions                        | --                 | --                 | --                | --                | --                   | --                 |
| Futures Interest Call Transactions                           | --                 | --                 | --                | --                | --                   | --                 |
| Futures Interest Pull Transactions                           | --                 | --                 | --                | --                | --                   | --                 |
| <b>Other Types of Trading Transactions (III)</b>             | <b>6.288.325</b>   | <b>4.841.747</b>   | <b>6.215.018</b>  | <b>187.076</b>    | <b>--</b>            | <b>17.532.166</b>  |
| <b>B. Total Types of Trading Transactions (I + II + III)</b> | <b>200.458.489</b> | <b>138.538.668</b> | <b>52.705.751</b> | <b>49.857.334</b> | <b>46.764.400</b>    | <b>488.324.642</b> |
| <b>Total Derivatives Transactions (A+B)</b>                  | <b>200.458.489</b> | <b>138.538.668</b> | <b>52.705.751</b> | <b>49.857.334</b> | <b>46.764.400</b>    | <b>488.324.642</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

|  | Up to<br>1 month   | 1-3<br>months      | 3-12<br>months    | 1-5<br>years      | More than<br>5 years | Total              |
|--|--------------------|--------------------|-------------------|-------------------|----------------------|--------------------|
| <b>Prior Period</b>  |                    |                    |                   |                   |                      |                    |
| <b>Hedging Purpose Derivative Transactions</b>               |                    |                    |                   |                   |                      |                    |
| <b>A. Total Hedging Purpose Derivative Transactions</b>      | --                 | --                 | --                | --                | --                   | --                 |
| Fair Value Hedge Transactions                                | --                 | --                 | --                | --                | --                   | --                 |
| Cash Flow Hedge Transactions                                 | --                 | --                 | --                | --                | --                   | --                 |
| Net Foreign Inverstment Hedge Transactions                   | --                 | --                 | --                | --                | --                   | --                 |
| <b>Types of Trading Transactions</b>                         |                    |                    |                   |                   |                      |                    |
| <b>Foreign Currency Related Derivative Transactions (I)</b>  | <b>146.512.821</b> | <b>99.683.185</b>  | <b>44.972.355</b> | <b>4.851.769</b>  | <b>--</b>            | <b>296.020.130</b> |
| Forward FC Call Transactions                                 | 8.066.475          | 7.211.802          | 3.801.445         | 117.102           | --                   | 19.196.824         |
| Forward FC Pull Transactions                                 | 7.999.434          | 6.985.052          | 3.811.354         | 124.689           | --                   | 18.920.529         |
| Swap FC Call Transactions                                    | 63.225.692         | 40.713.244         | 17.680.512        | 2.344.953         | --                   | 123.964.401        |
| Swap FC Pull Transactions                                    | 63.747.834         | 44.045.302         | 18.758.849        | 2.265.025         | --                   | 128.817.010        |
| Options FC Call Transactions                                 | 1.553.366          | 349.989            | 466.172           | --                | --                   | 2.369.527          |
| Options FC Pull Transactions                                 | 1.524.560          | 343.945            | 454.023           | --                | --                   | 2.322.528          |
| Futures FC Call Transactions                                 | 200.121            | 18.088             | --                | --                | --                   | 218.209            |
| Futures FC Pull Transactions                                 | 195.339            | 15.763             | --                | --                | --                   | 211.102            |
| <b>Total of Interest Derivative Transactions (II)</b>        | <b>100.001</b>     | <b>300.000</b>     | <b>713.296</b>    | <b>25.377.224</b> | <b>46.422.990</b>    | <b>72.913.511</b>  |
| Swap Interest Call Transactions                              | 50.001             | 150.000            | 356.648           | 12.633.274        | 22.634.881           | 35.824.804         |
| Swap Interest Pull Transactions                              | 50.000             | 150.000            | 356.648           | 12.633.274        | 22.634.881           | 35.824.803         |
| Options Interest Call Transactions                           | --                 | --                 | --                | 55.338            | 576.614              | 631.952            |
| Options Interest Pull Transactions                           | --                 | --                 | --                | 55.338            | 576.614              | 631.952            |
| Securities Interest Call Transactions                        | --                 | --                 | --                | --                | --                   | --                 |
| Securities Interest Pull Transactions                        | --                 | --                 | --                | --                | --                   | --                 |
| Futures Interest Call Transactions                           | --                 | --                 | --                | --                | --                   | --                 |
| Futures Interest Pull Transactions                           | --                 | --                 | --                | --                | --                   | --                 |
| <b>Other Types of Trading Transactions (III)</b>             | <b>4.021.029</b>   | <b>3.798.054</b>   | <b>2.706.831</b>  | <b>716.650</b>    | <b>--</b>            | <b>11.242.564</b>  |
| <b>B. Total Types of Trading Transactions (I + II + III)</b> | <b>150.633.851</b> | <b>103.781.239</b> | <b>48.392.482</b> | <b>30.945.643</b> | <b>46.422.990</b>    | <b>380.176.205</b> |
| <b>Total Derivatives Transactions (A+B)</b>                  | <b>150.633.851</b> | <b>103.781.239</b> | <b>48.392.482</b> | <b>30.945.643</b> | <b>46.422.990</b>    | <b>380.176.205</b> |

### c. Information on credit derivatives and risk exposures on credit derivatives

None.

### d. Explanations on contingent assets and liabilities

In accordance with the precautionary principle regarding the lawsuits filed against the Group, TL 311.508 (31 December 2021: TL 252.167) provision has been set aside and these provisions are classified under "Other provisions" on the balance sheet. Except for those provisioned, other ongoing lawsuits are unlikely to result in a negative conclusion and cash outflow is not foreseen for them.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### e. Explanations on services carried out on behalf and account of other persons

The Parent Bank provides purchase, sale, custody, management and consultancy services on behalf and account of other persons.

### IV. Explanations and disclosures related to consolidated statement of profit or loss

#### a. Interest income

##### 1. Information on interest income received from loans

|  | Current Period    |                  | Prior Period      |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | TL                | FC               | TL                | FC               |
| Short Term Loans   | 14.971.963        | 2.595.305        | 5.742.609         | 746.959          |
| Medium and Long Term Loans                               | 15.767.577        | 6.143.560        | 11.183.882        | 3.852.937        |
| Loans Under Close Monitoring                             | 837.023           | 83.314           | 249.328           | 158.107          |
| Premiums Received from Resource Utilisation Support Fund | --                | --               | --                | --               |
| <b>Total</b>   | <b>31.576.563</b> | <b>8.822.179</b> | <b>17.175.819</b> | <b>4.758.003</b> |

Interest income received from loans also include fees and commissions from cash loans.

##### 2. Information on interest income received from banks

|  | Current Period |                | Prior Period  |               |
|--|----------------|----------------|---------------|---------------|
|  | TL             | FC             | TL            | FC            |
| Central Bank of the Republic of Turkey | --             | --             | --            | --            |
| Domestic Banks                         | 46.038         | 172.871        | 84.266        | 19.799        |
| Foreign Banks                          | 1.052          | 165.317        | 6.511         | 11.410        |
| Foreign Head Offices and Branches      | --             | --             | --            | --            |
| <b>Total</b>                           | <b>47.090</b>  | <b>338.188</b> | <b>90.777</b> | <b>31.209</b> |

The interest income received from required reserves of the Parent Bank with the CBRT is TL 96.849 (1 January - 31 December 2021: TL 333.512).

##### 3. Information on interest income received from securities

|   | Current Period    |                  | Prior Period     |                |
|---|-------------------|------------------|------------------|----------------|
|   | TL                | FC               | TL               | FC             |
| Financial Assets at Fair Value Through Profit or Loss             | 95.037            | 89.424           | 16.438           | 11.829         |
| Financial Assets at Fair Value Through Other Comprehensive Income | 8.227.306         | 1.943.510        | 1.058.036        | 605.262        |
| Financial Assets Measured at Amortised Cost                       | 2.426.491         | 167.573          | 366.684          | 50.771         |
| <b>Total</b>  | <b>10.748.834</b> | <b>2.200.507</b> | <b>1.441.158</b> | <b>667.862</b> |

As stated in the chapter III footnote numbered VII, the Parent Bank has government securities in the financial assets at fair value through other comprehensive income and financial assets measured at amortised cost portfolios with a maturity of 5 to 10 years and having CPI indexed 6 months real coupon ratio fixed until maturity. As stated in the Undersecretariat of Treasury's securities indexed CPI Investors Guide, the reference indexes used in calculating the actual coupon payment amounts of these assets are based on the CPI of previous two months.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### 4. Information on interest income received from associates and subsidiaries

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Received from Associates and Subsidiaries | 22             | --           |

### b. Interest expense

#### 1. Information on interest expense related to funds borrowed

|  | Current Period |                  | Prior Period   |                  |
|--|----------------|------------------|----------------|------------------|
|  | TL             | FC               | TL             | FC               |
| <b>Banks</b>                           | <b>810.340</b> | <b>3.229.698</b> | <b>396.634</b> | <b>1.588.944</b> |
| Central Bank of the Republic of Turkey | --             | 434.312          | --             | 91.137           |
| Domestic Banks                         | 738.349        | 78.472           | 373.716        | 66.563           |
| Foreign Banks                          | 71.991         | 2.716.914        | 22.918         | 1.431.244        |
| Foreign Head Offices and Branches      | --             | --               | --             | --               |
| <b>Other Institutions</b>              | <b>--</b>      | <b>--</b>        | <b>--</b>      | <b>--</b>        |
| <b>Total</b>                           | <b>810.340</b> | <b>3.229.698</b> | <b>396.634</b> | <b>1.588.944</b> |

Interest expense related to funds borrowed also includes fees and commission expenses.

#### 2. Information on interest paid to associates and subsidiaries

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Paid to Associates and Subsidiaries | 27.527         | 5.892        |

#### 3. Information on interest paid to securities issued

|                                    | Current Period |         | Prior Period |        |
|------------------------------------|----------------|---------|--------------|--------|
|                                    | TL             | FC      | TL           | FC     |
| Interest Paid to Securities Issued | 730.381        | 407.451 | 906.120      | 35.433 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### 4. Maturity structure of the interest expense on deposits

| Account Name            | Demand Deposits | Time Deposit  |               |               |              |                  | Cumulative Deposit | Total      |
|-------------------------|-----------------|---------------|---------------|---------------|--------------|------------------|--------------------|------------|
|                         |                 | Up to 1 Month | Up to 3 Month | Up to 6 Month | Up to 1 Year | More than 1 Year |                    |            |
| TL                      |                 |               |               |               |              |                  |                    |            |
| Bank Deposits           | 32              | 117.194       | --            | --            | --           | --               | --                 | 117.226    |
| Saving Deposits         | 133             | 928.137       | 3.365.710     | 5.242.227     | 334.346      | 276.382          | 731                | 10.147.666 |
| Public Sector Deposits  | --              | 22.304        | 64.850        | 299           | --           | --               | --                 | 87.453     |
| Commercial Deposits     | --              | 1.227.867     | 976.297       | 920.737       | 591.925      | 285.089          | --                 | 4.001.915  |
| Other Deposits          | --              | 42.136        | 246.632       | 49.250        | 19.390       | 6.428            | --                 | 363.836    |
| 7 Days Call Account     | --              | --            | --            | --            | --           | --               | --                 | --         |
| Total                   | 165             | 2.337.638     | 4.653.489     | 6.212.513     | 945.661      | 567.899          | 731                | 14.718.096 |
| FC                      |                 |               |               |               |              |                  |                    |            |
| Deposits                | 21.124          | 342.979       | 971.487       | 398.230       | 135.462      | 271.997          | 94.391             | 2.235.670  |
| Bank Deposits           | 19.878          | 344.579       | --            | --            | --           | --               | --                 | 364.457    |
| 7 Days Call Account     | --              | --            | --            | --            | --           | --               | --                 | --         |
| Precious Metal Deposits | 19              | 1.871         | 15.249        | 5.349         | 10.413       | 14.518           | 68                 | 47.487     |
| Total                   | 41.021          | 689.429       | 986.736       | 403.579       | 145.875      | 286.515          | 94.459             | 2.647.614  |
| Grand Total             | 41.186          | 3.027.067     | 5.640.225     | 6.616.092     | 1.091.536    | 854.414          | 95.190             | 17.365.710 |

### c. Explanations on dividend income

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Financial Assets at Fair Value Through Profit or Loss             | 1.389          | --           |
| Financial Assets at Fair Value Through Other Comprehensive Income | 4.042          | 3.374        |
| Other <sup>(*)</sup>  | 34.377         | 841          |
| <b>Total</b>  | <b>39.808</b>  | <b>4.215</b> |

<sup>(\*)</sup> Presents dividend income from unconsolidated subsidiaries and associates.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### d. Explanations on trading income/loss

|                                  | Current Period       | Prior Period         |
|----------------------------------|----------------------|----------------------|
| <b>Income</b>                    | <b>1.588.450.852</b> | <b>1.873.150.312</b> |
| Capital Market Transactions      | 1.362.242            | 490.277              |
| Derivative Financial Instruments | 29.692.826           | 30.156.087           |
| Foreign Exchange Gains           | 1.557.395.784        | 1.842.503.948        |
| <b>Loss (-)</b>                  | <b>1.582.714.316</b> | <b>1.872.552.861</b> |
| Capital Market Transactions      | 1.163.423            | 139.526              |
| Derivative Financial Instruments | 17.788.458           | 17.715.373           |
| Foreign Exchange Losses          | 1.563.762.435        | 1.854.697.962        |
| <b>Net Trading Income/Loss</b>   | <b>5.736.536</b>     | <b>597.451</b>       |

Net gain/(loss) from foreign exchange translation differences related to derivative financial instruments amounts to TL 12.423.135 (1 January - 31 December 2021: TL 10.649.322).

### e. Information on other operating income

Other operating income consist of fee income from customers for various banking services, income from fixed asset sales and operating lease income increases.

### f. Provisions for expected credit loss

|  | Current Period    | Prior Period     |
|--|-------------------|------------------|
| Expected credit loss <sup>(*)</sup>  | 6.976.280         | 7.572.296        |
| <i>12 months provision for expected credit loss (Stage 1)</i>                                      | <i>1.252.125</i>  | <i>1.512.116</i> |
| <i>Significant increase in credit risk (Stage 2)</i>   | <i>(535.779)</i>  | <i>3.257.528</i> |
| <i>NPL (Stage 3)</i>   | <i>6.259.934</i>  | <i>2.802.652</i> |
| Provisions for securities impairment   | --                | --               |
| <i>Financial assets at fair value through profit or loss</i>                                       | --                | --               |
| <i>Financial assets at fair value through other comprehensive income</i>                           | --                | --               |
| Associates, subsidiaries and provisions for financial assets measured at amortised cost impairment | --                | --               |
| <i>Associates</i>  | --                | --               |
| <i>Subsidiaries</i>  | --                | --               |
| <i>Joint ventures</i>  | --                | --               |
| Others   | 4.447.027         | 297.001          |
| <b>Total</b>   | <b>11.423.307</b> | <b>7.869.297</b> |

<sup>(\*)</sup> DFS Group has reported the provision for expected credit loss for loans in its financial statements, by netting off the reversals and collections made from loan provisions.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.1.c)

### g. Information on other operating expenses

|   | Current Period    | Prior Period     |
|---|-------------------|------------------|
| Personnel Expenses <sup>(*)</sup>                                 | 4.752.856         | 2.580.594        |
| Reserve for Employee Termination Benefits <sup>(*)</sup>          | 231.217           | 35.604           |
| Reserve for Bank's Social Aid Fund Deficit                        | --                | --               |
| Impairment Losses on Tangible Assets                              | --                | --               |
| Depreciation Charges of Tangible Assets                           | 536.481           | 408.031          |
| Impairment Losses on Intangible Assets                            | --                | --               |
| Goodwill for impairment loss                                      | --                | --               |
| Amortisation Charges of Intangible Assets                         | 438.823           | 259.525          |
| Impairment Losses on Investment Accounted for under Equity Method | --                | --               |
| Impairment of Assets to be Disposed                               | 138.348           | 38.370           |
| Depreciation of Assets to be Disposed                             | --                | --               |
| Impairment of Assets Held for Sale                                | --                | --               |
| Other Operating Expenses  | 3.194.244         | 1.783.379        |
| <i>Operational Lease Expenses <sup>(**)</sup></i>                 | <i>120.926</i>    | <i>106.292</i>   |
| <i>Repair and Maintenance Expenses</i>                            | <i>705.029</i>    | <i>368.144</i>   |
| <i>Advertisement Expenses</i>                                     | <i>277.508</i>    | <i>87.711</i>    |
| <i>Other Expenses <sup>(****)</sup></i>                           | <i>2.090.781</i>  | <i>1.221.232</i> |
| Losses on Sale of Assets  | 5.904             | 9.399            |
| Other <sup>(****)</sup>   | 1.832.224         | 969.399          |
| <b>Total</b>  | <b>11.130.097</b> | <b>6.084.301</b> |

<sup>(\*)</sup> Personnel expenses and reserve for employee termination benefits are presented in "personnel expenses" in the statement of profit or loss.

<sup>(\*\*)</sup> Includes the rent expenses outside the scope of TFRS 16.

<sup>(\*\*\*\*)</sup> Other expenses in other operational expenses comprise; communication expenses, IT repair and maintenance and software fees, stationary, representation, heating and lighting, credit card service fee and others amounting to TL 199.349, TL 98.241, TL 114.426, TL 27.119, TL 196.424, TL 995.562 and TL 459.660 respectively (1 January - 31 December 2021: TL 119.008, TL 51.505, TL 40.493, TL 6.620, TL 66.918, TL 444.158 and TL 492.530 respectively).

<sup>(\*\*\*\*)</sup> Other expenses comprise; BITT expenses, SDIF expenses, financial operating fees and others amounting to TL 827.528, TL 548.436, 158.258 and TL 298.002 respectively (1 January - 31 December 2021: TL 152.262, TL 449.110, 115.919 and TL 252.108 respectively).

### h. Fees for services received from Independent Auditor/Independent Audit firms

In accordance with the decision of the POA dated 26 March 2021, the information of the fee for the reporting period regarding the services received from the independent auditors or independent audit firms is given in the table below.

|                                      | Current Period | Prior Period |
|--------------------------------------|----------------|--------------|
| Independent audit fee <sup>(*)</sup> | 13.682         | 6.558        |
| Tax consultancy fee                  | --             | --           |
| Other assurance services fee         | 1.160          | 1.391        |
| Other fee for non-audit services     | 287            | 933          |
| <b>Total</b>                         | <b>15.129</b>  | <b>8.882</b> |

<sup>(\*)</sup> The 2022 independent audit fee includes the amount of TL 1.450 (2021: TL 581) paid to a different audit company belonging to JSC Denizbank Moscow.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### i. Information on profit/loss before tax from continued operations

As 1 January - 31 December 2022, DFS Group has a profit before tax from continued operations amounting to TL 23.695.852 (1 January - 31 December 2021: TL 4.656.605).

There is no profit before tax from discontinued operations for the period 1 January - 31 December 2022 (1 January - 31 December 2021: None).

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

#### 1. Calculated current tax income or expense and deferred tax income or expense

As of 1 January - 31 December 2022, the current tax charge on continued operations amounts to TL 6.854.909 (1 January - 31 December 2021: TL 328.684) while deferred tax charge amounts to TL 9.415.777 (1 January - 31 December 2021: TL 6.997.837) and deferred tax benefit amounts to TL 9.901.005 (1 January - 31 December 2021: TL 6.209.687).

There are no current tax expenses on discontinued operations.

### k. Information on continued and discontinued operations net profit/loss

DFS Group has a net profit is amounting to TL 17.326.171 (31 December 2021: TL 3.539.771). DFS Group does not have discontinued operations.

### l. Explanations on net profit and loss for the period

#### 1. If the disclosure of the characteristic, dimension and repetition rate of the income and expense items arising from ordinary banking transactions is necessary for the understanding of the Bank's performance during the period, the characteristic and amount of these items

DFS Group's income from ordinary banking transactions related to the current and previous period are interest income from loans and securities and other banking service income. The main sources of expenditure are interest expenses on deposits and similar borrowing items, which are the funding sources of loans and securities.

#### 2. Profit/(loss) attributable to minority shares

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Profit/(loss) attributable to minority shares | 152.146        | 32.894       |

3. No changes have been made in the accounting estimates which may have a material effect in the current period and materially affect subsequent periods.

#### m. If the other lines of the statement of profit or loss exceeds 10% of the period profit/loss, information on components making up at least 20% of other items

DFH Group has accounted for fees and commissions, transfer commissions, account operation fees and insurance brokerage commissions received from credit cards under the "Other" line under the "Fees and Commissions Received" account. Fees and commissions given to credit cards are accounted under the "Other" line under the "Fees and Commissions Given" account.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### v. Explanations related to consolidated statement of changes in shareholders' equity

#### a. Explanations on capital increase

None.

#### b. Explanations on issuance of shares

None.

#### c. Adjustments in accordance with TAS 8

None.

#### d. Explanations on profit distribution

The authorised body of the Parent Bank regarding profit distribution is the General Assembly. As of the prepatation date of the financials, the annual ordinary General Assembly meeting has not been held yet.

#### e. Other comprehensive income and expenses

Unrealised profit/loss" generated by differences at fair values of financial assets at fair value through other comprehensive income is not reflected in the statement of profit or loss of the period till to realise one of the situations that collection of value that corresponds to a financial asset, the sale of the asset, the disposal or loss of the asset and accounted under shareholders' equity as "Securities Valuation Differences". The net amount after tax for the current period is TL 4.504.531.

As of 1 April 2018, Deniz Leasing from subsidiaries of Parent Bank started to use cash flow hedge accounting within the context of currency risk. After tax profit/(loss) accounted under equity in the current period through cash flow hedge accounting is TL 6.775.

The revaluation increase of tangible assets amounting to TL 166.639 was netted off with deferred tax effect amounting to TL 31.428 and accounted for under equity.

In accordance with TFRS 9, Intertech's fair value change amounting to TL 1.288.020 have been accounted under the equity.

Net amount TL (307.714) after tax regarding the actuarial profit/loss have been accounted under the equity.

Net after tax TL (1.346.308) amount of foreign net investment hedge funds have been accounted for under equity.

Foreign currency translation differences amounting to TL 4.207.882 have been accounted under the equity.

#### f. Explanations on amounts transferred to reserves

The Parent Bank transferred profit for the previous year amounting to TL 3.369.572 (31 December 2021: TL 1.703.564) to extraordinary reserves in 2022. The amount transferred to legal reserves is TL 177.346 (31 December 2021: TL 89.661).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### VI. Explanations related to consolidated statement of cash flows

#### a. Information on cash and cash equivalents

The components that constitute cash and cash equivalents and the accounting policy used in determining these items:

Cash, foreign currency, cash-in-transit, and demand deposits at banks including the Central Bank are defined as "Cash"; receivables from the money market with an original maturity of less than three months, term deposits in banks, investments in securities except shares are defined as "Cash Equivalent".

#### 1. Cash and cash equivalents at the beginning of the period

|   | Current Period    | Prior Period      |
|---|-------------------|-------------------|
|   | 01/01/2022        | 01/01/2021        |
| <b>Cash</b>                                 | <b>18.497.661</b> | <b>4.439.087</b>  |
| Cash in vault, foreign currencies and other | 6.493.612         | 1.570.603         |
| Banks demand deposits                       | 12.004.049        | 2.868.484         |
| <b>Cash and Cash Equivalent</b>             | <b>59.859.674</b> | <b>36.460.460</b> |
| Interbank money market placements           | 237.795           | 1.762.304         |
| Banks time deposits                         | 57.828.152        | 32.675.170        |
| Securities                                  | 1.793.727         | 2.022.986         |
| <b>Total Cash and Cash Equivalents</b>      | <b>78.357.335</b> | <b>40.899.547</b> |

#### 2. Cash and cash equivalents at the end of the period

|   | Current Period     | Prior Period      |
|---|--------------------|-------------------|
|   | 31/12/2022         | 31/12/2021        |
| <b>Cash</b>                                 | <b>14.398.378</b>  | <b>15.049.906</b> |
| Cash in vault, foreign currencies and other | 5.447.526          | 6.493.612         |
| Banks demand deposits                       | 8.950.852          | 8.556.294         |
| <b>Cash and Cash Equivalent</b>             | <b>86.352.691</b>  | <b>63.307.429</b> |
| Interbank money market placements           | 116.856            | 237.795           |
| Banks time deposits                         | 85.377.049         | 61.275.907        |
| Securities                                  | 858.786            | 1.793.727         |
| <b>Total Cash and Cash Equivalents</b>      | <b>100.751.069</b> | <b>78.357.335</b> |

#### b. Cash and cash equivalent assets owned by DFS Group but not in free use due to legal restrictions or other reasons

DFS Group maintains a total reserve of TL 80.910.089, including the required reserve balances on average in the Central Bank and foreign central banks (31 December 2021: TL 47.154.295). Additionally, the restricted amount in foreign banks account is TL 954.746 (31 December 2021: TL 1.332.682).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### c. "Other" items in the statement of cash flows and effect of change in foreign currency exchange rate on cash and cash equivalents

The "other" item amounting to TL (10.973.310) (31 December 2021: TL (15.640.819)) within the "operating profit before change in assets and liabilities subject of banking operation", consists of other operating expenses, fees and commissions given and capital market transaction losses. With the effect of these changes in the cash flow table, the cash and cash equivalents amounting to TL 78.357.335 at the beginning of the period (31 December 2021: TL 40.899.547) has become TL 100.751.069 at the end of the period (31 December 2021: TL 78.357.335).

The TL 17.811.149 within the "change in assets and liabilities subject of banking operation" (31 December 2021: TL 6.004.966); consists of changes in the "net increase (decrease) in other debts", miscellaneous payables, tax payables, fees, premiums and other liabilities.

The effect of change in foreign currency exchange rate on cash and cash equivalents consists of the rate difference arising from the conversion of the average of the cash and cash equivalent assets in foreign currency to TL with the rates from the beginning and the end of the period; and it amounts to TL 25.648.403 as of 31 December 2022 (31 December 2021: TL 23.536.614).

### VII. Explanations and disclosures related to DFS Group's risk group

#### a. Information on loans and other receivables of DFS Group's risk group

##### Current Period

| DFS Group's Risk Group <sup>(*)</sup>  | Associates, Subsidiaries and Joint-Ventures |          | Bank's Direct and Indirect Shareholder |          | Other Real Persons and Legal Entities in Risk Group |          |
|--|---|----------|--|----------|---|----------|
|  | Cash  | Non-Cash | Cash                                   | Non-Cash | Cash  | Non-Cash |
| <b>Loans</b>                           |   |          |  |          |   |          |
| Balance at the Beginning of the Period | 6.164                                       | 51.527   | 272.606                                | 6.144    | 539.646   | --       |
| Balance at the End of the Period       | 34.435                                      | 109.314  | 241.587                                | 93.168   | 3.484   | --       |
| Interest and Commission Income         | 9.092                                       | 1        | 3.725                                  | --       | 6   | --       |

<sup>(\*)</sup> As described in the Article 49 of Banking Law no.5411.

##### Prior Period

| DFS Group's Risk Group <sup>(*)</sup>  | Associates, Subsidiaries and Joint-Ventures |          | Bank's Direct and Indirect Shareholder |          | Other Real Persons and Legal Entities in Risk Group |          |
|--|---|----------|--|----------|---|----------|
|  | Cash  | Non-Cash | Cash                                   | Non-Cash | Cash  | Non-Cash |
| <b>Loans</b>                           |   |          |  |          |   |          |
| Balance at the Beginning of the Period | --  | 48.031   | 154.778                                | 4.963    | 447.926   | --       |
| Balance at the End of the Period       | 6.164                                       | 51.527   | 272.606                                | 6.144    | 539.646   | --       |
| Interest and Commission Income         | 303   | 8        | 1.762                                  | --       | --  | --       |

<sup>(\*)</sup> As described in the Article 49 of Banking Law no.5411.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

### b. Information on deposits and funds borrowed from DFS Group's risk group

| DFS Group's Risk Group <sup>(*)</sup>  | Associates, Subsidiaries and Joint-Ventures |              | Bank's Direct and Indirect Shareholder <sup>(**)</sup> |              | Other Real Persons and Legal Entities in Risk Group |              |
|--|---|--------------|--|--------------|---|--------------|
|  | Current Period                              | Prior Period | Current Period   | Prior Period | Current Period                                      | Prior Period |
| Balance at the Beginning of the Period | 281.218                                     | 148.929      | 29.596.720   | 15.518.492   | 51.594  | 28.010       |
| Balance at the End of the Period       | 409.442                                     | 281.218      | 33.675.803   | 29.596.720   | 104.612   | 51.594       |
| Interest and Commission Expense Paid   | 27.527                                      | 5.892        | 1.236.506  | 705.627      | 4.084   | 3.639        |

<sup>(\*)</sup> As described in the Article 49 of Banking Law no.5411.<sup>(\*\*)</sup> Includes the subordinated loans of US Dollar 650 million and Euro 115 million received from ENBD.

### c. Information on forward and option agreements and similar agreements made with DFS Group's risk group

| DFS Group's Risk Group <sup>(*)</sup>   | Associates, Subsidiaries and Joint-Ventures |              | Bank's Direct and Indirect Shareholder |              | Other Real Persons and Legal Entities in Risk Group |              |
|---|---|--------------|--|--------------|---|--------------|
|   | Current Period                              | Prior Period | Current Period                         | Prior Period | Current Period                                      | Prior Period |
| <b>Transactions for Financial Assets at Fair Value through Profit or Loss Purposes:</b> |   |              |  |              |   |              |
| Balance at the Beginning of the Period  | --  | --           | 100.000                                | 101.455      | --  | 18.129       |
| Balance at the End of the Period  | --  | --           | 161.515                                | 100.000      | 68.852  | --           |
| Total Income/(Loss)   | --  | 5.050        | 2.107                                  | 31.056       | 4.432   | (572)        |
| <b>Transactions for Hedging Purposes:</b>   |   |              |  |              |   |              |
| Balance at the Beginning of the Period  | --  | --           | --                                     | --           | --  | --           |
| Balance at the End of the Period  | --  | --           | --                                     | --           | --  | --           |
| Total Income/(Loss)   | --  | --           | --                                     | --           | --  | --           |

<sup>(\*)</sup> As described in the Article 49 of Banking Law no.5411.

### d. Information on benefits provided to top management

As of 31 December 2022, a payment of TL 228.999 (31 December 2021: TL 122.764) has been accrued to the key management of the DFS Group.

### e. Information on transactions with DFS Group's risk group

As of 31 December 2022, cash loans and other receivables of the risk group represent 0,08% of DFS Group's total cash loans and banks; deposits and borrowings represent 6,78% of DFS Group's total deposits and borrowings. Non-cash loans granted to risk group companies represent 0,22% of the total non-cash loans balance.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

The risk group that the DFS Group is involved in, conducts financial and operational leasing transactions with Deniz Leasing. The Parent Bank provides agency services for Deniz Yatırım through its branches. Amounts related to these transactions have been eliminated from the accompanying financial statements enclosed within the scope of consolidation adjustments.

### VIII. Domestic, foreign and off-shore banking branches or associates and foreign representatives of the Parent Bank

#### a. Explanations relating to the Parent Bank's domestic and foreign branch and representatives

|                                   | Number | Number of Employees | Country of Incorporations |              |                         |
|-----------------------------------|--------|---------------------|---------------------------|--------------|-------------------------|
| Domestic branch                   | 670    | 13.134              |                           |              |                         |
| Foreign representation            | -      | -                   | -                         |              |                         |
|                                   |        |                     |                           | Total Assets | Statutory Share Capital |
| Foreign branch                    | -      | -                   | -                         | -            | -                       |
| Off shore banking region branches | 1      | 6                   | 1-Bahreyn                 | 25.986.757   | 1                       |

#### b. Explanations on the subject in case the Parent Bank opens and closes domestic and foreign branch and representative and changes the organization significantly

The Parent Bank opened 15 new branches and closed 35 branches in 2022.

#### c. The branches of associates and subsidiaries

Denizbank AG, headquartered in Vienna, has a total of 20 branches, 13 in Austria and 7 in Germany.

JSC Denizbank Moscow, headquartered in Moscow, operates in the centrum of Moscow.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## SECTION SIX

## OTHER DISCLOSURES AND FOOTNOTES

## I. Other explanations related to DFS Group's operations

## a. Other explanations related to DFS Group's operations

None.

## b. Summary information about ratings of the Banks which has been assigned by the international rating agencies

| Moody's*                             |                  | Fitch Ratings**             |                          |
|--------------------------------------|------------------|-----------------------------|--------------------------|
| Outlook                              | <b>Stable</b>    | Outlook                     | <b>Negative</b>          |
| Long Term Foreign Currency Deposits  | <b>B3</b>        | Long Term Foreign Currency  | <b>B-</b>                |
| Short Term Foreign Currency Deposits | <b>Not Prime</b> | Short Term Foreign Currency | <b>B</b>                 |
| Long Term Local Currency Deposits    | <b>B1</b>        | Long Term Local Currency    | <b>B</b>                 |
| Short Term Local Currency Deposits   | <b>Not Prime</b> | Short Term Local Currency   | <b>B</b>                 |
| Baseline Credit Assessment (BCA)     | <b>caa1</b>      | Viability                   | <b>b-</b>                |
|                                      |                  | Shareholder Support         | <b>b-</b>                |
|                                      |                  | National                    | <b>AA (tur) (Stable)</b> |
| *As of 16.08.2022                    |                  | **As of 26.07.2022          |                          |

## c. Subsequent events

Due to the problems caused by the earthquakes in the southeastern part of Turkey, affecting many of our provinces and grieving our whole country, a state of emergency was declared for 10 provinces in the region. After the disaster, the BRSA, CBRT and BAT put into effect some mitigating regulations for residents in the provinces in the disaster area, and studies are continuing to assess the impact on the Bank's operations and financial situation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 31 DECEMBER 2022

(Currency: Thousands of TL - Turkish Lira)

(Convenience Translation of Consolidated Financial Report Originally Issued in Turkish, See Note 3.I.c)

## SECTION SEVEN

## INDEPENDENT AUDITOR'S REPORT

## I. Matters to be disclosed related to Independent Auditor's Report

Consolidated financial statements and notes of the DFS Group are subject to independent audit by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member Firm of Deloitte Touche Tohmatsu Limited) and independent audit report dated 13 February 2023 is presented in front of the consolidated financial statements.

## II. Explanations and notes prepared by Independent Auditor

There are no explanations or notes, deemed to be required, and no significant issues which are not mentioned in the prior sections above related to the activities of the DFS Group.

# CONTACT INFORMATION

## Head Office

Büyükdere Cad. No: 141 34394  
Esentepe/İstanbul-Turkey  
Tel: +90 (212) 348 20 00  
Fax: +90 (212) 354 83 48

## Domestic Branches

DenizBank has 670 branches in Turkey. Information on domestic branches is available on the DenizBank website:  
<https://www.denizbank.com/en/service-points/default.aspx>

## Foreign Branches

Bahrain Branch  
Al Jasrah Tower 6<sup>th</sup> Floor,  
Office No: 62/63 PO Box 10357, Diplomatic Area,  
Manama-Kingdom of Bahrain  
Tel: +973 17541137  
Fax: +973 17541139

## Trade Register Number

368587

## Website

<https://www.denizbank.com/en/>



