

**TURKLAND BANK ANONİM ŐİRKETİ
INDEPENDENT AUDITOR'S REVIEW REPORT,
UNCONSOLIDATED FINANCIAL STATEMENTS AND
NOTES FOR THE PERIOD ENDED SEPTEMBER 30, 2022**

*Translated into English from the report and financial
statements originally issued in Turkish*

**(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF INTERIM FINANCIAL
INFORMATION ORIGINALLY ISSUED IN TURKISH)**

**REPORT ON REVIEW OF INTERIM
FINANCIAL INFORMATION**

To the General Assembly of Turkland Bank A.Ş.

Introduction

We have reviewed the accompanying balance sheet of Turkland Bank A.Ş. (“the Bank”) as of September 30, 2022, and the statement of income, statement of profit and loss and other comprehensive income, statement of changes in shareholders’ equity and statement of cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying interim financial information in accordance with “the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial 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 the BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of Turkland Bank A.Ş. as of September 30, 2022, and of the results of its operations and its cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

Report on Other Legal and Regulatory Requirements

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information provided in the Management's interim report included in section seven of the accompanying financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed unconsolidated interim financial statements and the explanatory notes.

Additional paragraph for convenience translation to English

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**



Mehmet Erol
Partner

İstanbul, 11 November 2022

Translated into English from the report and financial statements originally issued in Turkish

**THE UNCONSOLIDATED NINE-MONTH FINANCIAL REVIEW REPORT OF
TURKLAND BANK A.Ş. AS OF SEPTEMBER 30, 2022**

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The unconsolidated financial report for the nine-months prepared in accordance with “Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements” as regulated by the Banking Regulation and Supervision Agency includes the following sections:


- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELEVANT PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- REVIEW REPORT
- INTERIM ACTIVITY REPORT


The unconsolidated financial statements for nine-month period ended 30 September 2022 and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in thousands of Turkish Lira, in accordance with the Communiqué on Banks’ Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Bank’s records, have been independently reviewed and presented as attached.



Michel ACCAD
Yönetim Kurulu Başkanı


Servet TAZE
Genel Müdür


H. Efe İÇLİ
Mali Kontrol
Genel Müdür Yardımcısı


Tania MOUSSALLEM
Denetim Komitesi Başkanı


Mustafa Selçuk TAMER
Denetim Komitesi Üyesi


Nadya Nabil Tawfik TALHOUNI
Denetim Komitesi Üyesi

Information related to responsible personnel for the questions that can be raised about financial statements:

Name-Surname / Title : Sevgi Üstün / Manager
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Fax Number : (0 212) 368 35 35

Translated into English from the report and financial statements originally issued in Turkish

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TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022

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

SECTION ONE
GENERAL INFORMATION

I. Bank's Incorporation Date, Beginning Statue, Changes in the Existing Statue

Turkland Bank Anonim Şirketi ("the Bank"), was established in 1991 in İstanbul under the name of "Bahreyn ve Kuveyt Bankası Anonim Şirketi" (BB&K). Its name was changed as "Tasarruf ve Kredi Bankası Anonim Şirketi" with its acquisition by Doğuş Group in 1992. After the change in the name of the bank as "Garanti Yatırım ve Ticaret Bankası Anonim Şirketi" in 1994, Mehmet Nazif Günal (the main shareholder of MNG Group Companies) has acquired the Bank in 1997 and the name of the Bank has been changed as "MNG Bank Anonim Şirketi".

An agreement has been made with Arab Bank and BankMed for the sale of 91% of MNG Bank's shares in mid of 2006 and this agreement was approved by Banking Regulation and Supervision Agency (BRSA) on December 29, 2006. In this regard, while Arab Bank and BankMed purchasing 50% and 41% of MNG bank shares respectively, Mehmet Nazif Günal retained 9% of the shares. Transfer of the Bank was made on January 29, 2007. The title of the Bank was changed as "Turkland Bank Anonim Şirketi" with the amendment to the Articles of Association by the decision of the Extraordinary General Assembly at the meeting on March 22, 2007.

On April 3, 2007, "MNG BANK Anonim Şirketi" title of the bank was registered as "TURKLAND BANK Anonim Şirketi".

According to the Share Sale and Purchase Agreement and Board of Directors' Decision dated February 26, 2010 and July 15, 2010 respectively, Mehmet Nazif Günal's 153 million shares with TRY 15,300 nominal value were purchased by BankMed SAL. As of July 22, 2010 the share transfer was realized.

According to the Extraordinary General Assembly decision dated May 30, 2011, it was decided to increase the Bank's capital from TRY 170 million to TRY 300 million, and it was registered in the Turkish Trade Registry Gazette dated June 20, 2011 numbered 7840. According to the BRSA approval dated September 15, 2011 numbered 4381 the unused pre-emptive right of Arab Bank Plc amounting to TRY 65 million have been used by Arab Bank (Switzerland) Ltd (ABS). Capital commitments have been paid by shareholders and according to the BRSA decision dated October 20, 2011 numbered 22244 it has been transferred to the capital accounts.

According to the Ordinary General Assembly decision dated April 18, 2013, it has been decided to increase the Bank's paid in capital from TRY 300 million to TRY 500 million. According to the Ordinary General Assembly decree dated April 15, 2014, it was decided to increase the Bank's paid in capital from TRY 500 million to TRY 650 million.

In accordance with the BRSA's approval letter dated May 7, 2019, 16.67% of the shares of Arab Bank (Switzerland) Ltd (ABS), one of the shareholders of the Bank, was transferred to Arab Bank Plc. which is the other shareholder of the Bank.

Capital increase and decrease of 30 million USD additional capital as 164 million TRY has been realized simultaneously on September 25, 2019 with the approval of BRSA on August 2, 2019.

According to the Extraordinary General Assembly decree dated February 17, 2020, it was decided to increase the Bank's paid in capital from TRY 650 million to TRY 1,000 million with the approval of BRSA dated January 29, 2020 numbered 1027. It has been transferred to capital accounts as of March 4, 2020 with the approval of BRSA dated March 3, 2020 numbered 2400.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022

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

II. Explanations Regarding Bank's Shareholding Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, the Managing and Controlling Power and Changes in Current Year, if any and Explanations on the Controlling Group of the Bank

Name of Shareholders	Share Amount	Share Ratios	Paid up Shares	Unpaid Shares
ARAB BANK PLC	499,999.99	%50,0	499,999.99	-
BANKMED, SAL	499,999.99	%50,0	499,999.99	-
OTHER	<1	%0,0	<1	-
Total	1,000,000.00	%100.0	1,000,000.00	-

As of September 30, 2022, the nominal value of the Bank's capital is TRY 1,000,000 and consists of 1,000 million shares.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022

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

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Their Shares and Areas of Responsibility in the Bank

<u>Title</u>	<u>Name and Surname (*)</u>	<u>Responsibility</u>	<u>Education</u>
Chairman of the Board of Directors	MICHEL ACCAD	Chairman	MASTER DEGREE
Members of the Board of Directors	MOHAMMAD ABDEL-FATTAH HAMAD AL GHANAMAH	Vice Chairman / Member of Audit Committee	BACHELOR'S DEGREE
	TANIA MOUSSALLEM	Chairman of Audit Committee	BACHELOR'S DEGREE
	NADYA NABIL TAWFIK TALHOUNI	Member of Audit Committee	BACHELOR'S DEGREE
	MUSTAFA SELÇUK TAMER	Member of Audit Committee	BACHELOR'S DEGREE
	NABİL RAFEİ	Member	MASTER DEGREE
	HAITHAM HELMI MOHAMMAD FOUDEH	Member	BACHELOR'S DEGREE
	General Manager and Member of Board of Directors	SERVET TAZE	General Manager
Assistant General Managers	BENAN BAŞAK	Loan Underwriting	MASTER DEGREE
	UMUT ÜLBEGİ	Corporate and Commercial Banking	MASTER DEGREE
	SARUHAN DOĞAN	Treasury and Financial Institutions	MASTER DEGREE
	ALİ HAS	Operation and Information Technologies	MASTER DEGREE
	HAKKI EFE İÇLİ	Financial Control	BACHELOR'S DEGREE
	SERKAN ÇELİK(***)	Internal Systems Group	MASTER DEGREE

(*) The above stated persons do not have any shares in Bank.

(**) Saad Eddine El Zein has left her position and Nabil Rafei was appointed to this position on January 14, 2022.

(***) Appointed as Assistant General Manager of Internal Systems Group on 1 October 2022.

IV. Information About The Persons and Institutions That Have Qualified Shares:

Information about the persons and institutions that have qualified shares as of September 30, 2022:

<u>Name of Shareholders</u>	<u>Share Amount</u>	<u>Share Ratios</u>	<u>Paid up Shares</u>	<u>Unpaid Shares</u>
ARAB BANK PLC	499,999.99	%50.0	499,999.99	-
BANKMED, SAL	499,999.99	%50.0	499,999.99	-

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022

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

V. Summary on the Bank's Functions and Areas of Activity

The Bank has 14 branches and 301 personnel. The Bank does not have any subsidiaries (December 31, 2021: 14 branches, 299 personnel).

The Bank established with private capital, has the authority to accept deposits and its operations are mostly based on retail and corporate banking transactions. As it is indicated in Articles of Association, the Bank is mainly dealing with the transactions below:

- a. Acceptance of Deposit
- b. Corporate and Retail Banking
- c. Foreign Trade
- d. Capital Market Transactions
- e. Bank Assurance

VI. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the institutions subject to full consolidation method or proportional consolidation and institutions, which are deducted from equity or not included in these three methods:

None.

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

None.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off Balance Sheet Items
- III. Statement of Income
- IV. Statement of Profit or Loss and Other Comprehensive Income
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2022 AND DECEMBER 31, 2021
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

I. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

ASSETS	Note (Section Five)	Reviewed			Audited		
		Current Period 30.09.2022			Prior Period 31.12.2021		
		TRY	FC	Total	TRY	FC	Total
I. FINANCIAL ASSETS (Net)		599.167	2.550.865	3.150.032	151.824	1.389.504	1.541.328
1.1 Cash and Cash Equivalents		225.434	2.550.847	2.776.281	145.901	1.389.490	1.535.391
1.1.1 Cash and Central Bank of Turkey	I-1	185.590	1.359.660	1.545.250	145.842	575.955	721.797
1.1.2 Banks	I-3	117	642.902	643.019	169	813.535	813.704
1.1.3 Money Market Placement		40.022	548.285	588.307	-	-	-
1.1.4 Expected Credit Losses (-)		(295)	-	(295)	(110)	-	(110)
1.2 Financial Assets at Fair Value Through Profit and Loss		-	-	-	-	-	-
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Subordinated Debt Instruments		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets at Fair Value Through Other Comprehensive Income		330.992	18	331.010	138	14	152
1.3.1 Government Debt Securities	I-4	330.854	18	330.872	138	14	14
1.3.2 Subordinated Debt Instruments		138	-	138	138	-	138
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets		42.741	-	42.741	5.785	-	5.785
1.4.1 Derivative Financial Assets at Fair Value through Profit or Loss		42.741	-	42.741	5.785	-	5.785
1.4.2 Derivative Financial Assets at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		4.034.833	523.099	4.557.932	2.450.318	745.091	3.195.409
2.1 Loans	I-5	3.353.570	523.099	3.876.669	1.945.596	745.091	2.690.687
2.2 Receivables from Leasing Transactions		-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	I-6	957.570	-	957.570	859.980	-	859.980
2.4.1 Government Debt Securities		957.570	-	957.570	859.980	-	859.980
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Provisions for Expected Loss (-)		(276.307)	-	(276.307)	(355.258)	-	(355.258)
III. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	I-16	49.953	-	49.953	103.104	-	103.104
3.1 Held for Sale		49.953	-	49.953	103.104	-	103.104
3.2 Discontinued Operations		-	-	-	-	-	-
IV. PARTNERSHIP INVESTMENTS		7.659	-	7.659	7.659	-	7.659
4.1 Associates (Net)	I-7	7.659	-	7.659	7.659	-	7.659
4.1.1 Accounted with Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated		7.659	-	7.659	7.659	-	7.659
4.2 Subsidiaries (Net)	I-8	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Entities under Common Control (Business Partnerships) (Net)	I-9	-	-	-	-	-	-
4.3.1 Accounted with Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)	I-12	68.540	-	68.540	29.578	-	29.578
VI. INTANGIBLE ASSETS (Net)	I-13	13.120	-	13.120	13.539	-	13.539
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		13.120	-	13.120	13.539	-	13.539
VII. INVESTMENT PROPERTIES (Net)	I-14	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		101	-	101	557	-	557
IX. DEFERRED TAX ASSET	I-15	28.027	-	28.027	28.027	-	28.027
X. OTHER ASSETS (Net)	I-17	143.078	81.343	224.421	60.705	98.129	158.834
TOTAL ASSETS		4.944.478	3.155.307	8.099.785	2.845.311	2.232.724	5.078.035

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2022 AND DECEMBER 31, 2021
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

I. BALANCE SHEET – LIABILITIES (STATEMENT OF FINANCIAL POSITION)

LIABILITIES	Note (Section Five)	Reviewed			Audited		
		Current Period			Prior Period		
		30.09.2022			31.12.2021		
		TRY	FC	Total	TRY	FC	Total
I. DEPOSITS	II-1	3.539.338	2.688.925	6.228.263	1.355.711	2.098.129	3.453.840
II. FUNDS BORROWED	II-3	-	-	-	-	-	-
III. PAYABLES TO MONEY MARKET		605.769	-	605.769	710.913	-	710.913
IV. ISSUED SECURITIES (Net)		-	-	-	-	-	-
4.1 Bails		-	-	-	-	-	-
4.2 Assets Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	-	-	-	-	-
V. FUNDS BORROWED		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES	II-2	-	-	-	2.779	-	2.779
7.1 Part of Derivative Financial Liabilities at Fair Value through Profit or Loss		-	-	-	2.779	-	2.779
7.2 Part of Derivative Financial Liabilities at Fair Value through Other Comprehensive Income		-	-	-	-	-	-
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE LIABILITIES (Net)	II-6	54.052	1	54.053	17.219	-	17.219
X. PROVISIONS	II-8	134.547	5.794	140.341	157.874	4.234	162.108
10.1 Provision for Restructuring		-	-	-	-	-	-
10.2 Provision for Employee Benefits		28.026	-	28.026	20.764	-	20.764
10.3 Provision for Insurance Technical (Net)		-	-	-	-	-	-
10.4 Other Provisions		106.521	5.794	112.315	137.110	4.234	141.344
XI. CURRENT TAX LIABILITY	II-9	17.178	-	17.178	9.353	-	9.353
XII. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED LOANS		-	-	-	-	-	-
14.1 Loans		-	-	-	-	-	-
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES	II-5	215.152	168.355	383.507	130.457	53.502	183.959
XVI. SHAREHOLDERS' EQUITY	II-12	670.674	-	670.674	537.864	-	537.864
16.1 Paid-in capital		1.000.000	-	1.000.000	1.000.000	-	1.000.000
16.2 Capital Reserves		25.430	-	25.430	25.430	-	25.430
16.2.1 Share issue Premiums		-	-	-	-	-	-
16.2.2 Share Reversal Premiums		-	-	-	-	-	-
16.2.3 Other Capital Reserves		25.430	-	25.430	25.430	-	25.430
16.3 Other Accumulated Comprehensive Income or Expenses that will not be Reclassified to Profit or Loss		(2.149)	-	(2.149)	(365)	-	(365)
16.4 Other Accumulated Income or Expenses that will be Reclassified to Profit or Loss		(5.493)	-	(5.493)	-	-	-
16.5 Profit Reserves		(487.201)	-	(487.201)	(547.471)	-	(547.471)
16.5.1 Legal Reserves		9.349	-	9.349	6.336	-	6.336
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		(468.643)	-	(468.643)	(525.900)	-	(525.900)
16.5.4 Other Profit Reserves		(27.907)	-	(27.907)	(27.907)	-	(27.907)
16.6 Profit or Loss		140.087	-	140.087	60.270	-	60.270
16.6.1 Prior Years' Profit or Loss		-	-	-	-	-	-
16.6.2 Net Profit or Loss for the Period		140.087	-	140.087	60.270	-	60.270
16.7 Minority Shares		-	-	-	-	-	-
TOTAL LIABILITIES		5.236.710	2.863.075	8.099.785	2.922.170	2.155.865	5.078.035

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS OF SEPTEMBER 30, 2022 AND DECEMBER 31, 2021
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

II. STATEMENT OF OFF-BALANCE SHEET ITEMS

OFF BALANCE SHEET ITEMS	Note (Section Five)	Reviewed			Audited		
		Current Period			Prior Period		
		30.09.2022			31.12.2021		
		TRY	FC	Total	TRY	FC	TOTAL
A. OFF-BALANCE SHEET LIABILITIES (I+II+III)							
I. GUARANTEES and SURETIES	III-1	5,037,196	4,540,568	9,577,764	456,537	1,421,704	1,878,241
1.1. Letters of Guarantee		978,693	555,674	1,534,367	344,164	1,311,552	1,655,716
1.1.1. Guarantees Subject to State Tender Law		332,568	199,723	532,291	297,964	191,132	489,096
1.1.2. Guarantees Given for Foreign Trade Operations		3,593	581	4,174	3,593	432	4,025
1.1.3. Other Letters of Guarantee		5,677	10,541	16,218	3,472	9,568	13,040
1.2. Bank Loans		323,298	188,601	511,899	290,899	181,132	472,031
1.2.1. Import Letters of Acceptance		-	-	-	-	3,344	3,344
1.2.2. Other Bank Acceptance		-	-	-	-	3,344	3,344
1.3. Letters of Credit		-	79,560	79,560	-	218,043	218,043
1.3.1. Documented Letters of Credit		-	79,560	79,560	-	218,043	218,043
1.3.2. Other Letters of Credit		-	-	-	-	-	-
1.4. Guarantee Prefinancing		-	-	-	-	-	-
1.5. Endorsement		646,125	276,391	922,516	46,200	899,033	945,233
1.5.1. Endorsements of Central Bank of Turkey		-	276,391	276,391	-	899,033	899,033
1.5.2. Other Endorsements		646,125	-	646,125	46,200	-	46,200
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		-	-	-	-	-	-
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	III-1	148,593	132,323	280,916	30,351	33,949	64,300
2.1. Irrevocable Commitments		148,593	132,323	280,916	30,351	33,949	64,300
2.1.1. Assets Purchase and Sales Commitments		133,893	126,530	260,423	14,619	33,949	48,568
2.1.2. Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Commitments for Loan Limits		483	-	483	489	-	489
2.1.5. Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		14,217	-	14,217	15,243	-	15,243
2.1.8. Tax and Fund Obligations on Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Related		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments		-	-	-	-	-	-
2.1.12. Payables from Short Sale Commitments		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	5,793	5,793	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	III-2	3,909,910	3,852,571	7,762,481	82,022	76,203	158,225
3.1. Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedging		-	-	-	-	-	-
3.1.2. Transactions for Cash Flows Hedging		-	-	-	-	-	-
3.1.3. Transactions for Hedging the Risk of Net Investments Abroad		-	-	-	-	-	-
3.2. Trading Transactions		3,909,910	3,852,571	7,762,481	82,022	76,203	158,225
3.2.1. Forward Foreign Currency Buy-Sell Transactions		2,018,268	1,966,938	3,985,206	82,022	76,203	158,225
3.2.1.1. Forward Foreign Currency Transactions-Buy		2,018,268	-	2,018,268	82,022	-	82,022
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	1,966,938	1,966,938	-	76,203	76,203
3.2.2. Currency and Interest Swap Transactions		1,891,642	1,885,633	3,777,275	-	-	-
3.2.2.1. Currency Swaps - Purchases		166,534	1,719,254	1,885,788	-	-	-
3.2.2.2. Currency Swaps - Sales		1,725,108	166,379	1,891,487	-	-	-
3.2.2.3. Swap Interest Purchase Transactions		-	-	-	-	-	-
3.2.2.4. Swap Interest Sale Transactions		-	-	-	-	-	-
3.2.3. Currency, Interest and Security Options		-	-	-	-	-	-
3.2.3.1. Currency Call Options		-	-	-	-	-	-
3.2.3.2. Currency Put Options		-	-	-	-	-	-
3.2.3.3. Interest Call Options		-	-	-	-	-	-
3.2.3.4. Interest Put Options		-	-	-	-	-	-
3.2.3.5. Security Call Options		-	-	-	-	-	-
3.2.3.6. Security Put Options		-	-	-	-	-	-
3.2.4. Currency Futures		-	-	-	-	-	-
3.2.4.1. Currency Futures - Purchases		-	-	-	-	-	-
3.2.4.2. Currency Futures - Sales		-	-	-	-	-	-
3.2.5. Interest Futures		-	-	-	-	-	-
3.2.5.1. Interest Futures - Purchases		-	-	-	-	-	-
3.2.5.2. Interest Futures - Sales		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		10,943,207	5,047,103	15,990,310	9,770,847	4,285,782	14,056,629
IV. ITEMS HELD IN CUSTODY		1,124,005	53,515	1,177,520	565,331	94,472	659,803
4.1. Customer Fund and Portfolio Assets		-	-	-	-	-	-
4.2. Investments Securities Held in Custody		50,116	1,664	51,780	74,071	1,216	75,287
4.3. Checks Received for Collections		1,073,851	48,872	1,122,723	491,133	93,121	584,254
4.4. Commercial Checks Received for Collections		38	2,979	3,017	127	135	262
4.5. Other Assets Received for Collections		-	-	-	-	-	-
4.6. Assets Received through Public Offering		-	-	-	-	-	-
4.7. Other Items under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		9,819,202	4,993,588	14,812,790	9,205,516	4,191,310	13,396,826
5.1. Securities		-	-	-	-	-	-
5.2. Guarantee Notes		62	-	62	1,622	-	1,622
5.3. Commodities		1,646	-	1,646	1,646	-	1,646
5.4. Warranties		-	-	-	-	-	-
5.5. Real Estate		1,150,980	37,649	1,188,629	1,169,025	45,158	1,214,183
5.6. Other Pledged Items		8,666,514	4,955,939	13,622,453	8,033,223	4,146,152	12,179,375
5.7. Pledged Items - depository		-	-	-	-	-	-
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		15,980,403	9,587,671	25,568,074	10,227,384	5,707,486	15,934,870

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF INCOME
AS OF SEPTEMBER 30, 2022 AND 2021
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

III. STATEMENT OF INCOME

PROFIT OR LOSS ITEMS	Note (Section Five)	Reviewed		Reviewed	
		Current Period	Current Period	Prior Period	Prior Period
		01.01 - 30.09.2022	01.07 - 30.09.2022	01.01 - 30.09.2021	01.07 - 30.09.2021
I. INTEREST INCOME	IV-1	590.902	262.289	271.408	99.111
1,1 Interest on Loans		456.184	214.894	221.564	79.202
1,2 Interest Received from Reserve Deposits		2.708	-	6.566	2.638
1,3 Interest Received from Banks		4.783	3.284	6.562	1.875
1,4 Interest Received from Money Market Placement		2.382	1.812	3.966	-
1,5 Interest Received from Securities		123.862	41.926	31.368	15.034
1,5.1 Financial Assets at Fair Value Through Profit or Loss		-	-	-	-
1,5.2 Financial Assets at Fair Value Through Other comprehensive Income		1.379	1.378	1	1
1,5.3 Financial Assets Measured at Amortized Cost		122.483	40.548	31.367	15.033
1,6 Finance Lease Interest Income		-	-	-	-
1,7 Other Interest Income		983	373	1.382	362
II. INTEREST EXPENSES (-)	IV-2	(432.071)	(202.280)	(184.247)	(64.374)
2,1 Interest on Deposits		(335.981)	(163.955)	(157.828)	(53.748)
2,2 Interest on Funds Borrowed		(3)	1	(2)	-
2,3 Interest on Money Market Transactions		(48.210)	(11.680)	(19.282)	(9.529)
2,4 Interest on Securities Issued		-	-	-	-
2,5 Interest Lease Expenses		(5.928)	(2.301)	(3.760)	(1.078)
2,6 Other Interest Expenses		(41.949)	(24.345)	(3.375)	(19)
III. NET INTEREST INCOME/EXPENSES (I - II)		158.831	60.009	87.161	34.737
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		18.117	9.497	15.114	4.912
4,1 Fees and Commissions Received		21.504	10.815	17.056	5.636
4,1.1 Non-Cash Loans		15.677	6.097	15.840	5.341
4,1.2 Other		5.827	4.718	1.216	295
4,2 Fees and Commissions Given (-)	IV-10	(3.387)	(1.318)	(1.942)	(724)
4,2.1 Non-Cash Loans		(346)	(122)	(286)	(101)
4,2.2 Other	IV-10	(3.041)	(1.196)	(1.656)	(623)
V. DIVIDEND INCOME	IV-3	57	-	28	-
VI. TRADING PROFIT/LOSS (Net)	IV-4	61.699	34.353	1.089	824
6,1 Profit/Loss from Capital Market Transactions		(10.148)	-	-	-
6,2 Profit/Loss from Derivative Financial Transactions		88.246	59.218	50	(83)
6,3 Foreign Exchange Profit/Loss		(16.399)	(24.865)	1.039	907
VII. OTHER OPERATING INCOME	IV-5	20.249	2.448	59.368	18.926
VIII. GROSS PROFIT FROM OPERATIONS (III+IV+V+VI+VII)		258.953	106.307	162.760	59.399
IX. ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	IV-6	109.231	16.876	97.154	11.630
X. OTHER PROVISION EXPENSES (-)		-	-	-	-
XI. PERSONNEL EXPENSES (-)		(118.777)	(48.745)	(87.694)	(29.799)
XII. OTHER OPERATING EXPENSES (-)	IV-7	(109.320)	(39.079)	(86.442)	(26.607)
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		140.087	35.359	85.778	14.623
XIV. AMOUNT IN EXCESS RECOGNISED AS GAIN AFTER MERGER		-	-	-	-
XV. PROFIT/LOSS ON EQUITY METHOD		-	-	-	-
XVI. PROFIT/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/LOSS FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	IV-8	140.087	35.359	85.778	14.623
XVIII. TAX PROVISION FROM CONTINUED OPERATIONS (±)	IV-8	-	-	-	-
18,1 Provision for Current Income Taxes		-	-	-	-
18,2 Deferred Tax Expense Effect (+)		-	-	-	-
18,3 Deferred Tax Income Effect (-)		-	-	-	-
XIX. NET PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	IV-8	140.087	35.359	85.778	14.623
XX. INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
20,1 Income on Assets Held for Sale		-	-	-	-
20,2 Income on Sale Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-	-	-
20,3 Income on Other Discontinued Operations		-	-	-	-
XXI. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21,1 Expense on Assets Held for Sale		-	-	-	-
21,2 Expense on Sale Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-	-	-
21,3 Expense on Other Discontinued Operations		-	-	-	-
XXII. PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAXES (XX-XXI)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23,1 Provision for Current Income Taxes		-	-	-	-
23,2 Deferred Tax Expense Effect (+)		-	-	-	-
23,3 Deferred Tax Income Effect (-)		-	-	-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	IV-8	-	-	-	-
XXV. NET PROFIT/LOSS FOR THE PERIOD (XIX+XXIV)	IV-9	140.087	35.359	85.778	14.623
25,1 Profit/Loss of the Group		-	-	-	-
25,2 Minority Shareholders Profit / Loss (-)		-	-	-	-
Profit / Loss per Share		-	-	-	-

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Reviewed	
	Current Period 01.01 -30.09.2022	Prior Period 01.01 -30.09.2021
I. PROFIT/LOSS FOR THE PERIOD	140.087	85.778
II. OTHER COMPREHENSIVE INCOME	(7.277)	426
2.1 Items not to be Reclassified to Profit or Loss	(1.784)	426
2.1.1 Increase/Decrease in Revaluation of Tangible Assets	-	-
2.1.2 Increase/Decrease in Revaluation of Intangible Assets	-	-
2.1.3 Defined Benefit Plans Remeasurement Gains/Losses	(1.784)	426
2.1.4 Other Items of Comprehensive Income not to be Reclassified as Other Profit or Loss	-	-
2.1.5 Taxes on Other Comprehensive Income not to be Reclassified to Profit or Loss	-	-
2.2 Items to be Reclassified to Profit or Loss	(5.493)	-
2.2.1 Foreign currency Translation Differences	-	-
2.2.2 Valuation and/or classification Income/Expense of Financial Assets at Fair Value Through Other Comprehensive Income	(5.493)	-
2.2.3 Cash Flow Hedging Income/Expense	-	-
2.2.4 Hedging Income/Expense on Investment Risk Related to the Operation Abroad	-	-
2.2.5 Other Items of Comprehensive Income net to be Reclassified as Other Profit or Loss	-	-
2.2.6 Taxes on Other Comprehensive Income not to be Reclassified to Profit or Loss	-	-
III. TOTAL COMPREHENSIVE INCOME (I+II)	132.810	86.204

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY					Items not to be Reclassified to Profit or Loss			Items to be Reclassified to Profit or Loss								
	Paid-in Capital	Share Issue Premiums	Share Cancellation Profit	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Periods' Profit / (Loss)	Net Profit or Loss for the Period	Total Shareholders' Equity without Minority Shares	Minority Shares	Total Shareholders' Equity
PRIOR PERIOD																
01.01.2021 - 30.09.2021																
I. Balance at the Beginning of the Period	1.000.000	-	-	(446.069)	-	225	2.807	-	-	-	5.332	(101.384)	20.080	480.991	-	480.991
II. Corrections made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	1.000.000	-	-	(446.069)	-	225	2.807	-	-	-	5.332	(101.384)	20.080	480.991	-	480.991
IV. Total Comprehensive Income / (Expense)	-	-	-	-	-	-	-	-	-	-	-	-	85.778	85.778	-	85.778
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase in Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease Due to Other Changes	-	-	-	-	-	426	-	-	-	-	-	-	-	-	426	426
XI. Profit Distribution	-	-	-	(82.308)	-	-	-	-	-	-	1.004	101.384	(20.080)	-	-	-
11.1 Dividend Distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	(82.308)	-	-	-	-	-	-	1.004	101.384	(20.080)	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+X+XI)	1.000.000	-	-	(528.377)	-	651	2.807	-	-	-	6.336	-	85.778	567.195	-	567.195
CURRENT PERIOD																
01.01.2022 - 30.09.2022																
I. Balance at the End of the Prior Period	1.000.000	-	-	(528.377)	-	(3.172)	2.807	-	-	-	6.336	-	60.270	537.864	-	537.864
II. Corrections made as per TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	1.000.000	-	-	(528.377)	-	(3.172)	2.807	-	-	-	6.336	-	60.270	537.864	-	537.864
IV. Total Comprehensive Income / (Expense)	-	-	-	-	-	(1.784)	-	-	(5.493)	-	-	-	140.087	132.810	-	132.810
V. Capital Increase in Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase in Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase / Decrease Due to Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	57.257	-	-	-	-	-	-	3.013	-	(60.270)	-	-	-
11.1 Dividend Distributed	-	-	-	57.257	-	-	-	-	-	-	3.013	-	(60.270)	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+X+XI)	1.000.000	-	-	(471.120)	-	(4.956)	2.807	-	(5.493)	-	9.349	-	140.087	670.674	-	670.674

1. Revaluation increase/decrease on tangible and intangible assets,

2. Defined benefit plans accumulated revaluation gains/losses,

3. Other (The shares of investments that are valued by equity method from other comprehensive income that cannot be reclassified to profit/loss and the accumulated of other comprehensive income items that cannot be reclassified as other profit or loss)

4. Foreign currency translation differences,

5. Income/expense from valuation and/or reclassification of financial assets measured at FVTOCI,

6. Other (Cash flow hedge income/losses, share of other comprehensive income of equity method investments to be reclassified to profit/loss and accumulated amounts of other comprehensive income items to be reclassified as other profit or loss)

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

TURKLAND BANK ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Amounts expressed in thousands of Turkish Lira (TRY) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

		Current Period	Prior Period
		01.01-30.09.2022	01.01-30.09.2021
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Change in Banking Operations Assets and Liabilities	(156,716)	(15,857)
1.1.1	Interest Received	343,604	260,548
1.1.2	Interest Paid	(396,477)	(181,249)
1.1.3	Dividend Received	57	28
1.1.4	Fees and Commissions Received	22,513	16,604
1.1.5	Other Income	99,920	31,773
1.1.6	Collections from Previously Written-off Receivables	130,005	68,535
1.1.7	Cash Payments to Personnel and Service Suppliers	(119,364)	(70,582)
1.1.8	Taxes Paid	(5,362)	(860)
1.1.9	Other	(231,612)	(140,654)
1.2	Change in Assets and Liabilities Subject to Banking Activities	1,310,468	60,336
1.2.1	Net (Increase) Decrease in Financial Assets Measured at FVTPL	-	-
1.2.2	Net (Increase) Decrease in Due from Banks	(308,901)	7,923
1.2.3	Net (Increase) Decrease in Loans	(917,588)	(179,228)
1.2.4	Net (Increase) Decrease in Other Assets	144,147	164,196
1.2.5	Net Increase (Decrease) in Bank Deposits	(105,339)	183,335
1.2.6	Net Increase (Decrease) in Other Deposits	2,224,370	(225,515)
1.2.7	Net Increase (Decrease) in Financial Liabilities Measured at FVTPL	-	-
1.2.8	Net Increase (Decrease) in Funds Borrowed	-	(250)
1.2.9	Net Increase (Decrease) in Matured Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	273,779	109,875
I.	Net Cash Flow from Bankig Operations	1,153,752	44,479
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash flows from Investing Activities	(441,714)	(310,059)
2.1	Cash Paid for Purchase of Associates, Subsidiaries and Joint-Ventures	-	-
2.2	Cash Obtained from Sale of Associates, Subsidiaries and Joint-Ventures	-	-
2.3	Purchases of Tangible Assets	(13,656)	(4,167)
2.4	Sales of Intangible Assets	-	26
2.5	Financial Assets Measured at FVTOCI	(330,854)	-
2.6	Financial Assets Measured at FVTOCI	-	-
2.7	Financial Assets Purchased at Amortized Cost	(726,350)	(310,598)
2.8	Financial Assets Sold at Amortized Cost	634,701	10,000
2.9	Other	(5,555)	(5,320)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash from Financing Activities	(5,493)	(12,099)
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Outflows from Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Equity Instruments Issued	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Leases	(5,493)	(12,099)
3.6	Other	-	-
IV.	Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents	227,429	47,663
V.	Net Increase in Cash and Cash Equivalents	933,974	(230,016)
VI.	Cash and Cash Equivalents at the Beginning of the Period	1,062,375	665,439
VII.	Cash and Cash Equivalents at the End of the Period	1,996,349	435,423

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

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SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

The unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette No.26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks “and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The financial statements are prepared in accordance with the historical cost basis except for financial instruments measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income which are presented on a fair value basis.

The Bank has started to apply TFRS 9 Financial Instruments (“TFRS 9”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) in the unconsolidated financial statements starting from January 1, 2018 for the first time based on the regulation published in the Official Gazette no. 29750 dated June 22, 2016 in connection with procedures and principals regarding classification of loans and allowances allocated for such loans which came into force starting from January 1, 2018.

The preparation of financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

POA made an announcement on January 20, 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 December 31, 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 December 31, 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 unconsolidated financial statements dated 30 September 2022, in accordance with TAS 29.

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II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank focuses its activities in corporate banking. The primary objective of the Bank is to sustain liquidity while fulfilling customer needs. Thus, the Bank places approximately 26.57% of its resources in liquid assets, while the Bank also aims for the highest yield possible with effective maturity management.

Besides its principle activity, the main financial instruments of the Bank are money market placements, treasury bills and government bonds.

Marketable securities comprising 15.91% of total assets are assets with low risk and high yield. Placements in banks are 15.20% of the total assets and these assets provide liquidity with low risk and yield.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of the risk management strategy of the Bank, the management of risk bearing short positions of currency, interest or price movements is performed only by the Treasury and using the limits defined by the Board of Directors.

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III. Explanations on Forward and Option Contracts and Derivative Instruments

The Bank's derivative instruments consist of foreign currency swaps, forward foreign currency buy/sell transactions and options. Derivative instruments are accounted for at their fair values as at the contract date and subsequently valued at fair value. Certain derivative instruments, although economical hedges, are accounted as trading transactions since they are not qualified to be a hedging instrument as per "Financial Instruments" ("TFRS 9"). Realized gains or losses on these instruments are reflected in the statement of income.

Unrealized gains or losses arising from the change in the fair value are recorded in disallowable expenses or income according to the current tax legislation.

Contract amounts of derivatives are recorded in off the balance sheet contingencies and commitments. There are no embedded derivatives separated from the host contract or that are designated as hedging instruments as of the balance sheet date.

IV. Explanations on Interest Income and Expenses

Interest income and expenses are recognized in the income statement on an accrual basis using the effective interest method. On January 1, 2018, the Bank has started to calculate the rediscount for its non-performing loans. Non-performing loans are discounted with effective interest rate over the net book value and for calculated amount expected credit loss is set aside in income statement.

V. Explanations on Fees and Commission Income and Expenses

All fees and commission income/expenses are recognized as income at the time of realization and during the service is provided. Loan related fees and commissions paid to or received from the other institutions are considered as transaction costs and accounted using the effective interest method.

VI. Explanations on Financial Assets

In the framework of "TFRS 9 Financial Instruments", which is effective as of January 1, 2018, the Bank classifies its financial assets as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" or "Financial assets at amortized cost". This classification is made during initial recognition based on the contractual cash flow characteristics with the business model of the financial assets determined by management.

The financial assets are recognized or derecognized in accordance with the "Recognition and Derecognition" principles defined in Section 3 related to classification and measurement of financial instruments of the "TFRS 9 Financial Instruments". At initial recognition, financial assets are measured at fair value. In the case of financial assets are not measured at fair value through profit or loss, transaction costs are added or deducted to/from their fair value. Financial instruments are included in the Bank's balance sheet if the Bank is a legal party to these financial instruments.

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all aspects. Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities and operations of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date. The settlement date is the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

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VI. Explanations on Financial Assets (continued)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

The methods and assumptions used in the recognition and measurement of financial instruments are described below.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit and loss are financial assets other than the ones that are managed with business model that aims to hold assets to collect contractual cash flows or to collect cash flows that are solely payments of principal and interest on the principal outstanding amount; 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 taking.

Financial assets at the fair value through profit or loss are initially recognized at fair value. Transaction costs related to the acquisition of the relevant asset are included in the cost of acquisition. The positive difference between the cost and fair value of such securities is accounted as interest and income accrual, and the negative difference between the cost and fair value is accounted under “Provision for Impairment of Securities Account”.

Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets are classified as financial assets at fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial assets give rise to cash flows that are solely payments of principal of interest at certain dates.

The Bank’s management may retain both the contractual cash flows as well as the portfolio for sale, in order to meet daily liquidity needs, maintain a certain level of interest income and align the maturity of financial assets with the valuation of the financial liabilities for funding purposes. Financial assets at fair value through other comprehensive income are initially recognized at fair value including transaction costs.

The results of the subsequent changes in the fair value of financial assets at fair value through comprehensive income, namely unrealized gain or loss are recorded in “Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss”. Accumulated fair value gain or loss, previously reflected in equity, is recorded to the income statement when the said financial assets are disposed.

The fair value of financial assets at fair value through other comprehensive income, which are traded in active markets is determined according to the price of the stock exchange and in the case that the stock market price is not available, according to the price in the Official Gazette. Where there is no quoted price in an active market, the fair value is determined by using other methods specified in TFRS 9.

Financial Assets at Amortized Cost

A financial asset is classified as a financial asset measured at amortized cost, if the financial asset is held within the scope of a business model for the collection of contractual cash flows and the contractual terms of the financial asset result in cash flows that include payments arising only from principal and interest on the principal amounts on specific dates.

After the initial recognition, provision for impairment to be deducted, if any, financial assets measured at amortized cost are recognized with discounted value using effective interest method (internal rate of return).

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VI. Explanations on Financial Assets (continued)

Interest earned from financial assets measured at amortized cost is recorded as interest income. The Bank classifies financial assets in accordance with the classifications explained above during the acquisition of the mentioned assets.

The Bank has Consumer Price Indexed (CPI) government bonds classified as financial assets measured at amortized cost. These securities are valued and accounted for using effective interest rate method considering estimated inflation rate based on real coupon rates and reference inflation index at issue date. As stated in CPI Indexed Bonds Investor Guide of the Undersecretariat of Treasury, the reference index used in the calculation of the actual coupon payment amounts of these securities are generated according to the CPI of two months ago. The Bank determines the estimated inflation rate accordingly. The inflation rate anticipated by considering the expectations of the Central Bank of Turkey. The estimated inflation rate of Bank is updated during year when deemed necessary.

Loans:

Loans are non-derivative financial assets which have fixed or determinable payments and are not traded.

The Bank initially records loans and receivables at fair value. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

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

Foreign exchange gains and losses on the foreign currency indexed loans are presented under foreign exchange gains and losses.

All loans of the Bank are monitored under the “*Financial Assets at Amortized Costs*” account.

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VI. Explanations on Financial Assets (continued)

TFRS 9 Financial Instruments:

TFRS 9 introduced new requirements for the classification and measurement of financial assets / liabilities and for derecognition and for general hedge accounting.

- All recognized financial assets that are within the scope of TFRS 9 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt instruments and equity instruments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognized by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, TFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under TAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under TAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in TAS 39. Under TFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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VI. Explanations on Financial Assets (continued)

IFRS 9 Financial Instruments (continued):

Based on an analysis of the Bank's financial assets and financial liabilities as at January 1, 2018 based on the facts and circumstances that exist at that date, it has been assessed that the impact of IFRS 9 to the Bank's unconsolidated financial statements as follows:

Classification and measurement

Classification and measurement of financial assets in accordance with IFRS 9 standard has determined by whether the financial asset is based on the business model in which the financial asset is managed and whether it is based on contractual cash flows including interest payments on principal and principal balance only.

On initial adoption in the financial statements, each financial asset can be classified as a financial asset measured at amortized cost, or at fair value through profit or loss, or as measured at fair value through other comprehensive income. The application of the existing provisions of TAS 39 for the classification and measurement of financial liabilities does not change substantially.

According to IFRS 9, Available for Sale Financial Assets and Held to Maturity Financial Assets are classified as Financial Assets at Amortized Cost as of January 1, 2018.

Impairment:

In accordance with the "Regulation on Procedures and Principles for the Classification of Loans and the Provisions to be Reserved" published in the Official Gazette dated June 22, 2016 and numbered 29750, the Bank started to recognize provision for impairment in accordance with the provisions of IFRS 9 as of January 1, 2018. In this context, the method of allocating loan provisions, which is disclosed in detail in the accounting policy of Section Three, footnote VII, as of December 31, 2017, has been changed by applying the IFRS 9 along with applying the expected credit loss model. The expected credit losses estimate is unbiased, weighted by probability and should include supportable information about estimates of past events, current conditions and future economic conditions. These financial assets have been classified into the following three categories based on the increase in the credit risks observed since the first receipt of financial assets:

Stage 1: Includes financial instruments with no significant increase in credit risk starting from initial recognition until the next reporting period or at a lower credit risk as of the reporting date. For these assets, the expected credit loss of 12 months is accounted.

Stage 2: Includes financial assets that have a significant increase in credit risk after initial recognition but an objective evidence of impairment does not exist. For these assets, expected lifetime credit losses are accounted.

Stage 3: Includes financial assets that have objective evidence of impairment as of the reporting date. For these assets, expected lifetime credit losses are accounted.

The Bank has applied the classification, measurement and impairment effects to the opening equity amounts without making any adjustments during the comparative periods in the opening balance sheet as of January 1, 2018. In addition, the effect of deferred tax assets to be calculated under IFRS 9 has reflected in equity during the first transition.

"IFRS 9 Financial Instruments" standard related to the classification and measurement of financial instruments has been issued by the Public Oversight, Accounting and Auditing Standards Authority and published in the Official Gazette dated January 19, 2017, numbered 29953 is effective from January 1, 2018 and replaces "TAS 39 Financial Instruments: Recognition and Measurement" standard.

At every balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss. If any such indication exists, the Bank determines the related impairment.

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VII. Explanations on Impairment of Financial Assets

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence of one or more than one event ("loss event") after the initial accounting of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses for future events are not journalized.

The Bank classifies loans according to their qualifications in accordance with the "Regulation on Procedures and Principles for the Classification of Loans and the Provisions to be Made" effective as of January 1, 2018. In this context, the Bank considers the general structure of the loan portfolio, the financial structure of its customers, non-financial data and economic conjuncture in accordance with its credit risk policies when making estimations. Provisions are recognized in profit and loss accounts using the "IFRS 9 Expected Loss Provisions" account.

Provisions made for loan losses in the current period and provision made in the previous periods are reversed as a result of principal collections made for the related loans or that are written off are recorded in the "Expected Loss Provisions" account.

Calculation of expected credit losses:

Expected credit losses are calculated based on a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due based on the contract and the cash flows that are expected to be received.

Probability of Default (PD): PD refers to the likelihood that a loan will default, which is usually set at 12 months, given certain characteristics. Based on IFRS 9, two different PDs are used in order to calculate expected credit losses:

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

Internal rating systems are used in the Bank.

Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

Loss Given Default (LGD): If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage. LGD calculations are performed using historical data which best reflects current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections.

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as of the reporting date. For non-cash loans and commitments, it is the value calculated through using credit conversion factors.

Stage 1: 12-month expected credit loss represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date and calculated as the portion of lifetime expected credit losses. 12-month expected credit loss is calculated based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied by loss given default rate and discounted with the original effective interest rate.

Stage 2: Lifetime expected credit losses are expected credit losses from all possible default events that can occur during the expected life of a financial instrument (the risk of a default occurring during the expected life of the financial instrument is estimated). In Stage 2, the provision is calculated for financial assets whose credit risk has deteriorated but not impaired.

Stage 3: The Bank evaluates all impaired accounts individually. The methodology is individual assessment and the probability of default is considered as 100%.

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VII. Explanations on Impairment of Financial Assets (continued)

Default Definition: It means debt having past due more than 90 days. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

The Bank calculates the expected credit losses in Stage 1 and Stage 2 by groups based on the following criteria.

- Cash Products / Non-cash Products
- Customer Segments: Commercial and Retail / Corporate
- Product Types: Instalment Credits, Renewable Loans (Rotative), Spot Loan, Overdraft Accounts and Other

Due to the disruptions in economic and commercial activities as a result of the COVID-19 epidemic that spread to many countries, including our country, in accordance with the Board Decision of the BRSA dated September 16, 2021, within the scope of Articles 4 and 5 of the Regulation on Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set aside, it has been decided that the 90-day delay period stipulated for non-performing loans is applied as 180 days and the provisions to be set aside for the loans that continue to be classified in the Second Group despite the 90-day delay, to end the practice of continuing to allocate banks according to their own risk models used in the calculation of expected credit losses within the scope of TFRS 9, as of the end of September 30, 2021, however, as of October 1, 2021, it has been decided to continue the aforementioned practice in the same way for loans with a delay period of more than 91 days and not exceeding 180 days. As of December 31, 2021, the said application was terminated and the transfer period to the follow-up accounts became 90 days for all loans.

Considering the magnitude of the economic changes due to COVID-19, the Bank updated its forward-looking macroeconomic assumptions and estimations for individual loans in the calculation of expected credit losses. In the upcoming periods, the Bank will update its related assumptions as necessary and review the realization status of its past estimates.

VIII. Explanations on Offsetting of Financial Assets and Liabilities

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

IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are being recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the 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 amortized cost depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities.

Funds given against securities purchased under agreements to resell (“reverse repo”) are accounted under “Receivables from reverse repurchase agreements” on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method. The Bank does not have any securities that are subject to any payment.

The income and expenses from these transactions are reflected to the “Interest Income on Money Market Transactions” and “Interest Expense on Money Market Transactions” accounts in the income statement.

As of September 30, 2022, the Bank does not have any reverse repo transaction. (December 31, 2021: None).

As of September 30, 2022, the Bank does not have any marketable securities lending transaction (December 31, 2021: None).

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X. Explanations on Assets Held for Sale and Discontinued Operations

Assets held for sale with high probability of sale, are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. In addition, the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or cancelling the plan is low.

The Bank has assets held for sale amount of TRY 49,953 as of September 30, 2022 (December 31, 2021: TRY 103,104).

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately. The Bank does not have any discontinued operations.

XI. Explanations on Goodwill and Other Intangible Assets

There is no goodwill regarding the investments in associates and subsidiaries.

Other intangible assets are accounted for at cost less accumulated amortization. Other intangible assets are amortized with straight-line method based on their economic lives. There is no change in the amortization method in the current period.

The intangible assets comprising purchased softwares are in the other intangible fixed assets. As of the balance sheet date, all softwares are purchased and there are no completed or continuing software development projects by the Bank.

	%
Intangible Assets	7-33

XII. Explanations on Tangible Fixed Assets

Tangible fixed assets are accounted for at acquisition cost less accumulated depreciation. Tangible fixed assets are depreciated with straight-line method. While those acquired before January 1, 2004 are depreciated with the rates valid in prior periods, the fixed assets acquired after January 1, 2004 are depreciated with the rates determined by the Ministry of Finance based on useful economic lives.

Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. Depreciation method is not changed in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Financial Lease	2-50
Furniture, Fixtures and Office Equipment and Others	2-33

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Normal maintenance and repair cost of the properties are expensed.

There is no pledge, mortgage, or any other lien on tangible fixed assets.

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XIII. Explanations on Leasing Transactions

As of the balance sheet date, the Bank does not have authorization for any financial leasing transactions as lessor.

IFRS 16 Leases Standard was published in the Official Gazette dated April 16, 2018 and numbered 29826. According to this standard, the difference between operating leases and financial leases has been eliminated and leasing transactions is reflected on the balance sheet by the lessee as the asset (utilization right) and lease payable, and the interest expense related to the lease liability has reflected to the accounts separately. The Bank started to use IFRS 16 Leases standard starting from January 1, 2019.

The Bank measures the leasing liability at the present value of the remaining lease payments, discounted at the Bank's application date using the reference interest rate at the date of application. In addition, the Bank measures the existence of the right to use of such right at an amount equal to the lease obligation which is reflected in the statement of financial position immediately after the first application date and adjusted for the amount of all prepayment or accrued lease payments.

In accordance with IFRS 16, the Bank measures the lease obligation based on the present value of the lease payments, which were not paid at the date of the lease commencement. Lease payments are discounted using the reference rate of the Bank.

The Bank assesses whether the contract has the quality of a lease or whether the lease includes the transaction at the beginning of a contract. In case the contract is transferred for a certain period of time to control the use of the asset defined for a price, it is either leased or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use assets:

The right to use asset is first recognized by cost method and includes:

- a) The initial measurement amount of the lease obligation,
- b) The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease;
- c) All initial direct costs incurred by the Bank

When Bank applying the cost method, the existence of the right to use:

- a) accumulated depreciation and accumulated impairment losses are deducted and
- b) measures the restatement of the lease obligation at the restated cost. The Bank applies TAS 16 Property, Plant and Equipment while depreciating the right of use assets.

The Lease Obligations:

At the effective date of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Bank's average borrowing interest rates.

The lease payments included in the measurement of the lease liability consist of the payments to be made for the right of use during the lease term of the underlying asset and the unpaid payments at the effective date of the lease.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increase the book value to reflect the interest on the lease obligation
- b) Reduces the book value to reflect the lease payments made and
- c) The book value is measured to reflect reassessments and restructuring, or reflect to fixed lease payments as of revised nature.

The interest on the lease liability for each period in the lease period is the amount calculated by applying a fixed periodic interest rate to the remaining balance of the lease liability.

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XIV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation due to a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

According to the legal department of the Bank, the total number of ongoing cases against the Bank is 387. The total amount of those cases consists of TRY 16,354, USD 804 Thousand and EUR 193 Thousand. There is a provision of TRY 17,042 in the accompanying financial statements for these cases (December 31, 2021: TRY 15,784).

XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans:

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30-day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS No: 19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. As per the Official Gazette No. 28585 dated March 12, 2013, as of September 30, 2022, the actuarial loss recognized in equity amounts to TRY 4,956 (December 31, 2021: TRY 3,172 actuarial loss).

The Bank has no employees are the member of retirement fund or foundation.

Defined Contribution Plans:

The Bank pays contributions to the Social Security Institution of Turkey on a mandatory basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Short-term Employee Benefits:

In accordance with TAS 19 "Turkish Accounting Standard on Employee Benefits"; defined liabilities that arise from unused leave payments are accrued in the related period and are not discounted.

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XVI. Explanations on Taxation

Corporate Tax:

According to Article 37 of the Corporate Tax Law, as of 1 January 2006, corporate income is taxed at a rate of 20%. In accordance with the regulation introduced with the Law No. 7316 on the "Law on the Collection of Public Claims and Amendments to Some Laws", this rate has been determined as 25% and 23% to be applied to corporate earnings for the 2021 and 2022 taxation periods and the Council of Ministers has been authorized to reduce the said rate up to 20%.

The tax legislation requires advance tax of 25% to be calculated and paid based on earnings generated for each quarter. Such advance taxes calculated and paid are offsetted against the final tax liability for the year.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one instalment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

The Bank makes necessary provisions over results of current period operations related with Income Tax and Corporate Tax liabilities. The Bank has not any tax provision in current period. (September 30, 2021: None).

Deferred Tax:

The Bank calculates and reflects deferred tax asset or liability on timing differences, which will result in taxable or deductible amounts in determining taxable profit of future periods.

In accordance with TAS No: 12 "Turkish Accounting Standard on Income Taxes" and the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated December 8, 2004, the Bank calculates deferred tax asset on carry forward tax losses and all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are reflected in the accompanying financial statements on a net basis.

The deferred tax resulting from differences related to items that are debited or credited directly to equity is netted with these accounts.

Furthermore, as per the above circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

The net deferred tax asset is presented under deferred tax asset and the net deferred tax liability is presented under deferred tax liability on the balance sheet. The deferred tax income/expense is presented in the accompanying income statement as deferred tax provision and there is no deferred tax expense in current period. (September 30, 2021: None).

XVII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization.

All other borrowing costs are recorded to the income statement in the period they are incurred.

The Bank has not issued convertible bonds.

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XVIII. Explanations on Issued Share Certificates

The Bank does not have any issued debt securities. As of the date of approval of these financial statements, there is no subsequent dividend announcement of the Bank.

XIX. Explanations on Acceptances

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

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

XXI. Explanations on Segment Reporting

Since the Bank is not listed entity, disclosure requirements of TFRS 8 are not applicable for the Bank.

XXII. Explanations on Other Matters

A new type of coronavirus (COVID-19), which is first appeared in China, was classified by the World Health Organization as an epidemic affecting countries globally on March 11, 2020. The COVID-19 epidemic and the measures taken against it have impacts on economic conditions, sectors, businesses, consumers, as well as asset and commodity prices, liquidity, exchange rates, interest rates, money and capital markets and many other issues, and remain uncertain about the future. The impact of these effects on the Bank's equity management and capital adequacy, asset quality, credit risk, operational risk, currency risk, interest rate risk, liquidity risk, stock position risk arising from banking accounts, leverage ratio and other risks and indicators regularly monitored by risk monitoring units and Bank management. Although the effects of the situation are not fully known, it is expected to affect the financial position and operating results of the Bank in the future. The Bank takes the necessary precautions to keep the negative effects under control and minimize them.

Considering the magnitude of the economic changes due to COVID-19, it is aimed to update the financial information in the most recent annual financial statements in the interim financial statements prepared as of September 30, 2022, the Bank made certain estimates for the expected credit losses and disclosed them in Note VII of Section Three. In the next periods, the Bank will update its relevant assumptions as necessary and revise the realizations of past estimates.

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SECTION FOUR
INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to Shareholders' Equity

Total capital and capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks".

As of September 30, 2022, Bank's total capital has been calculated as TRY 668,732, capital adequacy ratio is 14.11%. As of December 31, 2021, Bank's total capital amounted to TRY 553,301, capital adequacy ratio was 17.25% calculated pursuant to former regulations. The Bank's capital adequacy standard ratio is above the minimum ratio determined by the relevant legislation.

	Current Period 30 September 2022(*)
Common Equity Tier 1 Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	1,000,000
Share issue premiums	-
Retained earnings	-
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	20,474
Profit	140,087
Net profit of the period	140,087
Prior years' profit	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	2,807
Common Equity Tier 1 capital before regulatory adjustments	1,163,368
Common Equity Tier 1 capital: regulatory adjustments	
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognized in equity in accordance with TAS	(495,780)
Improvement costs for operating leasing (-)	(1,480)
Goodwill (net of related tax liability)	(13,120)
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(6,803)
Cash-flow hedge reserve	-
Shortfall of provisions to expected losses	-
Securitization gain on sale	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Investments in own shares	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
Mortgage servicing rights (amount above 10% threshold)	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
Amount exceeding the 15% threshold (as set out in the paragraph 2 of the Provisional Article 2 of the Regulation on Banks' Own Funds)	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier 1 Capital	-
Mortgage Servicing Rights not deducted	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences	-
National specific regulatory adjustments which shall be determined by the Board	-
Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
Total regulatory adjustments to Common equity Tier 1	(517,183)
Common Equity Tier 1 capital (CET1)	646,185

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I. Explanations Related to Shareholders' Equity (continued)

Additional Tier 1 Capital

Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-

Additional Tier 1 capital before regulatory adjustments

Additional Tier 1 capital: regulatory adjustments

Direct and Indirect Investments of the Bank on its own Additional Tier I Capital	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-
Other items to be defined by the BRSA	-

Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period

Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
Total regulatory adjustments to Additional Tier 1 capital	-

Total Additional Tier 1 capital

Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital) 646,185

Tier 2 Capital

Eligible capital instruments and relevant share issue premiums that are approved by the Agency	-
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	22,547

Tier 2 capital before regulatory adjustments 22,547

Tier 2 capital: regulatory adjustments

Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-
Other items to be defined by the BRSA (-)	-

Total regulatory adjustments to Tier 2 capital

Total Tier 2 capital 22,547

Total Capital (The sum of Tier 1 capital and Tier 2 capital) 668,732

The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)

Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	-
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition	-

Other items to be Defined by the BRSA

Regulatory Adjustments which will be deducted from Total Capital during the transition period

Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
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Significant investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
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Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold), mortgage servicing rights (amount above 10% threshold), deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
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I. Explanations Related to Shareholders' Equity (continued)

Capital	668,732
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	668,732
Total Risk Weighted Assets	4,740,581
CAPITAL ADEQUACY RATIOS	
Common Equity Tier 1 Capital Adequacy Ratio (%)	13.63
Tier 1 Capital Adequacy Ratio (%)	13.63
Capital Adequacy Ratio (%)	14.11
BUFFERS	
Total buffer requirement	2.510
Capital conservation buffer requirement (%)	2.500
Bank specific countercyclical buffer requirement (%)	0.010
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	9.131
Amounts below the thresholds for deduction (before risk weighting)	
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital -	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-
Mortgage servicing rights (net of related tax liability)	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-
Applicable caps on the inclusion of provisions in Tier 2 capital	
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per ten thousand)	-
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	22,547
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)	
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-

(*) "There is no amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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I. Explanations Related to Shareholders' Equity (cont'd)

	Prior Period
	31 December 2021(*)
Common Equity Tier 1 Capital	
Paid-in Capital to be Entitled for Compensation after All Creditors	1,000,000
Share issue premiums	-
Legal reserves	-
Accumulated other comprehensive income in accordance with Turkish Accounting Standards (TAS)	22,258
Profit	60,270
Net profit for the period	60,270
Prior periods' profit	-
Bonus shares from associates, subsidiaries and joint ventures not accounted in current period's profit	2,807
Common Equity Tier 1 capital before regulatory adjustments	1,085,335
Deductions from Common Equity Tier 1 Capital	
Valuation adjustments calculated according to clause (I) of first paragraph of the 9th article of the Regulation on	-
The portion of the net period loss and the sum of previous years' losses that cannot be covered by reserves	(540,408)
and losses reflected in equity in accordance with TAS	
Leasehold improvements on operational leases (-)	(1,578)
Goodwill remaining after offsetting with the related deferred tax liability	(13,539)
Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(6,803)
(net of related tax liability)	
Differences that are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-
subject to hedge of cash flow risk	
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach,	
total expected loss amount exceeds the total provision	-
Gains arising from securitization transactions	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-
Defined-benefit pension fund net assets	-
Direct and indirect investments of the Bank in its own Common Equity	-
Shares obtained contrary to the 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	-
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	-
Total deductions From Common Equity Tier 1 Capital	(562,328)
Total Common Equity Tier 1 Capital	523,008

(*) There is no amounts in this column represents the amounts of items that are subject to transition provisions in accordance with the temporary Articles of "Regulations regarding to changes on Regulation on Equity of Banks" and taken into consideration at the end of transition process.

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I. Explanations Related to Shareholders' Equity (continued)

Additional Tier I Capital

The capital corresponding to the privileged shares not included in the core capital and the issuance premiums related to them	-
Debt instruments and premiums approved by BRSA	-
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-
Additional Tier I Capital before deductions	-
Deductions from additional Tier I Capital	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-
Total of net long positions of the investments in equity items of unconsolidated Banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-
The total of net long position of the direct or indirect investments in additional Tier I capital of unconsolidated banks and financial institutions where the bank owns more than 10% of the issued share capital	-
Other items to be defined by the BRSA	-
Items that will Continue to deduce from the Core Capital during Transition	-
Portion of the goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Portion of the net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions (-)	-
Total deductions From Additional Tier I Capital	-
Total additional Tier I Capital	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	523,008

Tier II Capital

Debt instruments and share issue premiums deemed suitable by the BRSA	-
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	30,293
Tier II Capital Before Deductions	30,293

Deductions from Tier II Capital

Direct and indirect investments of the Bank on its own Tier II Capital (-)	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-
Other items to be defined by the BRSA (-)	-
Total deductions from Tier II Capital	-

Total Tier II Capital	30,293
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Total Capital (The sum of Tier I Capital and Tier II Capital)	553,301
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Deductions from Total Capital

Deductions from Capital Loans granted contrary to the 50th and 51st 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	-

In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components

The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first and second sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-

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I. Explanations Related to Shareholders' Equity (continued)

Capital	553,301
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	553,301
Total Risk Weighted Assets	3,208,348
CAPITAL ADEQUACY RATIOS	
Common Equity Tier 1 Capital Adequacy Ratio (%)	16.30
Tier 1 Capital Adequacy Ratio (%)	16.30
Capital Adequacy Ratio (%)	17.25
BUFFERS	
Total buffer requirement (%)	2.521
Capital conservation buffer requirement (%)	2.500
Bank specific countercyclical buffer requirement (%)	0.021
The ratio of Additional Common Equity Tier 1 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 (%)	11,801
Amounts Below the Excess Amount in the Discount Principles to be Applied	
The amount arising from the net long positions of the investments made in the equity elements of the unconsolidated banks and financial institutions in which 10% or less of the partnership interests are held	-
The amount arising from the net long positions of the investments made in the core capital elements of unconsolidated banks and financial institutions in which more than 10% of the partnership shares are held	-
Mortgage servicing rights	-
Deferred tax assets arising from temporary differences	-
Applicable Caps on the Inclusion of Provisions in Tier 2 Capital	
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	30,293
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	30,293
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2018 and 1 January 2022)	
Current cap on Additional Tier 1 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
Current cap on Tier 2 capital instruments which subject to phase out arrangements in the Provisional Article 4 of the Regulation on Banks' Own Funds	-
Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) which subject to Provisional Article 4 of the Regulation on Banks' Own Funds	-
There are no amounts to be taken into consideration at the end of the transition period for the items subject to the transition provisions within the Provisional Articles of the "Regulation on Owners' Equity of Banks".	

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II. Explanations Related to Currency Risk

Foreign currency risk indicates the probability of loss that the Bank is subject to due to the exchange rate movements in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and risk is calculated by using the standard method.

The Board of Directors of the Bank sets limits for the positions, which are followed up weekly/daily. Any possible changes in the foreign currency transactions in the Bank's positions are also monitored.

The announced current foreign exchange buying rates of the Bank at September 30, 2022 and the previous five working days in full TRY are as follows (Bank foreign currency evaluation rates):

	23 September 2022	26 September 2022	27 September 2022	28 September 2022	29 September 2022	30 September 2022
USD	18.3884	18.4239	18.4594	18.4923	18.5176	18.4866
CHF	18.8234	18.6704	18.6692	18.7640	18.8519	18.8891
GBP	20.2453	20.0100	19.8863	19.7296	20.3298	20.5741
100 JPY	12.8410	12.7720	12.7540	12.7910	12.8010	12.7860
EUR	17.8851	17.8146	17.7542	17.7526	18.0312	18.0588

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before at September 30, 2022 are as follows:

	Monthly Average Foreign Exchange Rate
USD	18.2801
CHF	18.7866
GBP	20.7178
100 JPY	12.7866
EUR	18.0975

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II. Explanations Related to Currency Risk (continued)

September 30, 2022	EURO	USD	YEN	OTHER FC	TOTAL
Assets					
Cash (Cash, Banknotes, Money in Transit, Purchased Checks, Precious Metal Warehouse) and Central Bank	47,491	1,312,119	-	50	1,359,660
Banks(***)	40,888	596,204	1,491	4,024	642,607
Financial Assets at Fair Value through Profit or Loss (****)	-	-	-	-	-
Receivables from Money Markets	270,917	277,368	-	-	548,285
Financial Assets at Fair Value through Other Comprehensive Income	-	18	-	-	18
Loans Given (*)	149,553	373,546	-	-	523,099
Associates, Subsidiary and Joint Ventures under Common control (Joint Ventures)	-	-	-	-	-
Financial Assets at Amortized Cost	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	81,319	23	-	1	81,343
Total Assets	590,168	2,559,278	1,491	4,075	3,155,012
Liabilities					
Banks Deposits	-	325	-	-	325
Foreign Exchange Deposit Account	498,267	2,186,348	3	3,982	2,688,600
Payables to Money Markets	-	-	-	-	-
Funds from Other Financial Institutions	-	-	-	-	-
Securities Issued	-	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (****)	13,575	160,575	-	-	174,150
Total Liabilities	511,842	2,347,248	3	3,982	2,863,075
Net Balance Sheet Position	78,326	212,030	1,488	93	291,937
Net Off-Balance Sheet Position					
Receivables from Derivative Financial Instruments (***)	(79,639)	(217,845)	-	2,366	(295,118)
Liabilities from Derivative Financial Instruments (***)	903	1,838,723	-	2,366	1,841,992
Non-Cash Loans (**)	(80,542)	(2,056,568)	-	-	(2,137,110)
	195,277	360,397	-	-	555,674
December 31, 2021					
Total Assets (*) (****)	495,132	1,730,842	1,440	6,434	2,233,848
Total Liabilities	503,386	1,647,393	36	5,050	2,155,865
Net Balance Sheet Position	(8,254)	83,449	1,404	1,384	77,983
Net Off-Balance Sheet Position	8,735	(91,780)	-	-	(83,045)
Receivables from Derivative Financial Instruments (***)	9,501	4,053	-	-	13,554
Financial Derivative Liabilities (***)	(766)	(95,833)	-	-	(96,599)
Non-Cash Loans (**)	500,120	797,691	-	13,740	1,311,551

(*) Foreign currency indexed loans are not included in the loan portfolio (December 31, 2021: TRY 1,124)

(**) There are no effects on the net off-balance sheet position.

(***) It includes also TRY 122,738 and TRY 3,792 forward asset purchase & sale commitments (December 31, 2021: TRY 13,554 and TRY 20,395).

(****) Expected loss provisions amounting to TRY 295 are deducted from the Banks item.

(*****) Foreign currency amounts that are not included in the currency risk table in accordance with the Regulation on the Calculation of the Foreign Currency Net General Position / Equity Standard Ratio are disclosed according to the order in the financial statements:

- Derivative financial assets held for trading: None (December 31, 2021: None).

- Derivative financial liabilities held for trading: None (December 31, 2021: TRY 76,204).

Foreign currency sensitivity

The following table details the Bank's sensitivity to a 10% increase or decrease in the TRY against USD and EURO. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. Positive/ (Negative) number indicates a change in profit or loss and other equity where USD and EUR increase 10% against TRY.

	Change in currency rate in %	Effect on profit or loss		Effect on equity	
		September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
USD	%10 increase	(552)	(833)	-	-
USD	%10 decrease	552	833	-	-
EURO	%10 increase	(131)	(48)	-	-
EURO	%10 decrease	131	48	-	-
Other Currency	%10 increase	395	279	-	-
Other Currency	%10 decrease	(395)	(279)	-	-

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III. Explanations Related to Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and the Asset-Liability Committee manages it. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

Risk Department performs duration, maturity and sensitivity analysis to protect the effect of interest rate volatility and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank. The negative effects of the fluctuations in the market interest rates on the financial position and the cash flows are minimized by revising budgeted targets.

The Bank management follows the market interest rates daily and revises the interest rates of the Bank whenever necessary.

Since the Bank does not permit maturity mismatches or imposes limits on mismatch, a significant interest rate risk exposure is not expected.

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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest bearing	Total
30 September 2022							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metals) and Balances with the Central Bank of Turkey	-	955,784	-	-	-	589,466	1,545,250
Banks	351,728	-	-	-	-	290,996	642,724
Financial Assets at Fair Value through Profit and Loss	-	-	-	-	-	-	-
Money Market Placements	588,307	-	-	-	-	-	588,307
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	18	330,854	138	331,010
Loans (*)	2,259,035	1,048,642	25,428	289	-	266,968	3,600,362
Financial Assets Measured at Amortized Cost	6	5	731,773	225,786	-	-	957,570
Other Assets (**)	-	42,844	-	-	-	391,718	434,562
Total Assets	3,199,076	2,047,275	757,201	226,093	330,854	1,539,286	8,099,785
Liabilities							
Bank Deposits	-	-	-	-	-	1,242	1,242
Other Deposits	3,303,427	2,347,633	72,136	401	-	503,424	6,227,021
Money Market Borrowings	605,769	-	-	-	-	-	605,769
Sundry Creditors	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (***)	395,327	1,476	-	-	-	868,950	1,265,753
Total Liabilities	4,304,523	2,349,109	72,136	401	-	1,373,616	8,099,785
Balance Sheet Long Position	-	-	685,065	225,692	330,854	165,670	1,407,281
Balance Sheet Short Position	(1,105,447)	(301,834)	-	-	-	-	(1,407,281)
Off-Balance Sheet Long Position	-	-	-	-	-	3,904,060	3,904,060
Off-Balance Sheet Short Position	-	-	-	-	-	(3,858,421)	(3,858,421)
Total Position	(1,105,447)	(301,834)	685,065	225,692	330,854	211,309	45,639

(*) Up to 1-month column consist of revolving loans and corporate FC indexed loans.

(**) The other assets line in the non interest column consist of tangible assets amounting to TRY 68,540, intangible assets amounting to TRY 13,120, assets held for sale amounting to TRY 49,953, deferred tax asset amounting to TRY 28,027, and other assets amounting to TRY 232,078.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 670,674, provisions amounting to TRY 140,341 and other liabilities amounting to TRY 57,935.

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III. Explanations Related to Interest Rate Risk (continued)

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

	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non- interest bearing	Total
December 31, 2021							
Assets							
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Purchased, Precious Metal Reserve) and the Central Bank of Turkey	-	612,385	-	-	-	109,412	721,797
Banks	-	256,722	-	-	-	556,982	813,704
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Receivables from Money Markets	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	14	-	138	152
Loans Given (*)	1,624,740	115,865	120,181	551	-	473,982	2,335,319
Financial Assets at Amortized Cost	-	1	435,593	424,386	-	-	859,980
Other Assets (**)	-	5,785	-	-	-	341,298	347,083
Total Assets	1,624,740	990,758	555,774	424,951	-	1,481,812	5,078,035
Liabilities							
Bank Deposits	-	-	-	-	-	1,202	1,202
Other Deposits	2,256,779	694,532	23,724	-	-	477,603	3,452,638
Payables to Money Markets	710,913	-	-	-	-	-	710,913
Miscellaneous Payables	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities (***)	194,577	668	-	-	-	718,037	913,282
Total Liabilities	3,162,269	695,200	23,724	-	-	1,196,842	5,078,035
Balance Sheet Long Position	-	295,558	532,050	424,951	-	284,970	1,537,529
Balance Sheet Short Position	(1,537,529)	-	-	-	-	-	(1,537,529)
Off-Balance Sheet Long Position	-	-	-	-	-	82,023	82,023
Off-Balance Sheet Short Position	-	-	-	-	-	(76,203)	(76,203)
Total Position	(1,537,529)	295,558	532,050	424,951	-	290,790	5,820

(*) Up to 1-month column consist of revolving loans and corporate FC indexed loans.

(**) The other assets line in the non interest column consist of tangible assets amounting to TRY 29,578, intangible assets amounting to TRY 13,539, assets held for sale amounting to TRY 103,104, miscellaneous receivables amounting to TRY 8,216, deferred tax receivables amounting to TRY 28,027 and other assets amounting to TRY 158,834.

(***) The other liabilities line in the non-interest bearing column consist of shareholders' equity amounting to TRY 537,864, provisions amounting to TRY 162,108 and other liabilities amounting to TRY 18,065.

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TL %
September 30, 2022				
Assets				
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Purchased) and The Central Bank of Turkey	-	-	-	-
Banks	-	0.79	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Receivables from Money Market	0.35	0.39	-	15.91
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	7.38	-	10.98
Loans Given	4.14	5.59	-	26.14
Financial Assets Measured at Amortized Cost	-	-	-	19.26
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	1.58	3.27	-	19.13
Money Market Borrowings	-	-	-	13.84
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-

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III. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments (continued):

	EURO %	USD %	YEN %	TL %
31 December 2021				
Assets				
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Purchased) and The Central Bank of Turkey	-	-	-	8.50
Banks	-	0.08	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-	-	-
Receivables from Money Market	-	-	-	17.15
Financial Assets Measured at Fair Value through Other Comprehensive	-	7.38	-	-
Loans Given	3.28	3.99	-	21.07
Financial Assets Measured at Amortized Cost	-	-	-	14.81
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	0.52	1.51	-	17.97
Money Market Borrowings	-	-	-	17.23
Miscellaneous Payables	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided from Other Financial Institutions	-	-	-	-

Interest rate risk arising from banking accounts:

According to the "Regulation on Measurement and Evaluation of the Interest Rate Ratio of Banking Accounts Based on Standard Shock", which is divided into different currencies of the Bank, the following table shows the economic value differences arising from interest rate fluctuations as of September 30, 2022:

Currency	Shocks Applied (+ / - basis points)*	Gains / Losses	Gains / Equity – Losses / Equity
TRY	500	(97,111)	(15%)
	(400)	97,615	15%
EURO	200	135	0%
	(200)	(137)	0%
USD	200	(671)	(0%)
	(200)	688	0%
Total (of negative shocks)		98,166	15%
Total (of positive shocks)		(97,647)	(15%)

* Separate lines are entered for each shock with a different magnitude and direction applied to a currency.

IV. Explanations Related to Equity Securities Risk

The Bank has no outstanding stock position.

V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows completely and timely.

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets.

The Bank's policy is to establish an asset structure that can meet all kinds of liabilities by liquid sources at all times. In this context, liquidity problem has not been faced in any period. In order to maintain this, the Board of Directors of the Bank continuously determines standards for the liquidity ratios, and monitors them.

According to the general policies of the Bank, the matching of the maturity and interest rate structure of assets, and liabilities is always established within the asset liability management strategies. A positive difference is tried to be established between the yields of TRY and foreign currency assets and liabilities on the balance sheet and their costs. In this sense, various crisis scenarios, which are prepared by risk management group, are presented to management and audit committee.

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V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

When the funding and liquidity sources are considered, the Bank covers majority of its liquidity need by deposits, and in addition to this source, it makes use of pre-financing and syndication products to generate additional sources.

Bank calculated liquidity adequacy ratio in both foreign currency and total amount as per Basel III, and reported to BRSA according to Bank's Regulation on Measurement and Evaluation of Liquidity Adequacy Ratio declared in 2013. Furthermore, the Bank reports liquidity risk analysis form weekly to BRSA in 2013.

The unconsolidated lowest foreign currency is (23/07/2022) (566%) and the unconsolidated highest foreign currency is (28/09/2022) (989%) and total liquidity coverage ratios are (30/09/2022) (224%) at the lowest and (19/07/2022) (607%) at the highest while which are calculated weekly for the last three months.

Liquidity risk in a Bank is evaluated separately with respect to normal market conditions and market fluctuations, which can possibly occur. The Bank makes the required diversification in its assets and liabilities via considering related currencies in order to meet its obligation to pay.

Liquidity deficit report is issued through the quantitative evaluation of daily and cumulative deficits in local currency and foreign currency in the framework of ordinary and stressful environment. Liquidity deficit report includes deficit-maturing liabilities in any period of borrowings and placements made in order to replacement assets. Liquidity deficit report is based on current balance sheet and includes off-balance sheet derivative transactions and commitments, which can affect the balance sheet. Liquidity report is issued quarterly over TRY and foreign currency.

Liquidity Risk Measurement is to determine the non-conformance between assets and liabilities, which can occur because of challenges encountered in decreasing the asset positions if the assets of the Bank are pledged, and the assets cannot be sold with relative ease or the market returns to liquid assets at different levels. The liquidity of the Bank is designed to meet the due liabilities of the bank. The courses followed by the bank to reach the aforementioned purpose are as follows:

- Measurement of day liquidity
- Short term funding
- Liquid assets
- Structural liquidity
- Diversification of liquidity resources
- Stress tests

The Treasury department in coordination with marketing department performs liquidity management while stress test and scenario analyses studies are performed under the coordination of Risk Management Group with the views and suggestions of other related departments. Results of stress test are reported to executives regularly and submitted to Audit Committee quarterly by the Risk Management Group. Loan losses, delays in loan repayment and deposit withdrawals are used as variables in these stress test scenarios. Additional capital allocation is not made for liquidity risk.

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V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Stress tests examine the possible effect of an event on balance sheet and net potential cumulative deficit quantitatively and foresee the required additional funding with respect to a defined stress scenario. Stress tests are performed quarterly over TRY and foreign currency unless they are required to be performed more often due to a change occurring in market conditions.

The bank operates periodical liquidity analyses, which compare the inflows and outflows of funds and cover a specific period. The following issues are taken into consideration in these analyses:

- Assumptions based on anticipated inflow and outflow of funds
- Capability of bank to convert its assets into cash
- Liquidity instruments provided by the Central Bank
- Loss of value which occurs while liquidating assets in market fluctuations
- Market conditions for specified several asset classifications

Sensitivity tests are performed periodically with scenarios, which are peculiar to banks and particular to the market. These scenarios are reviewed periodically.

Chief Economist presents a short explanation regarding the recent developments in market in Committee of Assets and Liabilities meetings. Departments of Treasury, Budget Planning and Management Reporting and Retail Banking inform the Committee regarding the recent liquidity of the Bank.

Credit/Deposit rate defined by the Board of Directors of the Bank provides short-term liquidity needs of the bank not to drop below a certain level of liquidity. The Credit/Deposit rate is monitored by departments of Treasury, Budget Planning and Management Reporting and Retail Banking and discussed in Committee of Assets and Liabilities meetings. Decisions regarding liquidity are made in the light of aforementioned information. The Treasury examines weekly Liquidity Analysis Form, biweekly Stock Liquidity Rate Notification Form and weekly Liquidity Rate Notification Form (first maturity segment) and related departments in order to determine liquidity balance between assets and liabilities of the Bank in accordance with the communique of Banking Regulation and Supervision Agency.

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V. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (continued)

Liquidity Coverage Ratio:

September 30, 2022		Total Value with Disregard Ration Unapplied (*)		Consideration Rate Applied Total Value (*)	
		TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets			1,997,321	1,243,024
CASH OUTFLOWS					
2	Real person deposits and retail deposits	3,569,719	2,340,738	348,330	234,015
3	Stable deposit	171,875	1,288	8,592	65
4	Low stable deposit	3,397,844	2,339,450	339,738	233,950
5	Unsecured debts excluding real person deposits and retail deposits	2,298,000	1,003,968	1,078,275	465,819
6	Operational deposit	-	-	-	-
7	Non-operational deposit	2,004,033	891,925	795,282	353,751
8	Other unsecured borrowings	293,967	112,043	282,993	112,068
9	Secured borrowings			-	-
10	Other cash outflows	751,115	303,695	150,192	51,394
11	Derivative liabilities and collateral liabilities	39,561	14,600	40,100	14,868
12	Payables from structured financial instruments	-	-	-	-
13	Payment commitments for debts to financial markets and other off-balance sheet liabilities	711,554	289,095	110,092	36,526
14	Non-revocable off-balance sheet liabilities and other contractual liabilities	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet liabilities	-	-	-	-
16	TOTAL CASH OUTFLOWS			1,576,797	751,228
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	1,547,506	1,109,202	1,508,093	1,102,597
19	Other cash inflows	33,969	20,925	34,747	21,274
20	TOTAL CASH INFLOWS	1,581,475	1,130,127	1,542,840	1,123,871
				Upper Limit Applied Value	
21	TOTAL STOCK OF HQLA			1,997,321	1,243,024
22	TOTAL NET CASH OUTFLOWS			394,199	187,807
23	LIQUIDITY COVERAGE RATIO (%)			506.68	661.86

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

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V. Explanations on Liquidity Risk and Liquidity Coverage Ratio (continued)

Liquidity Coverage Ratio (continued):

December 31, 2021		Total Value with Disregard Ration Unapplied (*) (*)		Consideration Rate Applied Total Value (*)	
		TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS					
1	High quality liquid assets			652,361	423,604
CASH OUTFLOWS					
2	Real person deposits and retail deposits	1,835,825	925,245	174,788	92,512
3	Stable deposit	177,366	1,503	8,867	75
4	Low stable deposit	1,658,460	923,741	165,921	92,437
5	Unsecured debts excluding real person deposits and retail deposits	908,064	553,735	460,256	254,271
6	Operational deposit	-	-	-	-
7	Non-operational deposit	737,212	494,843	290,193	195,337
8	Other unsecured borrowings	170,852	58,892	170,063	58,934
9	Secured borrowings			-	-
10	Other cash outflows	846,090	521,356	123,039	56,175
11	Derivative liabilities and collateral liabilities	115	56	114	56
12	Payables from structured financial instruments	-	-	-	-
13	Payment commitments for debts to financial markets and other off-balance sheet liabilities	845,975	521,300	122,925	56,119
14	Non-revocable off-balance sheet liabilities and other contractual Liabilities	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet liabilities	-	-	-	-
16	TOTAL CASH OUTFLOWS			758,083	402,958
CASH INFLOWS					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	751,729	464,636	712,461	447,592
19	Other cash inflows	879	782	863	766
20	TOTAL CASH INFLOWS	752,608	465,418	713,324	448,358
				Upper Limit Value Applied	
21	TOTAL STOCK OF HQLA			652,361	423,604
22	TOTAL NET CASH OUTFLOWS			189,521	100,740
23	LIQUIDITY COVERAGE RATIO (%)			344.22	420.49

(*) Simple arithmetic average calculated for the last three months by using the amounts calculated based on weekly simple arithmetic averages.

A decrease is observed in cash inflow and outflows in parallel with the decrease in the volume of credit and deposit. Additionally, liabilities of the bank with respect to these transactions increase in parallel with the derivative transactions made in order to minimize the currency risk of the Bank.

High quality liquid assets consist of cash assets, central banks, securities held for trading and reverse repo items.

A significant proportion of daily cash inflow of the Bank consists of payments related to loans issued and placement of banks while a significant proportion of daily cash outflow of the Bank consists of payments related to collected deposits. Domestic and foreign banks and loan clients constitute the resource of cash inflows. The Bank applies limits for the transactions, which shall be made with domestic and foreign banks, and these limits are monitored by the Risk Management Department daily.

The Bank has performed forward exchange, swap and option transactions with foreign financial institutions during 2022.

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V. Explanations on Liquidity Risk and Liquidity Coverage Ratio (continued)

Presentation of assets and liabilities according to their remaining maturities:

September 30, 2022	Demand	Up to 1 Month	3-12 1-3 Months Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets							
Cash Values (Cash, Effective Reserve, Cash in Transit, Cheques Received, Precious Metal Reserve) and Central Bank of Turkey (****)	828,661	413,586	293,922	9,031	50	-	1,545,250
Banks	290,996	351,728	-	-	-	-	642,724
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Receivables from Markets	-	588,307	-	-	-	-	588,307
Financial Assets at Fair Value at Other Comprehensive Income	138	-	-	-	18	330,854	331,010
Loans Given (***)	-	2,259,035	1,048,642	25,428	289	266,968	3,600,362
Financial Assets Measured at Amortized Cost	-	-	-	731,784	225,786	-	957,570
Other Assets	-	-	42,844	-	-	-	43,562
Total Assets	1,119,795	3,612,656	1,385,408	766,243	226,143	330,854	8,099,785
Liabilities							
Bank Deposits	1,242	-	-	-	-	-	1,242
Other Deposits	503,424	3,303,427	2,347,633	72,136	401	-	6,227,021
Funds from Other Financial Institutions	-	-	-	-	-	-	-
Payables to Money Markets	-	605,769	-	-	-	-	605,769
Issued Securities	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	-
Other Liabilities (**)	-	395,327	1,476	-	-	868,950	1,265,753
Total Liabilities	504,666	4,304,523	2,349,109	72,136	401	-	8,099,785
Liquidity Deficit	615,129	(691,867)	(963,701)	694,107	225,742	330,854	(210,264)
Net Off-Balance Position							
Derivative Assets	-	11,020	33,517	1,102	-	-	45,639
Derivative Liabilities	-	1,455,092	2,426,606	22,362	-	-	3,904,060
Non-Cash Loans	-	1,444,072	2,393,089	21,260	-	-	3,858,421
Net Off-Balance Position	-	24,381	72,400	224,064	23,157	1,190,365	-1,534,367
December 31, 2021							
Total Assets	873,314	1,932,419	473,062	559,006	424,954	-	815,280
Total Liabilities	478,805	3,162,269	695,200	23,724	-	-	718,037
Liquidity Gap	394,509	(1,229,850)	(222,138)	535,282	424,954	-	97,243
Net Off-Balance Position							
Derivative Assets	-	-	5,126	694	-	-	5,820
Derivative Liabilities	-	-	50,931	31,092	-	-	82,023
Non-Cash Loans	-	-	45,805	30,398	-	-	76,203
Net Off-Balance Position	-	217,740	371,508	661,562	42,632	362,274	-1,655,716

(*) The assets, which are necessary to provide banking services and cannot be liquidated in the short term, such as tangible assets, investments in subsidiaries and associates and non-performing loans are classified under undistributed.

(**) Shareholders' equity is shown under "Other Liabilities" in "Undistributed Column".

(***) Revolving loans and corporate foreign currency indexed revolving loans are classified in up to 1-month column.

(****) Reserve requirement distribution is based on maturity distribution of liabilities on which the reserve is calculated.

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VI. Explanations Related to Leverage Ratio

Information on subjects that causes difference in leverage ratio between current and prior periods:

As of September 30, 2022, leverage ratio of the Bank calculated from the arithmetic average of the last 3 months is 8.57% (December 31, 2021: 12.59%). This ratio is above the minimum required. The regulation stipulated a minimum leverage ratio of 3%.

Disclosure of Leverage ratio template:

	On-balance sheet assets	September 30, 2022 (*)	December 31, 2021 (*)
1	On-balance sheet assets (except derivative financial instruments and credit derivatives, including collateral)	6,195,954	3,848,194
2	(Assets deducted from Tier 1 capital)	(513,246)	(570,901)
3	Total risk amount for on-balance sheet assets (Total of lines 1 and 2)	5,682,708	3,277,293
	Derivative financial instruments and credit derivatives		
4	Replacement cost of derivative financial instruments and credit derivatives	351,016	3,997
5	Potential credit risk amount of derivative financial instruments and credit derivatives	241,048	34,721
6	Total risk amount for derivative financial instruments and credit derivatives (Total of lines 4 and 5)	592,064	38,718
	Securities or commodity-backed financing transactions		
7	Risk amount of securities or commodity-backed financing transactions (excluding on-balance sheet)	0	-
8	Amount of risk arising from brokered transactions	0	-
9	Total exposure to securities or commodity-backed financing transactions (Total of lines 7 and 8)	0	-
	Off-balance sheet transactions		
10	Gross nominal amount of off-balance sheet transactions	1,450,610	1,276,137
11	(Adjustment amount due to multiplication of conversion rates)	(298,391)	(281,148)
12	Total risk amount related to off-balance sheet transactions (Total of lines 10 and 11)	1,152,219	994,989
	Capital and Total risk		
13	Main capital	633,821	532,493
14	Total risk amount (Total of lines 3, 6, 9 and 12)	7,426,991	4,311,000
	Leverage ratio		
15	Leverage ratio	8.57%	%12.59

(*)The three-month average of the amounts in the table is taken.

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VII. Explanations Related to Risk Management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to be Announced to Public by Banks that have been published in Official Gazette no. 29511 on October 23, 2015 and became effective as of March 31, 2016. According to Communiqué must be presented on a quarterly basis. Due to usage of standard approach for the calculation of capital adequacy by the Bank, the following tables have not been presented:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- RWA flow statements of market risk exposures under an IMA

Bank's Risk Management Approach

Risks for all banking processes and related sub-processes are identified and risk values are defined. In order to evaluate the effectiveness of the defined risk-based controls, the risk values are now automatically calculated and the changes are monitored continuously. The Bank focuses on lending in the corporate and SME segments, operates within the limits set for market risk, and cannot carry operational risk appetite in order to minimize operational risk. The Bank's risk profile and business model are integrated under the risk appetite policy. Accordingly, the Bank must proceed in line with the limits set in the business model.

The structure and organization of the risk management system in terms of the function and responsibilities of the Risk Management Group depends on the Board of Directors. Loyalty to the Board of Directors takes place through the Audit Committee. Risk Management conducts its activities under the supervision of the Audit Committee within the framework of the provisions of the "Regulation on Internal Systems of Banks and Internal Capital Adequacy Assessment Process" published by BRSA. Risk management considers credit, market, interest rate, concentration, liquidity risks and operational risks in their works as the basic principle to establish the limits of these risks and control processes. The Bank has established a stress-test-driven management by taking into account the changes in the market, as well as the maximum amount of loss that may arise in Credit Risk, Operational Risk, Market Risk and other risks within the scope of internal capital management.

Policies, procedures, workflows and similar documents published by internal systems and all other departments are in a common portal accessible to all bank employees, and changes made to existing documents or newly published documents are provided to employees via e-mail. There are many policies and procedures including Credit Policy, Risk Management Policies (Risk Appetite Policy, Market Risk, Liquidity Risk, Operational Risk, Concentration Risk, Country and Counterparty Risks etc.) assessed and reviewed annually.

The Risk Management Department inform the Board of Directors and top management by monthly basis reports on credit risk, market risk, and operational risk areas. Credit risk concentration (borrower/group, business line, sector, maturity, currency, collateral etc.), analyses on the defaulting loan portfolio and stress tests, and analyses of capital adequacy; internal and legal market risk limits and compliance with operational risk losses. Apart from this, with the PD analysis reports made in the field of Credit Risk for 3 months, various breakdowns are analysed based on the number of defaults in which the borrower has the default rate. In addition, the report of the Audit Committee, which is prepared for 3 months, includes analyses on all risk types (capital adequacy, limits on market and liquidity risk, defaulting loan portfolio, sectoral information, credit concentration, risks related to information technology, etc.).

The Bank reduces the risks arising from the credit activity as determined by the process and policies it has established. The main instrument used in risk mitigation is collateral, and the collaterals obtained by the collateralization policy are managed by the Credits and Risk Management divisions such as portfolio, customer, collateral type, etc. and monitored regularly.

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VII. Explanations Related to Risk Management (continued)

a. Overview of Risk Weighted Assets

		RWA		Minimum capital liability
		September 30, 2022	December 31, 2021	September 30, 2022
1	Credit risk (excluding counterparty credit risk)	4,320,476	2,942,034	345,638
2	Standardized approach	4,320,476	2,942,034	345,638
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	60,701	9,424	4,856
5	Standardized approach for counterparty credit risk	60,701	9,424	4,856
6	Internal model method	-	-	-
7	Stock positions in the banking account in the simple risk weight approach or the internal models approach	-	-	-
8	Investments in KYK-content method	-	-	-
9	Investments in KYK-prospectus method	-	-	-
10	Investments in KYK-1250% risk weight method	-	-	-
11	Exchange risk	-	-	-
12	Securitization positions in banking accounts accounts	-	-	-
13	IRB rating-based approach	-	-	-
14	IRB supervisor formula approach	-	-	-
15	Standard simplified supervisor formula approach	-	-	-
16	Market risk	158,464	16,329	12,677
17	Standard approach	158,464	16,329	12,677
18	Internal model approaches	-	-	-
19	Operational risk	200,940	240,562	16,075
20	Key indicator approach	200,940	240,562	16,075
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	Amounts below the discount thresholds from equity (Subject to 250% risk weight)	-	-	-
24	Minimum value adjustments	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	4,740,581	3,208,348	379,246

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VII. Risk Management Objectives and Policies (continued)

Risk management strategies and practices are defined as follows: The Bank's Risk Management Group was established in 2001 as an independent unit which reports to the Member of Audit Committee have been responsible for the Audit, Internal Control and Risk Management.

Risk management is committed to control processes in order to determine the limits and measurement of operational risks, including the risks comprising of credit, market, interest rate, concentration, counterparty, liquidity, banking accounts and IT risks.

Objective of risk policies: In line with "Regulation on Internal Systems of Banks (published in the Official Gazette dated 11 July 2014 numbered 29057)", sustaining the Bank's operations in accordance with the Banks' strategic plans, mission, targets, profitability and productivity principles by determining the Bank's risk strategy and maximum risk level in line with the volume, qualification and complexity of the Bank's operations by taking into consideration the Bank's past experience and performance. Moreover, ensuring to conserve the interests of depositors and the Bank's shareholder's interest at a maximum level.

Risk management regularly reports to Senior Management and the Audit Committee all the risks the bank is exposed to and concentrations, and the Bank's own internal limits of the legal limits are monitored daily, weekly, monthly and quarterly. These reports consist of VAR analysis, market risk limits, stress testing and scenario analysis, liquidity and interest rate, economic capital and capital adequacy analysis. These reports (daily value at risk (VAR) analysis, weekly interest rate risk, market risk limits and contains the calculation of economic capital) are also presented to Asset-Liability Management Committee on a weekly basis.

Quarterly stress tests and scenario analyses on economic capital, capital adequacy, liquidity and profitability scenarios and credit risk on Bank's loan portfolio including benchmark of similar banks are presented to the Audit Committee. Management follows the Bank's performance and the limits by using these detailed reports.

The Bank has a system set reporting in accordance with the legislation and the standard shock method for measuring and evaluating the interest rate risk arising from on-balance sheet and off-balance sheet positions in the banking accounts by using the standard shock method. The Regulation on Measurement and Evaluation and the Regulation on Credit Risk Mitigation Techniques is intended to be reported based on risk classes according to the procedures described. In addition, the liquidity coverage ratio calculated under Basel III is calculated using a separate reporting system and it is aimed to measure and monitor the balance between the Bank's net cash outflows and high-quality liquid assets and total and foreign currency liquidity coverage ratios.

Risk Management Group calculates Basel II capital adequacy calculation systematically, namely Credit Risk, Market Risk and Operational Risk, in accordance with "Regulation on Measurement and Assessment of Capital Adequacy of Bank's" published in the Official Gazette dated 23 October 2015, numbered 29511.

From 1 January 2014 equity and the capital adequacy ratio of the Bank is calculated in accordance with the "Change in the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette no. 29511, dated 23 October 2015 and "Regulation on Equities of Banks" published in the Official Gazette no.28756, dated 5 September 2013.

The Bank updated its disclosures in accordance with the "Change in the Communique on the Financial Statements to be announced to public by Banks as well as Explanations and Notes Thereof" published in the Official Gazette no.28983, dated 26 April 2014 and in accordance with "Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks" published in the Official Gazette no.29599, dated 20 January 2016.

At the Bank, by considering Regulation on the Internal Systems of Banks published in the Official Gazette No. 29057 dated 11 July 2014, banking processes and policies were revised. Consequently, related procedures/policies are updated/formed and then approved by the Board of Directors.

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VII. Risk Management Objectives and Policies (continued)

The Bank has completed and constantly updated its processes in order to manage the operational risks it is exposed to more effectively and to create an integrated risk management perspective. The Bank's operational risks and controls related to these risks are managed through a central application and are updated periodically. Issues identified in the results of the evaluation made by the Internal Systems departments are also recorded and followed up through this application. The Operational Risk Policy, in which operational risk processes are expressed, is regularly reviewed and necessary updates are made. Market Risk Policy has been established in order to define, measure, limit and report the market risk that the Bank is exposed to. While the Bank manages the Treasury securities portfolio within the market risk limits determined by the Board of Directors, the Risk Management Group checks daily whether it is within the Treasury's risk limits.

Liquidity risk is the risk that the Bank cannot fulfil its payment obligations fully and on time due to its insufficient cash inflow or due to inadequate available cash resulting from the mismatch between cash inflows and outflows. In order to define, measure, follow, report the liquidity risk the Bank is exposed to and take necessary actions for the results, Liquidity Risk Policy is formed. When Liquidity Risk Policy is formed, to manage the net liquidity position and liquidity requirement on an ongoing and forward-looking basis is aimed at.

Concentration risk is the risk within credit risk that is exposed according to individual debtor and debtor groups, to debtor groups that indicate similar characteristics in terms of economic and regional sector qualities, on the basis of the assets subject to the collateral securities that show similar price pattern behavior; the risk that is to be considered also within the scope of the market risk and operational risk. In order to define, measure, follow and manage the concentration risk the Bank is exposed to, Concentration Risk Policy is formed. Concentration limits are monitored in compliance with the credit, deposit and related policies.

Counterparty credit risk refers to the default risk of the counterparty of the transaction before the last payment in the cash flow of this transaction of which brings an obligation to both sides. In order to define measure, follow and manage the counterparty credit risk the Bank is exposed to Counterparty Credit Risk Policy is formed. Counterparty credit risk management is conducted by the Financial Institutions Department of the Bank by taking into account the counterparty's financial reports, general overview, rating, current and expected transaction volumes with the Bank. The limits for counterparties are determined by the Board of Directors.

Banking book includes all Assets and Liabilities (including credit) except trading securities portfolio. In order to define, measure, follow, report the interest rate risk related to banking book risk the Bank is exposed to and take necessary actions for the results, interest rate risk policy related to banking book is formed. Interest rate risk is managed by senior management in order to avoid losses from adverse interest rate movements.

Regarding internal assessment process which aims at the Bank has capital requirement according to its risk profile, Internal Capital Management Procedure is formed. Within internal capital management scope, the Bank has established a stress test-based management by taking into account the estimated maximum loss amount that may occur in credit, operational, market and other risks as well as the changes in the market.

In order to ensure that the Bank's term deposit structure is in line with the Bank's strategies and budget targets and is in a robust and sustainable structure, Deposit Policy is formed. Policies and systems in order to define, measure and follow the concentration risk of the Bank's deposit is also explained in Deposit Policy.

Organization and structure of Risk Management Group: Risk Management Group work under the Board of Directors as their functions and responsibilities. The connection with the Board of Directors and Risk Management Group is provided through the Audit Committee.

Risk Reporting and Scope and Nature of Measurement Systems: Limits and market risk reports are presented daily basis by the Risk Management Group, value at Risk report (ALCO), ECAP stress test, scenario analysis, Duration Gap primary shock, the market data and limit reports are presented a weekly basis to Assets-Liability Committee. On a quarterly basis, the rest of the reports and other works are reported to Audit Committee and Board of Directors. The results of other studies and analysis are also reported to the Audit Committee and the Board of Directors every 3 months.

Hedging risk and process of risk mitigation policies and process related to control their effectiveness continuously: The Bank carries out risk mitigation processes and risk hedging for credit risk in accordance with credit risk policies.

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VII. Risk Management Objectives and Policies (continued)

Risks related to market risks are measured and monitored in line with policies and implementation procedures and are kept under control with allocated limits. Accordingly, risk limits have been allocated by the Board of Directors. Limits are monitored and reported, and in case of exceeding any limit, the excess is notified to the relevant units via written/e-mail and reported to the relevant committees. In addition, presentations are made to the Audit Committee and the Board of Directors on a quarterly basis, including information on the use cases of limits and sector concentrations of loans.

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VII. Risk Management Objectives and Policies (continued)

Internal credit rating system

	Internal Rating Grade	September 30, 2022	(%)	December 31, 2021	(%)	
High						
	Risk rating class 1	A+ Excellent	11	0.00	15,326	0.82
	Risk rating class 2	A- Excellent	525,259	16.85	107,903	5.80
Good						
	Risk rating class 3	B+ Very Good	317,285	10.18	145,198	7.80
	Risk rating class 4	B- Very Good	377,196	12.10	173,722	9.33
Standard						
	Risk rating class 5	C+ Good	354,220	11.36	380,645	20.45
	Risk rating class 6	C- Good	506,881	16.26	230,387	12.38
Substandard						
	Risk rating class 7	D+ Ordinary	210,862	6.77	345,431	18.56
	Risk rating class 8	D- Ordinary	356,397	11.43	188,053	10.11
	Risk rating class 9	E Bad	359,213	11.52	252,994	13.59
	Risk rating class 10	F Very Bad	-	-	-	-
Unrated			109,617	3.52	21,678	1.16
Total			3,116,941	100.00	1,861,337	100.00

The Bank uses 3 main factors for internal credit rating system. These are financial data, non-financial data and specialist decisions. Financial data consist of liquidity, financial structure, profitability, growth ratios and turnover rate. Non-financial data consist of loan client business, relation with finance sector and sector analysis. The Bank measures the credit rating of companies by making comparisons regarding the financial data and non-financial data.

In the existing rating system, the collateral assigned to loans are not taken into account in the rating. The information about customers with F, E and D- rating is shown below.

“F” rating;

There are no clients with “F” rating (December 31, 2021: None).

“E” rating;

There are 10 “E” rated customers with a total risk of TRY 359,213 (December 31, 2021: TRY 252,994, 13). 94% of these customers were provided with TRY 339,254 against checks and promissory notes (December 31, 2021: TRY 172,242; 68%).

“D-” rating;

There are 17 “D-” rated customers with a total risk of TRY 356,397 (December 31, 2021: TRY 188,053, 11). 31% of these customers were provided with TRY 110,582 against checks and promissory notes (December 31, 2021: TRY 33,204, 18%), 13% were TRY 47,291 in cash blockage (December 31, 2021: TRY 30,177, 16%), 2% were TRY 6,006 vehicle pledge (December 31, 2021: TRY 21,866, 12%), 0.2% were TRY 787 in provision for pledge.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to the Assets

1. a) Information on cash values and CBRT:

	September 30, 2022		December 31, 2021	
	TRY	FC	TRY	FC
Cash/Effective	9,380	124,067	4,146	77,168
CBRT	176,210	1,235,593	141,696	498,787
Total	185,590	1,359,660	145,842	575,955

b) Information related to the account of the Central Bank of Turkey:

	September 30, 2022		December 31, 2021	
	TRY	FC	TRY	FC
Unrestricted Demand Deposits	176,210	455,975	139,312	28,070
Unrestricted Time Deposits	-	-	-	-
Unrestricted Time Account	-	-	-	-
Required Reserve	-	779,618	2,384	470,717
Total	176,210	1,235,593	141,696	498,787

c) Explanations related to reserve deposits:

Banks operating in Turkey pursuant to the Communiqués of the Central Bank of the Republic of Turkey No. 2011/11 and 2011/13 on Amending the “Communiqué on Required Reserves” maintain required reserves at the Central Bank of the Republic of Turkey over its Turkish Lira and foreign currency liabilities, in US Dollars and/or Euros, at the rates specified below.

Required reserve ratios for FC liabilities:

Current, Noticed Deposits, Special Current Accounts, Up to 1 month Time Dep/Participation Acc, Up to 3 Months Time Dep /Participation Acc, Up to 6 Months Time Dep /Participation Acc, Up to 1 Year Time Dep /Participation Acc	1 Year and More than 1 Year Time Deposit/Participation account, Cumulative Deposit/Participation account	Borrowers' funds	Up to 1 Year Term Other Liabilities	1-2 Year Term Other Liabilities	2-3 Year Term Other Liabilities	3-5 Year Term Other Liabilities	Other Liabilities More Than 5 Years
25.0%	19.0%	25.0%	21.0%	16.0%	11.0%	7.0%	5.0%

Turkish lira liabilities required reserve ratios:

Demand Deposits Special Current Accounts	Up to 1 month Time Deposit / Participation Account	Up to 3 Months Time Deposit/ Participation Account	Up to 6 Months Time Deposit/ Participation Account	Up to 1 Year Time Deposit/ Participation Account	1 Year and More than 1 Year Time Deposit/Participation Account, Cumulative Deposit/Participation Account	Up to 1 Year term (including 1 year) other liabilities	Term up to 3 years (including 3 years) other liabilities	Other liabilities with a maturity longer than 3 years
8.0%	8.0%	8.0%	6.0%	4.0%	3.0%	8.0%	5.5%	3.0%

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I. Explanations and Disclosures Related to the Assets of the Balance Sheet (continued)

2. Information on financial assets at fair value through profit/loss (shown in net worth):

a.1) Information on financial assets at fair value through profit/loss given as collateral or blocked: None.

a.2) Financial assets at fair value through profit/loss subject to repurchase agreements: None.

The Bank does not have net book value of unrestricted financial assets at fair value through profit and loss (December 31, 2021: None).

b) Positive differences related to derivative financial assets held-for-trading: None.

3. a) Information on banks:

	September 30, 2022		December 31, 2021	
	TRY	FC	TRY	FC
Banks				
Domestic	117	111	169	95
Foreign	-	642,791	-	813,440
Branches and Head Office Abroad	-	-	-	-
Total	117	642,902	169	813,535

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I. Explanations and Disclosures Related to the Assets of the Balance Sheet (continued)

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

a.1) Information on financial assets given as collateral/blocked at fair value through other comprehensive income:

None.

a.2) Information on financial assets subject to repurchase agreements at fair value through other comprehensive income: None.

The book value of financial assets, whose fair value difference is reflected in other comprehensive income as a free warehouse, is TRY 138 (December 31, 2021: None; not quoted stock is TRY 138).

b) Information on financial assets at fair value through other comprehensive income:

	September 30, 2022	December 31, 2021
Debt Securities	334,987	14
Quoted on a Stock Exchange	334,969	-
Not Quoted on a Stock Exchange	18	14
Share Certificates	138	138
Quoted on a Stock Exchange	-	-
Not Quoted on a Stock Exchange	138	138
Impairment Provision (-)	(4,115)	-
Total	331,010	152

In line with the accounting policies of the Bank, all unquoted financial assets at fair value through other comprehensive income are recorded at fair value except for the Bank's investment of TRY 138 which is recorded investment at cost since its fair value cannot be reliably estimated (December 31, 2021: TRY 138).

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I. Explanations and Disclosures Related to the Assets of the Balance Sheet (continued)

5. Information on loans:

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

	September 30, 2022		December 31, 2021	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Given to Bank Partners	83	23,684	61	2,031
Credits Given to Legal Entity Partners	83	23,684	61	2,031
Loans Given to Real Person Partners	-	-	-	-
Indirect Loans Given to Bank Partners	1,416	14,137	-	9,317
Loans Given to Bank Members	2,868	456	1,059	465
Total	4,367	38,277	1,120	11,813

b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Cash Loans	Standard Loans and Other Receivables			Loans and Other Receivables Under Close Monitoring		
	Loans and Other Receivables	Changes Regarding the Extension of Payment Plan	Other	Loans and Other Receivables	Changes Regarding the Extension of Payment Plan	Other
Non-Specialized Loans	3,066,877	-	-	32,036	18,029	-
Business Loans	890,834	-	-	32,034	18,029	-
Export Loans	907,907	-	-	-	-	-
Import Loans	-	-	-	-	-	-
Loans Given to Financial Sector	957,086	-	-	-	-	-
Foreign Loans	-	-	-	-	-	-
Consumer Loans	4,408	-	-	2	-	-
Credit Cards	-	-	-	-	-	-
Precious Metals Loans	-	-	-	-	-	-
Other	306,642	-	-	-	-	-
Specialized Loans	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Total	3,066,877	-	-	32,036	18,029	-

Expected Loss Provisions	Standard Qualification Loans	Loans in Close Monitoring
12 Months Expected Credit Loss Provision	14,979	-
Significant Increase in Credit Risk	-	8,237
Total	14,979	8,237

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

c) Information on standard loans and closely monitored loans with maturity extensions in the contract:

Cash Loans	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring
	Loans and Other Receivables	Loans and Other Receivables
	Changes Regarding the Extension of Payment Plan	Changes Regarding the Extension of Payment Plan
Short-Term Loans	3,026,368	14,389
Non-Specialized Loans	3,026,368	14,389
Specialized Loans	-	-
Other Receivables	-	-
Medium and Long-Term Loans	40,509	17,647
Non-Specialized Loans	40,509	17,647
Specialized Loans	-	-
Other Receivables	-	-
Total	3,066,877	32,036

Extended Period with Change of Payment Plan	Standard Qualified Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
1 or 2 times Extended	-	11,945
3, 4 or 5 times Extended	-	-
5 Over the Extended	-	-
Total	-	11,945

Extended Period with Change of Payment Plan	Standard Qualified Loans and Other Receivables	Loans and Other Receivables under Close Monitoring
0 – 6 Months	-	-
6 – 12 Months	-	-
1 – 2 Years	-	787
2 – 5 Years	-	11,158
5 Years and Over	-	-
Total	-	11,945

According to the “Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be reserved”, as of September 30, 2022, there is no expected loss provision for standard loans whose payment schedule has been changed.

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

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

	Short-Term	Medium and Long-Term	Total
Consumer Loans-TRY	-	124	124
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	124	124
Other	-	-	-
Consumer Loans-Currency Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Individual Credit Cards-FC	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Personnel Loans-TRY	1,094	3,131	4,225
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	1,094	3,131	4,225
Other	-	-	-
Personnel Loans-Currency Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Personnel Credit Cards-FC	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TRY (Real Persons) (*)	61	-	61
Overdraft Account-FC (Real Persons)	-	-	-
Total	1,155	3,255	4,410

(*) TRY 59 portion of the overdraft account consists of the loans extended to the personnel.

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

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

	Short-Term	Medium and Long-Term	Total
Installment Trade Loans -TRY	-	65,914	65,914
Business Loan	-	-	-
Vehicle Loan	-	6,512	6,512
General Purpose Loan	-	59,402	59,402
Other	-	-	-
Installment Trade Loans - Currency Indexed	-	-	-
Business Loan	-	-	-
Vehicle Loan	-	-	-
General Purpose Loan	-	-	-
Other	-	-	-
Installment Trade Loans -FC	-	-	-
Business Loan	-	-	-
Vehicle Loan	-	-	-
General Purpose Loan	-	-	-
Other	-	-	-
Corporate Credit Cards -TRY	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Corporate Credit Cards -FC	-	-	-
Installments	-	-	-
Without Installments	-	-	-
Overdraft Account-TRY (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	-	65,914	65,914

e) Allocation of loans by customers:

	September 30, 2022	December 31, 2021
Private	3,116,942	1,861,337
Public	-	-
Total	3,116,942	1,861,337

f) Distribution of domestic and international loans:

	September 30, 2022	December 31, 2021
Domestic Loans	3,116,942	1,861,337
Foreign Loans	-	-
Total	3,116,942	1,861,337

g) Loans granted to subsidiaries and associates: None.

h) Expected credit losses for loans (Stage 3):

	September 30, 2022	December 31, 2021
Stage 3 Expected Loss Provisions		
Allocated for Limited Collection Loans and Other Receivables	-	13
Allocated for Uncollectible Loans and Other Receivables	-	56,950
Allocated for Loss Loans and Other Receivables	253,386	267,783
Total	253,386	324,746

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

j) Information on non-performing loans (Net):

j.1) Information on loans and other receivables included in non-performing loans, which are restructured or rescheduled:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Uncollectible Loans and Other Receivables	Loss Loans and Other Receivables
September 30, 2022			
(Gross Amount Before Provision) (*)	-	-	47,863
Restructured Loans and Other Receivables	-	-	47,863
Loans and Other Receivables Under a New Amortization Plan	-	-	-
December 31, 2021			
(Gross Amount Before Provision) (*)	-	-	69,343
Restructured Loans and Other Receivables	-	-	69,343
Loans and Other Receivables Under a New Amortization Plan	-	-	-

(*) As of September 30, 2022, the specific provision for loans and other receivables restructured or rescheduled is TRY 1,703 (December 31, 2021: TRY 24,475).

j.2) Information on total non-performing credit transactions:

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Uncollectible Loans and Other Receivables	Loss Loans and Other Receivables
December 31, 2021 Balance	703	123,748	704,899
Additions During the Period (+)	8,933	2,562	48,887
Inflow from Other Non-Performing Accounts Receivable (+)	-	7,933	132,045
Outflow from Other Non-Performing Accounts Receivable (-)	(7,933)	(132,045)	(224,281)
Collection During the Period (-)	(1,703)	(2,198)	(126,104)
Write-Off (-)	-	-	-
Corporate and Trade Loans	-	-	-
Personal Loans	-	-	-
Credit Cards	-	-	-
Indexing Difference (-)	-	-	-
Other	-	-	-
September 30, 2022 Balance	-	-	535,446
Provision (-)	-	-	(253,386)
Net Balance on the Balance Sheet	-	-	282,060

j.3) Information on foreign currency non-performing loans and other receivables: None.

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

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

	III. Group	IV. Group	V. Group
	Loans and Receivables with Limited Collectability	Uncollectible Loans and Other Receivables	Loss Loans and Other Receivables
September 30, 2022 (Net)			
Loans to Real Persons and Legal Entities (Gross)	-	-	535,446
Provision Amount (-)	-	-	(253,386)
Loans to Real Persons and Legal Entities (Net)	-	-	282,060
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
December 31, 2021 (Net)			
Loans to Real Persons and Legal Entities (Gross)	703	123,748	704,899
Provision Amount (-)	(13)	(56,950)	(267,783)
Loans to Real Persons and Legal Entities (Net)	690	66,798	437,116
Banks (Gross)	-	-	-
Provision Amount (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provision Amount (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

j.5) Interest accruals and valuation differences calculated for non-performing loans with expected credit losses in accordance with TFRS 9 are as follows:

As of September 30, 2022, within the scope of TFRS 9, TRY 61,391 interest has been calculated for transfers to follow-up accounts and a 100% provision is made.

k) Main principles of liquidation policies of non-performing loans and receivables:

According to the “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”; legal action is carried on considering firms, guarantors and existing collaterals and provisions are made for non-performing loans in accordance with the relevant decree.

l) Explanations on write-off policy:

As of September 30, 2022, there is not any written-off assets due to the decision of the Board of Directors (December 31, 2021: TRY 56,147).

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I. Explanations and Disclosures Related to the Assets (continued)

6. Financial assets at amortized cost:

a.1) Financial assets given as collateral / blocked:

	September 30, 2022		December 31, 2021	
	TRY	FC	TRY	FC
Share Certificates	-	-	-	-
Bond, Treasury Bill and Similar Securities	308,302	-	24,645	-
Other	-	-	-	-
Total	308,302	-	24,645	-

As of September 30, 2022, collateral or blocked financial assets measured at amortized cost; Interbank balance is TRY 241,338, debt securities market is TRY 24,992 and Takasbank balance is TRY 41,972 (December 31, 2021: collateral or blocked financial assets measured at amortized cost; Interbank balance is TRY 17,189, Takasbank balance is TRY 7,456).

a.2) Legal liabilities of amortized financial assets subject to repo transactions:

	September 30, 2022	December 31, 2021
<i>Share Certificates</i>	-	-
<i>Bond, Treasury Bill and Similar Securities</i>	114,922	18,272
<i>Other</i>	-	-
Total	114,922	18,272

TRY 534,346 of amortized financial assets are kept as free deposit.

b) Information on amortized financial assets:

	September 30, 2022	December 31, 2021
Government Bonds	957,570	859,980
Treasury Bills	-	-
Other Public Sector Debt Securities	-	-
Total	957,570	859,980

c) Information on amortized financial assets:

	September 30, 2022		December 31, 2021	
	TRY	FC	TRY	FC
Debt Securities				
Quoted on a Stock Exchange	957,570	-	859,980	-
Not Quoted on a Stock Exchange	-	-	-	-
Provision for Impairment (-)	-	-	-	-
Total	957,570	-	859,980	-

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I. Explanations and Disclosures Related to the Assets (continued)

d) Movement of amortized financial assets during the year:

	September 30, 2022	December 31, 2021
Value at Beginning of the Period	859,980	19,661
Foreign Currency Differences on Monetary Assets (*)	5,941	32,710
Purchases During Year	726,350	817,609
Disposal Through Sales and Amortization	(634,701)	(10,000)
Impairment Provision (-)	-	-
End of the Period Total	957,570	859,980

(*) Interest income rediscount changes were shown in "foreign currency differences on monetary assets" line.

7. Information on associates (Net):

The Bank has 1.4925% participation in the Credit Guarantee Fund.

8. Information on subsidiaries (Net):

The Bank has no subsidiaries in the current period.

9. Information on jointly controlled entities:

The Bank has no jointly controlled entities in the current period.

10. Information on lease receivables (Net):

The Bank has no lease receivables in the current period.

11. Information on derivative financial assets for hedging purposes:

The Bank has no financial assets for hedging purposes in the current period.

12. Information on tangible assets:

It is not prepared in accordance with the Article 25 of the Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks for interim periods.

13. Information on intangible assets:

It is not prepared in accordance with the Article 25 of the Communiqué on Financial Statements and Related Disclosures and Notes to be Announced to Public by Banks for interim periods.

14. Investment Properties (Net):

None.

15. Explanations on Deferred Tax Asset:

- a) As of September 30, 2022, deferred tax asset calculated on financial loss is TRY 23,064 (December 31, 2021: deferred tax asset on financial loss is TRY 23,064). The amount of deferred tax assets reflected in the balance sheet by calculating over other deductible temporary differences is TRY 4,963 (December 31, 2021: other deferred tax liability on temporary differences: TRY 4,963).
- b) Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- c) Deferred tax asset arising from the reversal of impairment provisions and deferred tax provision: None.

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I. Explanations and Disclosures Related to the Assets (continued)

16. Information on assets held for sale and discontinued operations:

	September 30, 2022	December 31, 2021
End of Current Period		
Beginning of the Period	103,104	179,054
Acquisitions	34,548	100,796
Assets Sold (Cost)	(87,930)	(177,303)
Impairment	231	557
Carrying Value	49,953	103,104

17. Information on other assets:

a) The distribution of other assets is as follows:

	September 30, 2022	December 31, 2021
Cash Guarantees Given	90,139	106,110
Assets to be Disposed of	4,716	5,531
Clearing Accounts	92,172	31,531
Prepaid Expenses	31,594	11,142
Other	5,800	4,520
Total	224,421	158,834

b) If the other assets item of the balance sheet exceeds 10% of the balance sheet total excluding the commitments in the off-balance sheet accounts, the names and amounts of the sub-accounts constituting at least 20% of them: None.

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II. Explanations and Disclosures Related to the Liabilities

1. Information on maturity structure of deposits:

a.1) September 30, 2022:

	7 Day Call		Up to 1	1-3	3-6 6 Months –	1 Year	Acc.	
	Demand	Accounts	Month	Months	Months	and Over	Deposits	Total
Saving Deposits	22,843	-	39,162	585,357	825,738	17,116	7,392	- 1,497,608
Foreign Currency Deposits	366,641	-	43,973	1,932,315	251,722	84,754	9,195	- 2,688,600
Residents in Turkey	360,338	-	43,973	1,879,266	250,486	32,943	7,653	- 2,574,659
Residents Abroad	6,303	-	-	53,049	1,236	51,811	1,542	- 113,941
Public Sector Deposits	3,605	-	-	-	-	-	-	- 3,605
Commercial Deposits	109,975	-	526,899	1,115,241	155,842	12,386	17	- 1,920,360
Other Institutions Deposits	360	-	4,601	5,754	106,133	-	-	- 116,848
Precious Metals Deposits	-	-	-	-	-	-	-	- -
Bank Deposits	1,242	-	-	-	-	-	-	- 1,242
Central Bank of Turkey	-	-	-	-	-	-	-	- -
Domestic Banks	119	-	-	-	-	-	-	- 119
Foreign Banks	1,123	-	-	-	-	-	-	- 1,123
Participation Banks	-	-	-	-	-	-	-	- -
Other	-	-	-	-	-	-	-	- -
Total	504,666	-	614,635	3,638,667	1,339,435	114,256	16,604	- 6,228,263

a.2) December 31, 2021:

	7 Day Call		Up to 1	1-3	3-6 6 Months –	1 Year	Acc.	
	Demand	Accounts	Month	Months	Months	and Over	Deposits	Total
Saving Deposits	18,044	-	47,187	775,019	63,711	874	12,605	- 917,440
Foreign Currency Deposits	412,356	-	119,906	1,499,598	55,350	949	9,733	- 2,097,892
Residents in Turkey	379,823	-	118,268	1,480,912	54,045	216	6,416	- 2,039,680
Residents Abroad	32,533	-	1,638	18,686	1,305	733	3,317	- 58,212
Public Sector Deposits	1,330	-	-	-	-	-	-	- 1,330
Commercial Deposits	45,712	-	41,583	315,060	681	10	17	- 403,063
Other Institutions Deposits	161	-	16,931	15,821	-	-	-	- 32,913
Precious Metals Deposits	-	-	-	-	-	-	-	- -
Bank Deposits	1,202	-	-	-	-	-	-	- 1,202
Central Bank of Turkey	-	-	-	-	-	-	-	- -
Domestic Banks	165	-	-	-	-	-	-	- 165
Foreign Banks	1,037	-	-	-	-	-	-	- 1,037
Participation Banks	-	-	-	-	-	-	-	- -
Other	-	-	-	-	-	-	-	- -
Total	478,805	-	225,607	2,605,498	119,742	1,833	22,355	- 3,453,840

b.1) Information on saving deposits under the guarantee of saving deposits insurance:

i. Information on saving deposits:

Savings Deposit	Under the Guarantee of Insurance		Exceeding the Limit of Insurance	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Saving Deposits	312,839	241,676	1,159,486	655,421
Foreign Currency Saving Deposits	141,097	93,496	1,821,735	913,747
Other Deposits in the Form of Saving Deposits	1,400	572	26,487	8,011
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-Shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Total	455,336	335,744	3,007,708	1,577,179

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II. Explanations and Disclosures Related to the Liabilities (continued)

1. Information on maturity structure of deposits (continued) :

- ii. Deposit amounts not under the guarantee of saving deposit:

Deposits of real persons not under the guarantee of insurance:

	September 30, 2022	December 31, 2021
Deposits and Other Accounts in Foreign Branches	-	-
Deposits and Other Accounts of the Controlling Partners and Their Mother, Father, Spouse and Children under Custody	-	-
Deposits and Other Accounts of the Chairman and Members of the Board of Directors or Managers, General Manager and Assistants and Their Mother, Father, Spouse and Children under Custody	2,902	1,802
Deposits and Other Accounts Within the Scope of Assets Resulting from Crime in Article 282 of TCK dated 26/9/2004 and numbered 5237	-	-
Deposits in Deposit Banks Established Exclusively for Offshore Banking Activities in Turkey	-	-

2. Information on derivative financial liabilities held for trading:

- a) Negative differences table related to derivative financial liabilities held-for-trading:

	September 30, 2022		December 31, 2021	
	TRY	FC	TRY	FC
Forward Transactions	-	-	2,779	-
Swap Transactions	-	-	-	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	-	2,779	-

3. Information on borrowings:

- a) Information on banks and other financial institutions: None. (December 31, 2021: None)
- b) Recognition of the loans taken by maturity: None. (December 31, 2021: None)

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II. Explanations and Disclosures Related to the Liabilities (continued)

3. Information on borrowings (continued)

- c) Additional explanations related to the concentrations of the Bank's major liabilities:

Bank diversifies its funding resources by customer deposits and domestic borrowings 26% of bank deposits and 43% of other deposits are denominated in foreign currencies.

4. Information on funds obtained from repo transactions:

As of September 30, 2022, the total amount of funds provided by the Bank from repo transactions is TRY 605,769 (December 31, 2021: TRY 695,909).

5. Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:

None.

6. Information on debts from lease transactions (Net):

- a) The general explanations on criteria used in determining instalments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the Bank:

In the financial lease agreements, instalments are based on useful life, usage periods and provisions of the Tax Procedural Code.

- b) Explanations regarding operational leases:

Head-Office and all branch premises of the Bank are leased under operational leases. In 2022, operational lease expenses amounting to TRY 5,928 have been recorded in the profit and loss accounts. The lease periods vary between 5 and 10 years (December 31, 2021: TRY 4,678).

- c) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

7. Information on derivative financial liabilities for hedging purposes:

None.

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II. Explanations and Disclosures Related to the Liabilities (continued)

8. Information on provisions:

- a) Information on general provisions: None
- b) Provisions for depreciation of principal on foreign currency indexed loans and financial leasing receivables: There is no provision for currency differences for foreign currency indexed loans (December 31, 2021: None).
- c) The specific provisions of TRY 73,913 were provided for unindemnified non-cash loans (December 31, 2021: TRY 104,379).
- d) Liabilities regarding leave, severance pay:

The Bank has calculated the reserve for employee termination benefits by using actuarial valuation methods as set out in the TAS No: 19 and reflected this in the financial statements.

d.1) Employee rights liability table:

	September 30, 2022	December 31, 2021
Employment termination benefit provision	20,419	16,808
Unused vacation provision	7,607	3,956
Total of Provision for Employee Benefits	28,026	20,764

According to the Turkish Accounting Standard Regarding the Benefits Provided to Employees numbered TMS 19, the total benefit is calculated for the employees who complete one year of working service and whose working period ends due to retirement or if the service is terminated earlier. The cost of the services rendered by the employees in the current or previous periods is calculated annually by independent actuaries within the framework of the defined benefit plan, using the liability method. In accordance with the Turkish Accounting Standard on Employee Benefits (TAS 19) published in the Official Gazette dated 12 March 2013 and numbered 28585, actuarial loss accounted for under shareholders' equity as of September 30, 2022 is TRY 4,956 (December 31, 2021: TRY 3,172 loss).

- e) Information on other provisions:
- e.1) Information on free provisions for potential risks: None.
- e.2) In case other provisions exceed 10% of the total provisions, the names and amounts of the sub-accounts causing the excess:

	September 30, 2022	December 31, 2021
Provision for Uncompensated Non-Cash Loans	73,913	104,379
Other Provisions(*)	38,402	36,965
Total	112,315	141,344

- (*) Other Provisions consist of bonus provisions amounting to TRY 438, provisions for lawsuits amounting to TRY 17,042, non-litigation provisions amounting to TRY 2,771 and other provisions amounting to TRY 18,151 (December 31, 2021: TRY 438 bonus provisions, TRY 15,784 litigation provisions, 2,771 non-litigation provisions and TRY 17,972 other provisions).

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II. Explanations and Disclosures Related to the Liabilities (continued)

9. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Information on corporate tax:

As of September 30, 2022, remaining tax liability/(receivable) after deducting temporary taxes paid during the period from corporate tax:

	September 30, 2022	December 31, 2021
Current Period Tax Payable	-	-
Prepaid Tax	101	(557)
Total	101	(557)

a.2) Explanations on taxes payable:

	September 30, 2022	December 31, 2021
BITT	3,787	1,939
Securities Capital Income Tax	4,978	1,505
Income Tax Deducted from Salaries	3,536	1,850
Real Estate Capital Income Tax	605	781
Value Added Tax Payable	812	1,082
Stamp Duty	89	50
Corporate Tax Payable	-	-
Other	276	489
Total	14,083	7,696

a.3) Information on premiums:

	September 30, 2022	December 31, 2021
Social Security Premiums-Employer	1,765	940
Social Security Premiums-Employee	1,109	597
Unemployment Insurance-Employee	147	80
Unemployment Insurance-Employer	74	40
Bank Social Aid Pension Fund Premium-Employer	-	-
Bank Social Aid Pension Fund Premium-Employee	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Other	-	-
Total	3,095	1,657

b) Explanations on deferred tax liabilities, if any: None.

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II. Explanations and Disclosures Related to the Liabilities (continued)

10. Information on shareholders' equity:

a) Presentation of paid-in capital:

As of September 30, 2022, the nominal value of the Bank's capital is amounting to TRY 1,000 Million and consists of 1,000 million shares (December 31, 2021: the nominal value of the Bank's capital is amounting to TRY 1,000 Million and consists of 1,000 million shares).

	September 30, 2022	December 31, 2021
Equity Provision (*)	1,000,000	1,000,000
Provision for Preferred Stock	-	-

(*) Represents Nominal Capital.

- b) The Bank does not apply registered share capital system.
- c) Information on share capital increases' their sources and other information on increased capital shares in the current period: Explained in a) section.
- d) Information on share capital increases from revaluation funds in the current period: None.
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

Prior year income, profitability and liquidity of the Bank is closely monitored by the Financial Reporting Department and reported to the Board of Directors, Asset and Liability Committee. Risk Management tries to forecast the effects of interest, currency and maturity fluctuations that change these indicators with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Expectations are made for Bank's future interest income via simulations of net interest income and scenario analysis.

- g) Information on preferred shares: None.
- h) Information on marketable securities value increase fund: None.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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III. Explanations and Disclosures Related to the Off-Balance Sheet

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	September 30, 2022	December 31, 2021
Loan Granting Commitments	483	489
Payment Commitments for Checks	14,217	15,243
Forward Asset Purchase and Sales Commitments	260,423	48,568
Other Irrevocable Commitments	5,793	-
Total	280,916	64,300

b) The nature and amount of possible losses and commitments arising from off-balance sheet items:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans, including guarantees, bank acceptances and financial guarantees, and other letters of credit:

	September 30, 2022	December 31, 2021
Bank Acceptance Loans	-	3,344
Letters of Credit	79,560	218,043
Other Guarantees and collaterals	922,516	945,233
Total	1,002,076	1,166,620

b.2) Definite guarantees, temporary guarantees, sureties and similar transactions:

	September 30, 2022	December 31, 2021
Definite Letter of Guarantees	437,091	407,918
Temporary Letter of Guarantees	9,721	21,836
Other Letter of Guarantees	85,479	59,342
Total	532,291	489,096

c) Total amount of non-cash loans:

	September 30, 2022	December 31, 2021
Non-Cash Loans Given Against Achieving Cash Loans	5,180	9,907
With Maturity of 1 Year or Less Than 1 Year	905	750
With Maturity of More Than 1 Year	4,275	9,157
Other Non-Cash Loans	1,529,187	1,645,809
Total	1,534,367	1,655,716

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IV. Explanations and Disclosure Related to the Statement of Income

1. a) Information on interest income on loans:

	September 30, 2022		September 30, 2021	
	TRY	FC	TRY	FC
Interest on Loans (*)				
Short-Term Loans	338,841	25,721	109,552	9,531
Medium and Long Term-Loans	16,269	2,859	41,039	4,865
Interests Received from Non-Performing Receivables	72,494	-	56,577	-
Total	427,604	28,580	207,168	14,396

(*) Includes fees and commissions obtained from cash loans.

b) Information on interest income received from banks:

	September 30, 2022		September 30, 2021	
	TRY	FC	TRY	FC
The Central Bank of Turkey	-	-	-	-
Domestic Banks	886	-	6,461	-
Foreign Banks	-	3,897	-	101
Branches and Head Office Abroad	-	-	-	-
Total	886	3,897	6,461	101

c) Information on interest received from securities:

	September 30, 2022		September 30, 2021	
	TRY	FC	TRY	FC
Assets Available for Sale	-	-	-	-
Investments Held to Maturity	-	-	-	-
Financial Assets Held for Trading	-	-	-	-
From Financial Assets at Fair Value Through Profit and Loss	-	-	-	-
From Financial Assets at Fair Value Through Other Comprehensive Income	1,378	1	-	1
Financial Assets Measured at Amortized Cost	122,483	-	31,367	-
Total	123,861	1	31,367	1

d) Information on interest income received from associates and subsidiaries: None.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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IV. Explanations and Disclosure Related to the Statement of Income (continued)

2. a) Information on interest on funds borrowed:

Interest on Funds Borrowed (*)	September 30, 2022		September 30, 2021	
	TRY	FC	TRY	FC
Banks	3	-	2	-
The Central Bank of Turkey	-	-	-	-
Domestic Banks	3	-	2	-
Foreign Banks	-	-	-	-
Branches and Head Office Abroad	-	-	-	-
Other Institutions	-	-	-	-
Total	3	-	2	-

(*) Includes fees and commission expenses for borrowings.

b. Information on interest expense to associates and subsidiaries: None.

c. Information on interest paid to securities issued: None.

d. Display of the interest paid on the deposit according to the maturity structure:

Account Name	September 30, 2022							Acc. Deposits	Total
	Time Deposits								
	Demand Deposits	Up to 1 month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year			
Turkish Lira									
Interbank Deposits	-	-	-	-	-	-	-	-	-
Savings Deposit	-	8,120	73,772	50,840	1,517	1,801	-	-	136,050
Official Deposit	-	-	-	-	-	-	-	-	-
Trade Deposit	-	28,216	94,262	5,209	634	1	-	-	128,322
Other Deposit	-	589	1,048	9,090	-	-	-	-	10,727
7-Day Notice Deposit	-	-	-	-	-	-	-	-	-
Precious Metal Reserve	-	-	-	-	-	-	-	-	-
Total	-	36,925	169,082	65,139	2,151	1,802	-	-	275,099
Foreign Currency									
Foreign currency deposits	-	2,023	54,268	3,447	555	22	-	-	60,315
Interbank Deposits	-	-	567	-	-	-	-	-	567
7-Day Notice Deposit	-	-	-	-	-	-	-	-	-
Precious Metal	-	-	-	-	-	-	-	-	-
Total	-	2,023	54,835	3,447	555	22	-	-	60,882
Grand Total	-	38,948	223,917	68,586	2,706	1,824	-	-	335,981

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IV. Explanations and Disclosure Related to the Statement of Income (continued)

d. Display of the interest paid on the deposit according to the maturity structure (continued):

September 30, 2021								
Time Deposits								
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year	Acc. Deposits	Total
TRY								
Interbank Deposits	-	-	-	-	-	-	-	-
Savings Deposit	-	7,682	97,563	8,148	952	1,116	-	115,461
Official Deposit	-	-	-	-	-	-	-	-
Trade Deposit	-	8,194	22,412	1,403	-	28	-	32,037
Other Deposit	-	169	679	-	-	-	-	848
7-Day Notice Deposit	-	-	-	-	-	-	-	-
Precious Metal Reserve	-	-	-	-	-	-	-	-
Total	-	16,045	120,654	9,551	952	1,144	-	148,346
Foreign Currency								
Foreign currency deposits	-	539	8,117	553	51	25	-	9,285
Interbank Deposits	-	-	197	-	-	-	-	197
7-Day Notice Deposit	-	-	-	-	-	-	-	-
Precious Metal	-	-	-	-	-	-	-	-
Total	-	539	8,314	553	51	25	-	9,482
Grand Total	-	16,584	128,968	10,104	1,003	1,169	-	157,828

3. Information on dividend income: As of September 30, 2022, dividend income is TRY 57 (September 30, 2021: TRY 28).

4. Explanations on trade profit loss:

	September 30, 2022	September 30, 2021
Profit	740,655	80,441
Profit from Capital Market Operations	-	-
From Derivative Financial Transactions	458,980	4,053
Profit from Foreign Exchange	281,675	76,388
Loss (-)	(678,956)	(79,352)
Loss from Capital Market Operations	(10,148)	-
From Derivative Financial Transactions	(370,734)	(4,003)
Loss from Foreign Exchange	(298,074)	(75,349)
Total	61,699	1,089

5. Information on other operating income:

	September 30, 2022	September 30, 2021
Provisions for canceled assets held for sale	-	9,257
Income from sales of assets	16,485	23,444
Prior years' income	79	22,266
Provisions for communication expense collected from customers	181	67
Provisions for expenditure collected from customers	-	-
Other	3,504	4,334
	20,249	59,368

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IV. Explanations and Disclosure Related to the Statement of Income (continued)

6. Provision for impairment of loans and other receivables of banks

	September 30, 2022	September 30, 2021
Provisions for Expected Credit Losses	(109,231)	(97,154)
12 Month ECL (Stage 1)	(7,955)	2,799
Significant Increase in Credit Risk (Stage 2)	(2,234)	(2,817)
Default (Stage 3)	(99,042)	(97,136)
Provision for Impairment Losses on Securities	-	-
Financial Assets Measured at Fair Value through Profit or Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Provision for Impairment Losses on Associates, Subsidiaries and Joint-ventures	-	-
Associates	-	-
Subsidiaries	-	-
Partnerships under Common Control (Business partnerships)	-	-
Other	-	-
Total	(109,231)	(97,154)

7. Information on other operating expenses:

	September 30, 2022	September 30, 2021
Provision for Employee Termination Benefits	-	-
Tax, Duty, Fees	5,818	5,395
Bank Social Aid Fund Deficit Provision	-	-
Impairment Expenses of Tangible assets	-	-
Depreciation Expenses of Tangible assets	17,974	17,252
Impairment Expenses of Intangible Assets	-	-
Impairment Expense of Goodwill	-	-
Depreciation Expenses of Intangible Assets	4,515	3,023
Impairment for Investments Accounted for under Equity Method	-	-
Impairment Expenses of Assets to be Disposed	-	202
Depreciation Expenses of Assets to be Disposed	78	62
Impairment Expenses of Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	62,790	34,829
Operating Lease Expenses	-	-
Maintenance Expenses	21,958	13,865
Advertisement Expenses	429	344
Other Expenses (*)	40,403	20,620
Loss on Sales of Assets	-	8,247
Other (**)	18,145	17,432
Total	109,320	86,442

(*) Included in other operating expenses; vehicle expenses are TRY 5,239, communication expenses are TRY 4,359, heating-lightening expenses are TRY 5,274, stationery expenses are TRY 399, cleaning expenses are TRY 907, non-deductible expenses are TRY 643, computer usage expenses are TRY 7,940, subcontractor company expenses are TRY 6,283, expertise expenses are TRY 429, common expenses are TRY 1,280, insurance expenses are TRY 3,591, representation expenses are TRY 1,242, other expenses are TRY 2,817 (September 30, 2021; vehicle expenses are TRY 2,262, communication expenses are TRY 2,837, heating-lightening expenses are TRY 1,306, stationery expenses are TRY 310, cleaning expenses are TRY 652, non-deductible expenses are TRY 128, computer usage expenses are TRY 3,508, subcontractor company expenses are TRY 3,573, expertise expenses are TRY 464, common expenses are TRY 869, insurance expenses are TRY 1,737, representation expenses are TRY 834 and other expenses are TRY 2,140).

(**) Included in other assurance and financial consultancy expenses are TRY 10,752, Saving Deposit Insurance Fund is TRY 3,099 and other expenses are TRY 4,294 (September 30, 2021: other assurance and financial consultancy expenses are TRY 9,321, Saving Deposit Insurance Fund is TRY 2,329 and other expenses are TRY 5,782).

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IV. Explanations and Disclosure Related to the Statement of Income (continued)

8. Explanation on tax provision for continued and discontinued operations:

As of September 30, 2022, current tax expense: None (September 30, 2021: None).

As of September 30, 2022, deferred tax expense: None (September 30, 2021: None).

9. Explanations on net profit and loss for the period:

- a) If disclosure of the nature, size and recurrence rate of income and expense items arising from ordinary banking transactions is necessary for understanding the performance of the bank during the period, the nature and amount of these items: None.
- b) The effect of a change in the estimation made regarding the financial statement items on the profit/loss, if there is a possibility that it will affect the following periods, the effect including those periods: None.
- c) Profit/loss attributable to minority shares: None.

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IV. Explanations and Disclosure Related to the Statement of Income (continued)

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

	September 30, 2022	September 30, 2021
<u>Other fees and commissions received</u>		
Expertise fees collected from customers	396	385
Transfer commissions	103	111
Insurance commissions	378	165
Cheque expense	-	-
Safe deposit box commissions	19	17
Intelligence Fee	171	-
Bill of Credit Commissions	-	-
Letter of Credit Commissions	57	10
Credit card commissions and fees	8	5
Collection item commissions	-	-
Other banking service income (*)	4,695	523
Total	5,827	1,216

(*) Other banking operations income includes accounts such as bank operations income, collection expenses, loan expenses.

	September 30, 2022	September 30, 2021
<u>Other fees and commissions given</u>		
Other commissions paid to banks	1,979	816
EFT expense commission	238	119
Bond stock market share	160	67
Transfer commissions	73	36
Exchange custody commission	133	92
Credit card commissions	230	101
ATM expense commission	5	4
Other	223	421
Total	3,041	1,656

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V. Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) September 30, 2022:

Risk Group of The Bank	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at Beginning of Period	-	-	61	2,031	-	9,317
Balance at End of Period	-	-	83	23,684	1,416	14,137
Interest Received and Commission Income	-	-	-	-	115	-

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contains "Foreign Banks" amounting to TRY 83.

b) December 31, 2021:

Risk Group of The Bank	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons Included in the Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at Beginning of Period	-	-	316	1,491	-	5,568
Balance at End of Period	-	-	61	2,031	-	9,317
Interest Received and Commission Income	-	-	-	-	1,768	3

(* Interest and commission income received are interest income for the period of September 2021.

Included in the balances above, balance at the end of period at direct and indirect shareholders cash column contains "Foreign Banks" amounting to TRY 61.

c.1) Information on deposits belonging to the risk group of the Bank:

Risk Group of The Bank	Associates and Subsidiaries		Direct and Indirect Shareholders of the Bank		Other Real and Legal Persons Included in the Risk Group	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Deposit						
Beginning of the Period	-	-	1,036	942	688	2,356
End of the Period	-	-	1,122	1,036	562	688
Interest Expense on Deposits (*)	-	-	-	-	50	69

(* Deposit interest rate is the interest expense for September 2021 period.

In addition, the Bank has no "Funds Borrowed" used from risk group of the Bank (December 31, 2021: None) and there is no interest expense was incurred from funds borrowed in 2022 (September 30, 2021: None).

c.2) Information on forward and option agreements and other similar agreements made with related parties:
None.

d) As of September 30, 2022, the total amount of remuneration and benefits provided to the senior management of the Bank is TRY 18,956 (September 30, 2021: TRY 12,153).

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V. Explanations on the Risk Group of the Bank (continued)

2. Explanations on the risk group of the bank:

- a) The relations of the Bank with the entities controlled by the Bank and its related parties, regardless of whether there are any transactions or not:

The Bank conducted various commercial transactions with group companies.

- b) Besides the structure of relationship, nature of the transaction, amount and ratio to the total volume of transactions, amount of major items and ratio to all items, pricing policies and other factors:

	Balance	% Compared to the Amounts in the Financial Statements
Banks and other receivables	83	0.01
Borrowings	1,416	0.04
Non-cash loans	37,821	2.43
Deposit	1,683	0.03

These transactions are priced in accordance with the general pricing policies of the Bank.

- c) In cases whereby separate disclosure is not necessary, the total of similar items in order to present the total impact on the financial statements: Explained in disclosure b).
- d) Transactions accounted under the equity method: None.
- e) Disclosures related to purchase and sale of real estate and other assets, services given/received, agency contracts, leasing contracts, transferring information as a result of research and development, license contracts, financing (including supports in the form of loans, capital in cash and capital in kind), guarantees, and management contracts:

Within the limits of the Banking Law, the Bank renders cash and non-cash loans to its related parties and the ratio of these to the Bank's total cash and non-cash loan portfolio is 0.65%. Details of these loans are explained in 1a above.

VI. Events After the Balance Sheet Date

None.

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SECTION SIX

INDEPENDENT AUDITOR'S REVIEW REPORT

I. Explanations on the Independent Auditor's Review Report

The unconsolidated financial statements of the Bank for the period ended September 30, 2022 have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi (A member firm of Deloitte Touche Tohmatsu Limited).

The independent auditor's limited review report dated November 11, 2022 is presented preceding the unconsolidated financial statements.

II. Notes and Explanations Prepared by Independent Auditors

None.

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SECTION SEVEN (*)

INFORMATION ON INTERIM ACTIVITY REPORT

Chairman's and General Manager's Message

Dear Shareholders;

After the developments in health and economy in 2020-2021, war, energy crisis and high inflation formed our main agenda in 2022. We are entering the last quarter of 2022 with this busy agenda.

The rate hikes of the Central Banks of developed countries struggling with high inflation and high inflation that affect the whole world also increase the risks of recession around the world.

In this conjuncture, lowering the inflation rate is important with sustainable economic growth for Turkey.

Despite all these conditions, the banking sector continues to contribute to the economy and support production and investments.

In 2022, The Bank's performance has been satisfactory despite the uncertainties and macroeconomic environment.

As of September 30, 2022, our total assets were TRY 8.1 Billion, our loans TRY 3.9 Billion and our deposits TRY 6.2 Billion. In the third quarter of 2022, our net profit for the period was TRY 140.1 million and our capital adequacy ratio was 14.11%.

Our strategy for the future is to carefully manage the risk portfolio and expand our customer network in promising industries. Furthermore, we will also continue to strive to increase the commercial finance business by investing in the advanced network of our shareholders in the MENA region.

Finally, on behalf of T-Bank management, we thank our customers for their continued trust, our shareholders for their strong support and all our employees for their devoted work.

Changes in the Articles of Association during the period:

None.

Assessment of financial position

In the third half of 2022; assets of T-Bank A.Ş. reached TRY 8,100 million, loans reached TRY 3,601 million, guarantee and bills are TRY 1,534 million.

In the third half of 2022, securities portfolio reached TRY 1,288 million.

In the third half of 2022, deposit volume reached TRY 6,228 million.

In the third half of 2021, the Bank's net profit was TRY 86 million and also in the third half of 2022 net profit was TRY 140 million.

Credit risk and capital adequacy

As of September 2022, Capital Adequacy Ratio of the Bank is 14.11% and above legal requirement which is 8%.

Non-performing loans in total loan portfolio is 19.60% and provision for non-performing loans is 33.35%.

TURKLAND BANK ANONİM ŞİRKETİ
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2022

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

Information on interim activity report (continued)

Summary Financial Highlights

Thousand TRY	September 30, 2022	December 31, 2021
Total Assets	8,099,785	5,078,035
Loans (net)	3,600,736	2,335,648
Loans (gross)	3,876,669	2,690,687
Marketable Securities (Net)	1,288,393	860,002
Banks/Money Market Placements (Net)	1,231,031	813,594
Total Deposits	6,228,263	3,453,840
Borrowings	-	-
Equity	670,674	537,864
Commitments and Contingencies	1,537,367	1,655,716

Thousand TRY	September 30, 2022	September 30, 2021
Net Interest Income	158,831	87,161
Net Commission Income	18,117	15,114
Profit / (Loss) Before Tax	140,087	85,778
Net Profit / (Loss)	140,087	85,778

Summary Financial Ratios (%)

	September 30, 2022	December 31, 2021
Capital Adequacy Ratio	14.11	17.25
Loans/Deposits	57.81	67.62
Loans/Total Assets	44.45	46.00
Liquid Assets/Total Assets	26.57	18.18
Non-performing Loans (net)/Total Loans (net)	14.06	21.60
Non-performing Loans (gross)/Total Loans (gross)	19.60	30.82
Non-performing Loans (net)/Total Assets	6.25	9.94
Expected Credit Losses/Non-performing Loans	33.35	39.16

T- Bank at the End of September 2022

T-Bank is presented in one of Turkey's leading financial and industrial centers with its 14 branch offices and a staff of 301 employees.

Determined to be a solution partner for its customers, T-Bank focuses on raising the quality of its services and products within the framework of its sustainable growth strategy. Thus, the Bank increases its satisfaction and loyalty rate every day and aims to provide its customers with a unique banking experience.

T-Bank manages to transform its effective and broad correspondent bank network in the Middle Eastern and North African region of its main shareholders into a competitive edge. The Bank also seeks to establish long-term relationships with banks that will add value to its services and further strengthen its financial structure.

(*) Amounts presented in Section Seven are expressed in thousands of Turkish Lira (TRY) unless otherwise stated.