

*A value
creating story*



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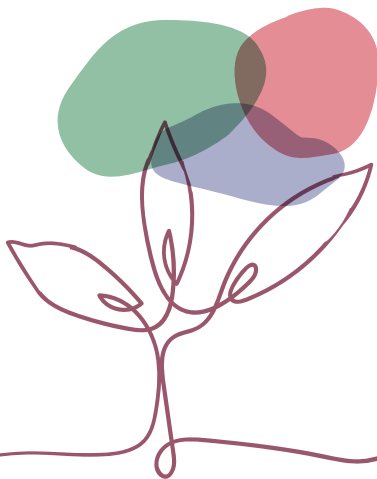
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AT PASHA BANK, WE CONTINUE TO WRITE OUR STORY CREATING VALUE FOR THE ECONOMY, SOCIETY, ENVIRONMENT AND ALL OUR STAKEHOLDERS WITH PASSION AND PRIDE SINCE INCEPTION. WITH PRODUCTS AND SERVICES THAT ACCELERATE THE WHEELS OF PRODUCTION, WE INCREASE OUR CONTRIBUTION TO THE ECONOMY. WE PROVIDE STRONG SUPPORT TO INTERNATIONAL TRADE WITH OUR REGIONAL SUPERIORITY. UNDER ALL CIRCUMSTANCES, WE ALWAYS STAND BY **OUR CUSTOMERS AND WE GROW TOGETHER. WE CREATE SOLUTIONS ENRICHED WITH OUR EXPERTISE, VISION AND DIGITAL CAPACITY TO IMPROVE CUSTOMER EXPERIENCE. PUTTING PEOPLE FIRST,** WE ALWAYS CARRY FURTHER OUR GOAL OF PROVIDING CONTRIBUTION TO INCREASE DEVELOPMENT AND WELFARE OF OUR EMPLOYEES AND ALL MEMBERS OF THE SOCIETY. WE PROTECT OUR PLANET BY PROVIDING FINANCING TO ENERGY INVESTMENTS. WE WORK ON BEING A BANK WHICH CARRIES ITS SAVINGS AND SUCCESS TO FUTURE, CONTRIBUTING MORE TO OUR ECONOMY AND SHARING A SUSTAINABLE FUTURE.



Agenda of the Annual General Assembly Meeting

1. Opening; Election of the Meeting Chairman and empowering the Chairman to undersign the minutes of the Meeting
2. Reading summary of the Annual Activity Report of the Board and the Annual Report of the Bank, Independent Auditor's Report and Financial Statements and discussion and ratification of the Annual Report and Financial Report for the accounting period of 2022.
3. Discussing the proposal of the Board of Directors on the Bank's Profit for the accounting year 2022 and adopting a resolution
4. Releasing Board Members separately, who have served during the accounting period, with regard to their activities in the year 2022;
5. Determining the number of members of the Board of Directors, election of the Board members and determination of their term of office and; informing the shareholders about the external duties conducted by the Board Members and the grounds thereof in accordance with the Principle 4.4.7 of the Corporate Governance Policies regulated by the Capital Market Board.
6. Determination of remuneration of the Board Members,
7. Empowering shareholders having control in management, the Board Members, the top managers, their spouses, the relatives up to second kin and the relatives of marriage to conduct business with the Bank subject to the restrictions in Article 395 "Restrictions on Transactions with the Company and Borrowing" and Article 396 "Obligation Not to Compete" of the Turkish Commercial Code, without prejudice to the provisions of the Banking Law,
8. Election of the Independent Audit Institution that would undertake the independent audit of the Bank in 2023 in accordance with Article 399 of the Turkish Commercial Code,

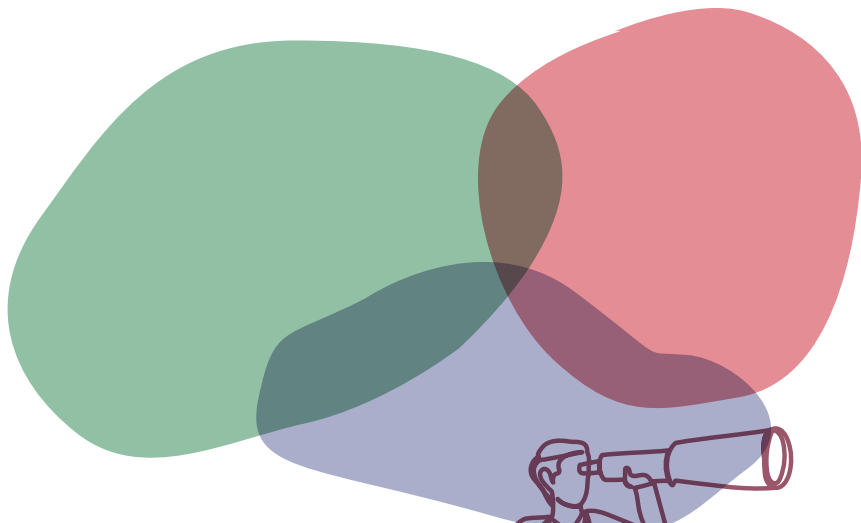




9. Informing the shareholders with regard to the total bonus amount paid or to be paid to employees according to Bank's performance for the year 2022,
10. Informing the shareholders about remuneration principles of the Board Members and directors having the administrative responsibility and providing information to the shareholders on the total amounts of attendance right, wages, premiums, bonuses and dividends granted to the Board Members and executives in 2022 in accordance with the Corporate Governance Principle no. 4.6.2 promulgated by Capital Markets Board,
11. Informing the shareholders with regard to all donations and charities realized in 2022 and their beneficiaries as per approved policy by the General Assembly in accordance with the Corporate Governance Principle no. 1.3.10 promulgated by Capital Markets Board
12. Informing the shareholders with regard to significant transactions executed in 2022 which may cause conflict of interest in accordance with the Corporate Governance Principle no. 1.3.6 promulgated by Capital Markets Board,
13. Wishes, suggestions and closing

We increase our credits and project financing and we support international trade. We diversify financing instruments with asset-backed security issuances and we work to increase the wheels of production.

We create value for the economy.





Because,

we have an exciting goal

The Values That Will Carry PASHA Bank to the Future

Integrity

At the core of our business stands the unshakeable commitment to integrity. For us, it means doing what is right. Every time. All the time. Even when no one sees you. At the very basic level, it is about respecting the laws and regulations of the country we operate in. It is about upholding our company's code of conduct even in the face of challenges. It means never sacrificing company interests for personal gains. It means being honest with ourselves, our colleagues, clients and partners and earning their trust.

Quality

The outside world will always judge us by the quality of the product or service we deliver. And the quality of our work is directly proportional to the dedication and professionalism of our staff. There is no way around it. That is why we always follow the standards we set. That is why we deliver what we promise - day in, day out - carefully balancing quality with efficiency for optimal results. That is why we try new things and strive to learn and improve - as individuals and as an organization.

Collaboration

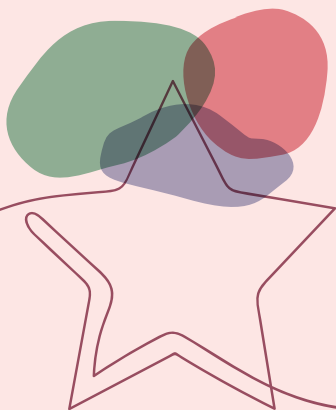
When we work as one team across departments, business units, and countries we produce phenomenal results. When we collaborate with clients, partners and suppliers we far exceed market expectations. The impact of these synergies far surpasses that of any individual contribution. Collaboration creates a sound working environment and leads to higher efficiency. It accelerates problem-solving and enables innovation. It nurtures trust and respect.

Entrepreneurship

The world around is constantly changing, so we often have to operate in ambiguity. We seek new opportunities and are ready to take bold steps - do things and go places others don't dare to. We don't fear challenges but view them as opportunities to grow. We are unafraid to take a personal responsibility for going an extra mile or doing something new. Our staff treat the company with care, passion, prudence - just like they would treat their own business.

Profitability

We generate profits for the benefit of our shareholders and the society at large. In fact, it is today's profit that lays the foundation of the sustainable business and serves for maintaining the competitive edge. Our staff understand that value comes not only in every Turkish lira earned but also every Turkish lira saved. However, in the pursuit of short-term business goals we never lose sight of our long-term aspiration - to create and maintain a sustainable global business. And this aspiration drives every strategic decision we make.





Vision

**To create new and enduring values
in the business world and society.**

Mission

To become a cross-border bank empowering its customers;

- To be an international bank that adds value to the present and to the future;
- For our customers, through a high-quality, innovative and solution-oriented service concept;
- For our employees, through investing in their professional and personal development;
- For society and the world, through demonstrating social and environmental sensitivity;
- For our shareholders, by maintaining a robust financial structure and achieving steady growth and profitability.

solution-oriented

Financial Highlights

A summary of unconsolidated financial information of PASHA Yatırım Bankası A.Ş. for 2022 operations is presented below:

(TL thousand)	31.12.2022	31.12.2021
Cash and cash equivalents, net	1,719,212	493,198
Financial assets at fair value through profit or loss	41,168	20,956
Financial assets at fair value through other comprehensive income	64,216	50,685
Other financial assets measured at amortized cost	447,712	356,879
Loans and Lease Receivables, net	3,569,284	2,351,519
Other Assets	314,263	289,316
Total Assets	6,155,855	3,562,553
Loans Received	2,763,204	1,376,052
Money Market Funds	312,968	205,523
Marketable Securities Issued	953,823	1,222,459
Funds	630,890	28,179
Other Liabilities	211,459	123,360
Subordinated Debt Instruments	467,749	-
Paid-in Capital	500,000	500,000
Profit Reserves and Marketable Securities Valuation Reserves	111,889	59,855
Net Profit	203,873	47,125
Total Liabilities	6,155,855	3,562,553

PASHA Bank's sectoral shares at key indicators are presented below:

(TL million)	Sector*	PASHA Bank	Share
Total Assets	14,344,402	6,156	0.04%
Shareholders' Equity	1,407,074	816	0.06%
Loans and lease receivables (net)	7,972,290	3,638	0.05%

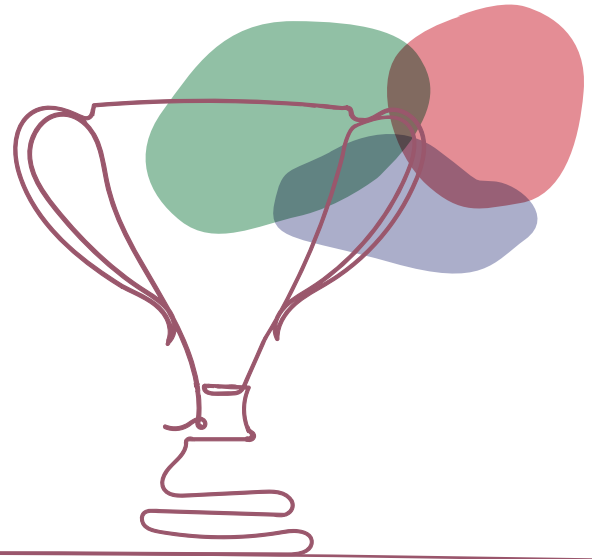
Source: BRSA, December 2022

performance



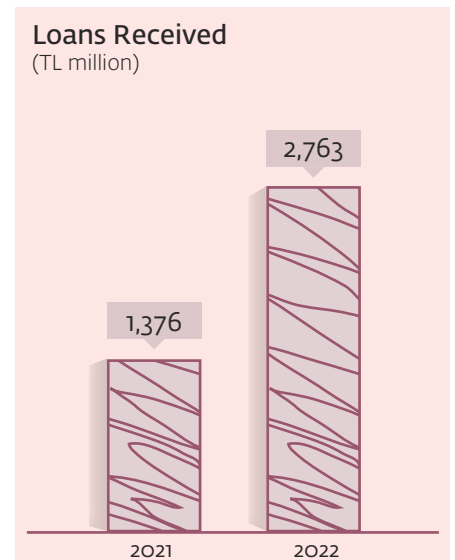
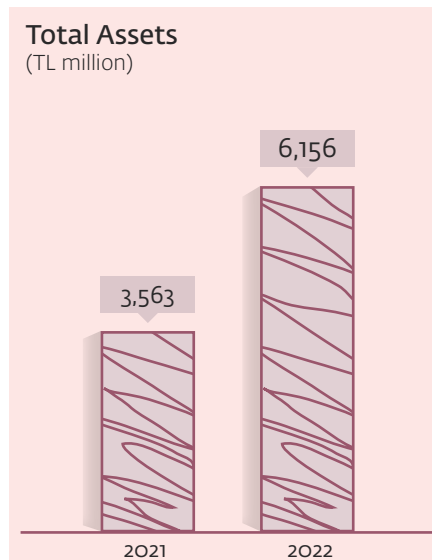
73%

Total assets of PASHA Bank increased by 73% to reach TL 6,156 million in 2022.



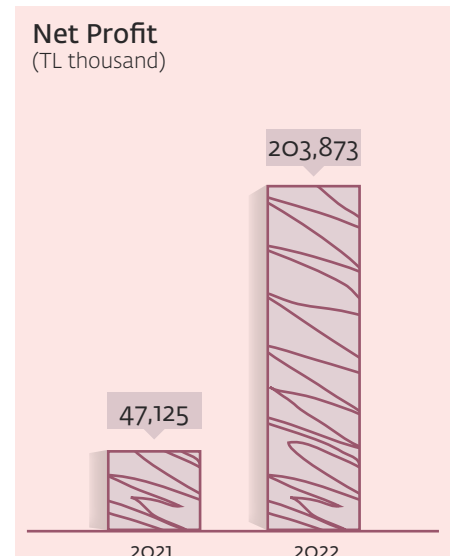
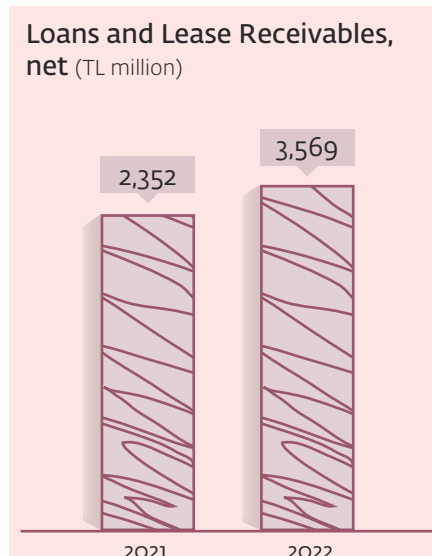
333%

Net profit exhibited a strong increase of 333%



52%

Loans and lease receivables (net) reached TL 3,569 million with an increase of 52% in 2022.



2022 Headlines

Subordinated loan of USD 25 million

PASHA Bank obtained a subordinated loan of USD 25 million from the majority shareholder, PASHA Holding LLC. As a result of this international and long-term financing, PASHA Holding demonstrated the trust in our country and the Bank despite the negative circumstances of the world and Turkey created by the pandemic and the economic crisis. The 10-year term credit which had a secondary capital nature was obtained with an option for early payment after the 5th year. The credit will diversify the financing opportunities the Bank develops for retail and commercial customers. Hence, the Bank will increase its contribution to our country's economy and to real sector and will continue to develop innovative services and products with its strong capital structure.

International bond issuance from PASHA Bank

Supporting cross-border investments with its mission of being a financial bridge at the triangle of Turkey, Azerbaijan and Georgia, PASHA Bank realized a bond issue of USD 13,450,000 at the securities market of Azerbaijan.

As the first institution to issue a bond in a currency other than its own currency at Azerbaijan markets, PASHA Bank realized a total of eight foreign currency bond issuances since 2017, seven of them in USD and one in Euro. Thus, the Bank provided approximately USD 125 million of funds up to now.

PASHA Bank continued asset-backed security issuances in agricultural sector at full speed.

As the leader of Asset-backed Security issuances in Turkey, which is significant for development of the real sector and increase in employment, PASHA Bank realized an asset-backed security issuance for Tarfin Tarim at an amount of TL 700 million in 2022. The Bank also successfully realized another issuance of TL 100 million in two parts for Platin Kimya, which operates in pesticides area.

Supporting the agricultural sector since 2020, PASHA Bank provided funds of more than TL 1.1 billion for this industry.

PASHA Bank's Asset-backed Security issuance for the automotive sector

In 2022, PASHA Bank realized an asset-backed security issuance for Maygold Otomotiv, which collaborates with 800 dealers and distributors, at an amount

new product

“DON'T BE A GUEST IN
THE SISTER COUNTRY,
BE A HOME-OWNER”



of TL 20 million, thus providing funds for the automotive sector TL 70 million in the last two years.

With these issuances for qualified investors, PASHA Bank contributed to the development of the real sector while offering investment alternatives with attractive returns.

PASHA Bank sponsored the second Istanbul Digital Art Festival.

PASHA Bank has always been on the side of arts and artists since the date of its inception in 2015, with the purpose of blending its cultural structure with artistic connections.

In this context, PASHA Bank was the main sponsor of the 2nd Istanbul Digital Art Festival in 2022 which was organized with the support of the Ministry of Culture and Tourism at Fişekhane between 3-12 June. The

festival was curated by Avind, the first artificial intelligence curator in Turkey, questioning "Is human creativity the only sustainable energy source in the world?"

New Product: Mortgage for Azerbaijan Citizens

PASHA Bank organized the launch of its new mortgage product for Azerbaijan citizens in Baku with the "Don't be a Guest in the Sister Country,

Be a Home-owner" motto. Real estate projects at popular locations in Turkey were promoted at the special event for Azerbaijan citizens and advantages of buying a house in Turkey with the mortgage loan of PASHA Bank were explained. The event was organized by PASHA Bank with collaboration of T&A Projects.

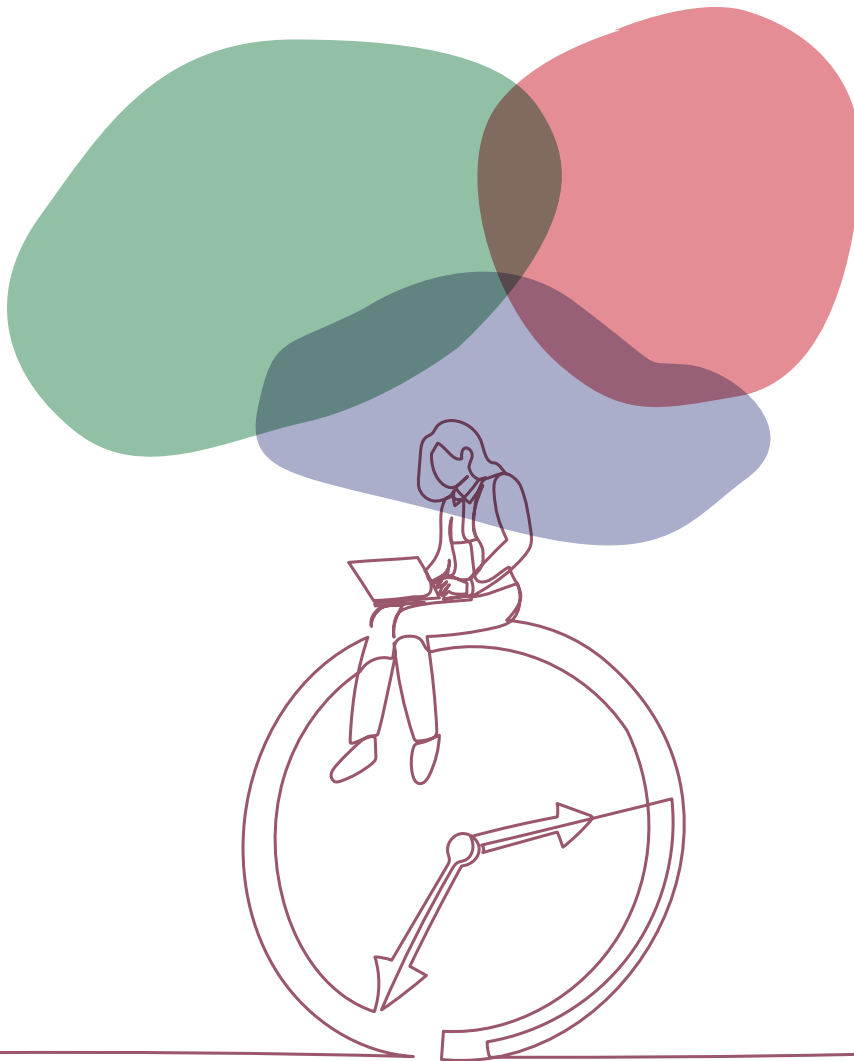


bond issuance

PASHA Bank realized a bond issue of USD 13,450,000 at the securities market of Azerbaijan.

We always stand by our customers and we grow together. We continuously carry customer experience and satisfaction further with our expertise, sincere approach, fast service and digital competencies.

We add value to life.





Because,

We have happy customers

PASHA Bank's Historical Development and Milestones

Founded as the first foreign capital investment bank of Turkey in 1987 under the name Yatırım Bank A.Ş., PASHA Yatırım Bankası A.Ş. operated under the management of different shareholder groups.

In 2015, the Baku based regional financial institution PASHA Bank OJSC which is a private bank with the highest capital in Azerbaijan, acquired the majority shares and the new title of the Bank became PASHA Yatırım Bankası A.Ş. and the business name became PASHA Bank.

As the majority shareholder of the Bank, PASHA Holding LLC became 49% direct shareholder in 2018, paid-in-capital increased to TL 500 million.

PASHA Bank operates from its head office located in Istanbul and has no branch offices.

PASHA Bank has been providing services to entrepreneurs with its corporate, business, premium and investment banking products in accordance with its targets of supporting trade between Turkey-Azerbaijan-Georgia, providing resources and guidance for enterprises investing in the region.

1987

Yatırım Bank A.Ş. was established in Istanbul as the first foreign-owned investment bank in Turkey.

2015

PASHA Bank OJSC, the highest-capitalized private bank in Azerbaijan, became the majority shareholder by acquiring a majority stake in the Bank. The Bank's title was changed to PASHA Yatırım Bankası A.Ş., and the paid-in capital increased to TL 255 million.

2016

The issuance of the first debt instrument was realized by means of a sale to qualified investors.

1987

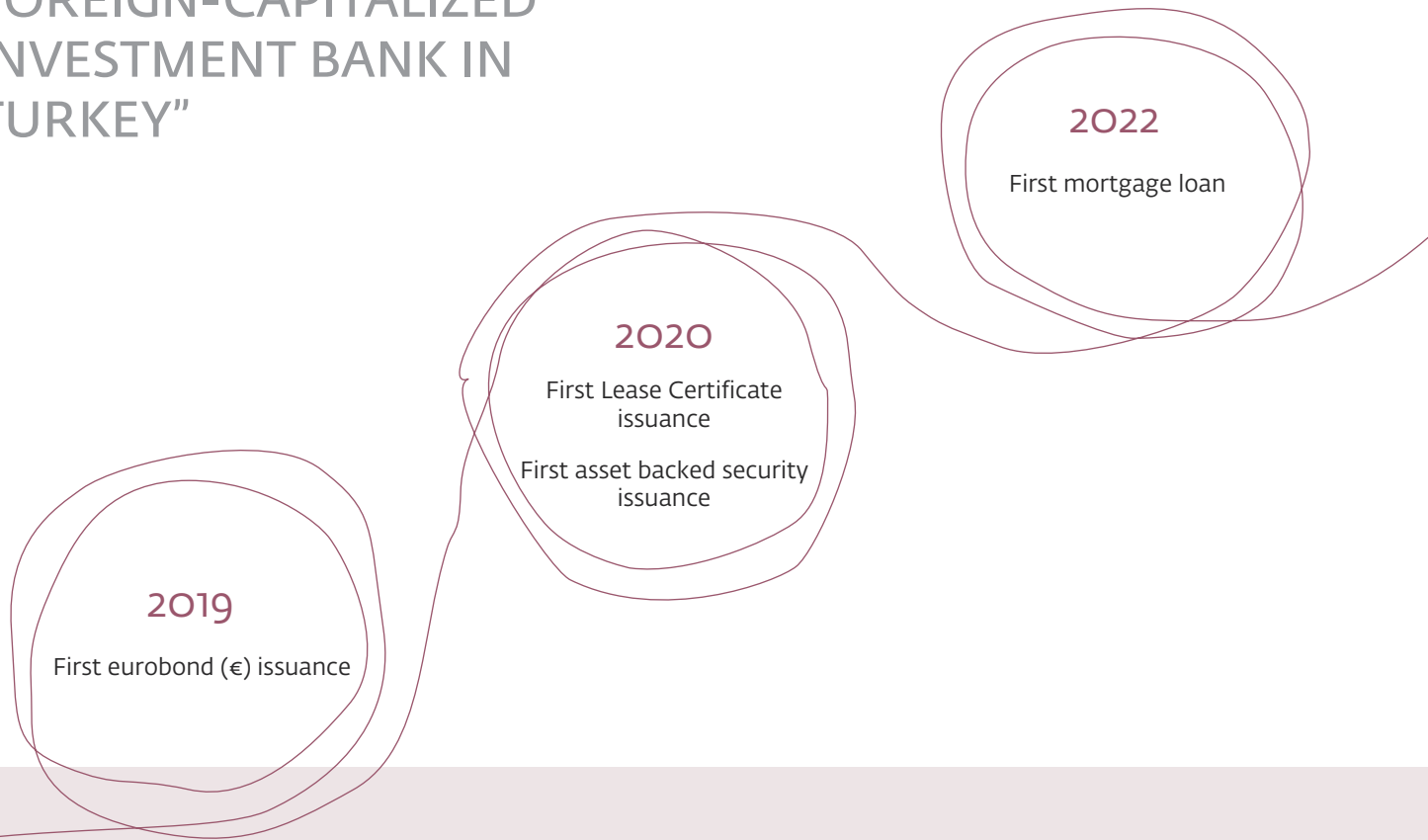
Establishment as Turkey's first foreign-capital investment bank

2017

First M&A transaction
First eurobond (\$) issuance
First "intermediation in the issuance of a debt instrument".



“THE FIRST FOREIGN-CAPITALIZED INVESTMENT BANK IN TURKEY”



2017

The first M&A transaction was finalized.

The first Eurobond, with a maturity of five years and denominated in USD, was issued in the Azerbaijani market.

The Bank, for the first time, acted as an intermediary in the issuance of a debt instrument.

2018

PASHA Holding LLC acquired 49% of the shares, and the paid-in capital was increased to TL 500 million.

2019

Moved to its new headquarters building.

First euro-denominated Eurobond issuance in the three-year tenor was realized for Azerbaijan market.

2020

The first Lease Certificate backed by financial leasing assets was issued.

PASHA Bank intermediated in funding the customers in the agricultural and automotive industry by issuing asset backed securities.

The bank participated in Venture Capital Funds, the development of technology.

2021

PASHA Bank intermediated in the issuance of 7 asset-backed securities during 2021 which provided TL 296 million of funds and played an active role in capital markets.

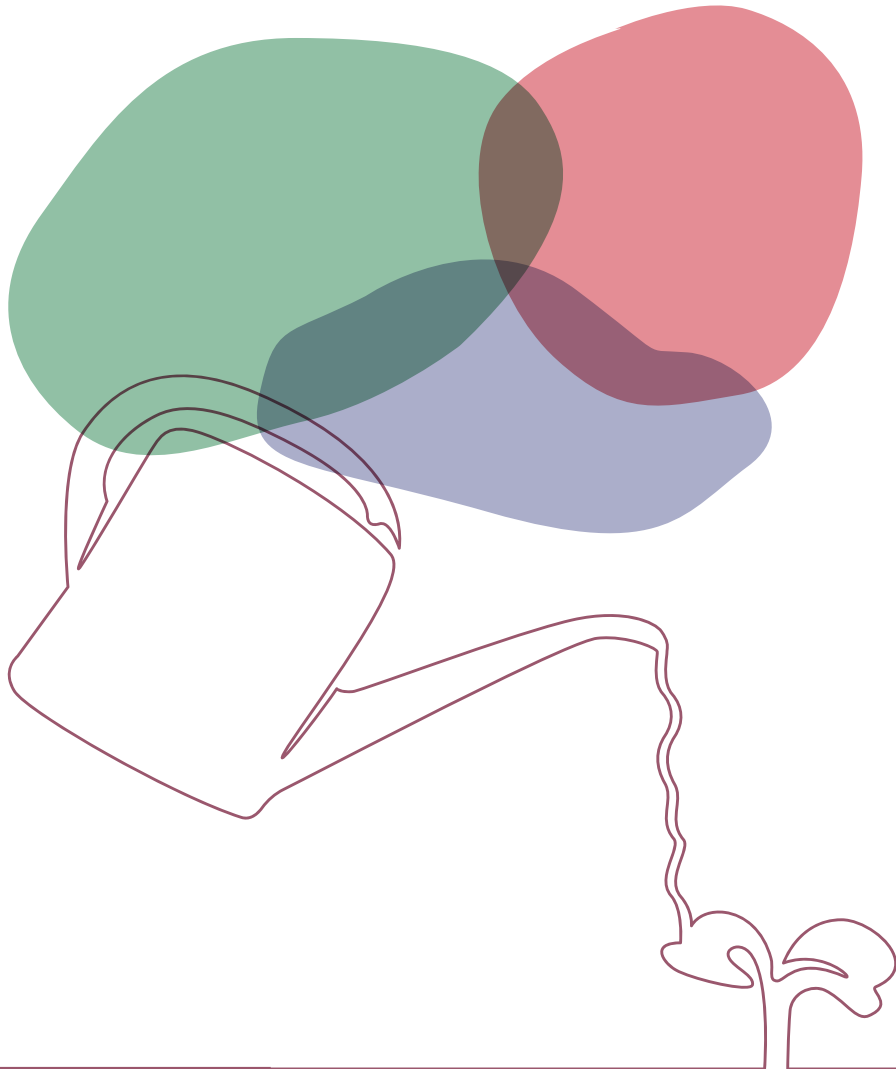
2022

A subordinated loan of USD 25 million with a tenor of 10 years was obtained.

A mortgage loan product was launched for Azerbaijani citizens who want to own a house in Turkey.

We provide financing for renewable energy projects. We contribute to gender equality by supporting women entrepreneurs. We aim for development of the society by supporting culture and arts. We speed up our sustainability steps.

We add value to future.





Because,

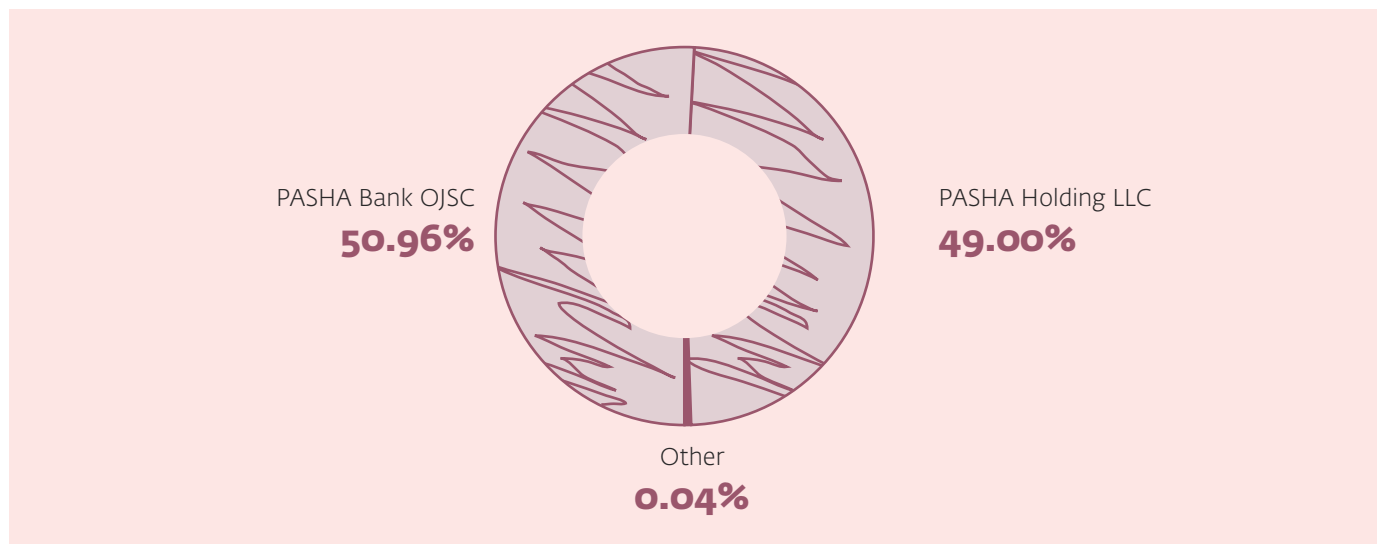
We have hope for the future

Changes in Articles of Association, Share Capital, Shareholding and Organization Structure of PASHA Bank

As of 31 December 2022, paid-in-capital of the Bank is TL 500 million and there were no changes in the Bank's share capital, Articles of Association and direct ownership structure during this period.

Share capital and ownership structure as of 2022 year-end is presented below:

Shareholder's Trade Name/Full Name	Share Amount (TL)	Ratio (%)
PASHA Bank OJSC	254,795,000	50.96
PASHA Holding LLC	245,000,000	49.00
Other	205,000	0.04
Total	500,000,000	100.00



As of reporting date, PASHA Holding LLC holds 56.82%, Bless LLC 28.18%, Arif Pashayev 9.99% and Mir Jamal Pashayev 5.01% of the shares in PASHA Bank OJSC.

Bless LLC and Reveri LLC are qualified shareholders of PASHA Holding LLC with equal rates of 37.50% followed by Arif Pashayev and Mir Jamal Pashayev with rates of 15% and 10% respectively.

Paid-in-capital of the Bank is divided into 500,000,000 registered shares of TL 1.00 par value. Each share has one voting right. The Bank has no preferred shares.

The Chairman and the Members of the Board of Directors, as well as the CEO and Deputy CEOs do not hold direct or indirect shares in the Bank.

Changes in Organization Structure

In accordance with the Board of Directors' resolution dated 28 July 2022, the directorate position which included "Information Security" and "Change and Project Management" departments was eliminated and these departments were restructured so that they report directly to CEO. The name of the Change and Project Management department was changed as "Project Management" and the name of the Balance Sheet Management Unit reporting to Financial Affairs Directorate was revised as "Financial Planning and Control"



About the PASHA Group



Established in 2006, the Holding builds its business on the basis of effective management, corporate governance and well-thought-out investment decisions.

PASHA Holding LLC

PASHA Holding LLC, through its subsidiaries, invests in banking, insurance, construction, information technology, the property development and tourism sectors.

The Holding has two types of investment assets portfolios: Controlling stakes in PASHA Holding and its subsidiaries (PASHA Group) and minority private equity investments.

As of 31 December 2022, the total assets of PASHA Holding stood at AZN 15.5 billion, while its total equity and revenues reached AZN 2.25 billion and AZN 1.7 billion, respectively. The total number of employees within the Group exceeds 16,500.

About the PASHA Group

PASHA Bank Azerbaijan

PASHA Bank OJSC is one of the leading corporate banks in Azerbaijan. PASHA Bank OJSC provides all the important financial services covering investment banking, trade finance and asset management to a range of customers ranging from big corporations to SMEs.

The Bank works in close cooperation with companies in the agriculture, transportation, construction, tourism and retail sectors which play a vital role in diversification of the Azerbaijan economy.

PASHA Bank OJSC is among the first three banks in Azerbaijan with respect to total assets. As of 31 December 2022, the Bank's total equity is registered as AZN 662,977 thousand and the total assets being AZN 8,519,814 thousand.

PASHA Bank OJSC focuses on creating and developing long-term supportive relations with the expanding customer base. The Bank aims to provide the highest level of internationally transparent banking services constructed on values of "Integrity, Profitability, Responsibility, Quality and Collaboration".

Adopting a strategic approach for keeping up with the rapidly changing financial markets, PASHA Bank OJSC is

a corporation determining the trends in the Azerbaijan banking sector, especially in the digital field.

PASHA Bank also aims to create the best employee experience in Azerbaijan and to strengthen its employer profile within the labor market as the most preferred company by the employees countrywide. All of the innovation plans of the Bank are devised with the support of valuable employees for developing and implementing the best.

Since 2011, PASHA Bank OJSC has provided high net worth individuals private banking services including deposits, loans and financial planning.

PASHA Bank OJSC serves in its Baku-based Headquarters and its nine branches. The Bank is operating with the vision of generating integrated banking activities aiming at increasing the trade and investment volume between Baku, Tiflis and Istanbul, being the most dynamic markets in the region.

The Bank's first subsidiary, PASHA Bank Georgia, started operations on 17 December 2012.

PASHA Bank OJSC is an affiliate of the PASHA Group which is a large scale investment holding group, holding important assets in insurance, real

estate development, construction, tourism and other lines of business in Azerbaijan.

* USD 1 = AZN 1.7 (31 December 2022)

PASHA Bank Georgia

A subsidiary of PASHA Bank OJSC, PASHA Bank Georgia has offered corporate banking and investment banking services to large, medium and small-sized firms and retail banking products since its establishment in 2013.

As of 31 December 2022, PASHA Bank Georgia attained a GEL** 513 million asset size. The Bank is an important player in the fields of corporate and investment banking in Georgia.

The Bank provides finance to the leading companies in Georgia and offers financial consulting services. It has also specialized in participating and/or leading the syndications of firms in different sectors.

** USD 1 = GEL 2.69 (31.12.2022)

Credit rating scores

The international credit rating agency, S&P Global Ratings, rated PASHA Bank OJSC as "B+" for the long term and "B" for the short term.



2015

EMEA Finance - Europe Banking Awards - "Best Bank in Azerbaijan"

2016

Global Finance - "Azerbaijan's Best Bank and Banking Group"
World Finance - "Best Commercial Bank"

2018

Global Finance - "Best Private Bank",
Global Finance - "Best Bank in Azerbaijan"
World Finance - "SAP", "Best Trade Bank in Azerbaijan"
The Banker - "The Bank of the Year"
The Bank was selected as the "Leading Bank" in non-cash payments in the annual evaluation of the Central Bank of Azerbaijan and the Azerbaijan Banks' Association.

2017

Euromoney - "Best Bank in Azerbaijan"
EMEA Finance - "Best Bank in Azerbaijan"
EMEA Finance - "Best Investment Bank of Azerbaijan"
EMEA Finance - "Europe Banking Awards "Bank with Corporate Social Responsibility in CEE & CIS Countries"
Global Finance - "Best Bank in Azerbaijan"

2020

Raiffeisen Bank International - "RBI STP Quality Award"
EMEA Finance - "Best Bank of Azerbaijan" and "Best Investment Bank of Azerbaijan"
EMEA Finance - "Non-cash Payment Promotion", "Digital Banking", "E-Banking", "Best Corporate Social Responsibility", "Most Active Education Supporter"
EMEA Finance - "Best Banking Product" and "Best Corporate Social Responsibility" among Middle and Eastern Europe and Commonwealth of Independent States Banks
EMEA Finance - "Leading Bank in Internet Banking Services", "Leading Bank in Contactless Payments" and "Leading Bank in Contactless POS-Terminal Infrastructure"
Global Finance - "Best Foreign Trade Financing Bank"

2019

EMEA Finance - "Best Bank in Azerbaijan"
EMEA Finance - "Best Investment Bank of Azerbaijan"
EMEA Finance - "Best Product Offering"

2021

SME Banking Club - "SME Best Banking Product" among Commonwealth of Independent States with "Online Credit" product
VISA - "Best F2F Commercial Bank of Azerbaijan"

PASHA Bank Azerbaijan's performance is being rewarded.

Overview of 2022 and Expectations for 2023

a challenging period

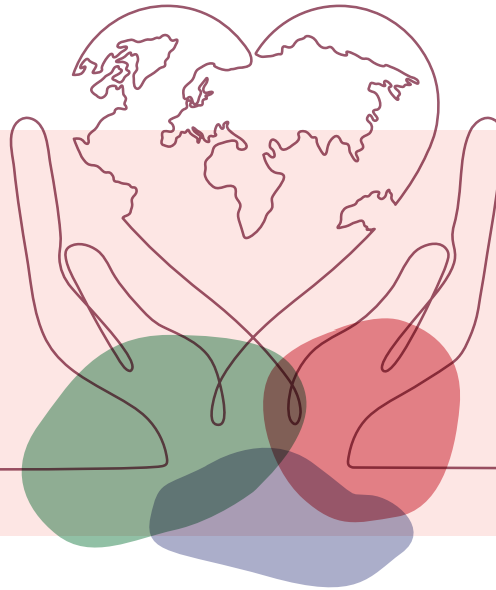


Global economic activity in 2022 started under pressure with pandemic measures against coronavirus variants. Despite vaccinations, uncertainties due to the pandemic continued to be effective on economy. Furthermore, Russia's invasion of Ukraine was the most significant factor that had a negative impact on economic activity. After Russia's start of military operation to Ukraine on 24 February, tough sanctions imposed to Russia were determining factors in the course of the markets. Oil prices

increased significantly with the effect of increasing geopolitical tension between Russia and Ukraine during the first months of the year. Barrel price of Brent crude oil was at the peak of last 10 years at USD 128. With the impact of a drift to safe investment instruments, gold prices rapidly increased in February and March and tested USD 2,050 per ounce.

Upon Russia's invasion of Ukraine, many countries, primarily European Union and USA, announced tough

sanctions against Russia. US Ministry of Treasury imposed limitations for Russian institutions, including large Russian banks, to provide financing from USA markets with the purpose of isolating Russia from international finance and trade. With a joint announcement from USA, EU countries, England and Canada, many Russian banks were taken out of the SWIFT system. Moreover, measures were taken to limit Russian Central Bank to access international reserves.



To reduce the effect of sanctions announced by other countries, Russian government implemented capital controls and Russian Central Bank increased policy interest from 9.5% to 20%. Additionally, limits were applied for foreign individuals and legal entities to sell Russian securities and a decision was taken which makes exporter companies to sell 80% of foreign currency assets to the Central Bank.

EU countries agreed to reduce majority of oil imports from Russia until the end of 2022. While activities were conducted to decrease European Union's dependency on Russian oil, financial assets of Russian oligarchs were frozen. Russia made arrangements to accept natural gas payments in ruble starting on 1 April, as a response to sanctions against itself. Losing approximately 60% in the first week of March, ruble regained its value in the following weeks and completed March at a value which was equal to pre-war period. No net results were achieved from peace discussions between Russia and Ukraine.

In 2022, energy and commodity prices which increased by the effect of war between Russia and Ukraine caused a global increase in inflation. Central banks of developed countries realized

interest increases at record levels to fight against high inflation. Precautions in accordance with China's zero-Covid policy continued to put pressure on the economic activity. Growth expectations were revised downward due to both continuing increase in inflation and supply problems because of quarantine measures in China. Global growth is expected to be 3.2% in 2022. Global PMI data at the end of 2022 points out to an evident loss in acceleration of the economic activity. Moreover, moderate improvement of global inflation indicators, in line with easing of prices of commodity, primarily energy, supports expectations on central banks to slow down their tightening steps in their monetary policies in 2023. It is anticipated that the world economy will increase by 2.5% in 2023.

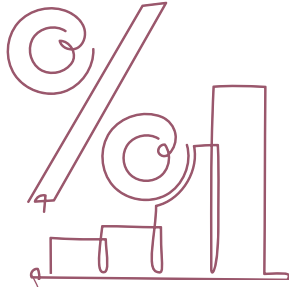
US Central Bank (Fed) increased interests at its consecutive 7 meetings, except for its first meeting in January, by 425 base points and increased its policy interest which was at 0%-0.25% to 4.25%-4.50% range which is the highest level since 2007. At its meeting in December, Fed slowed down in policy interest increase speed, parallel with expectations. We anticipate that Fed will continue interest increases in 2023 to achieve the inflation target of 2%.

In USA, inflation took a high course in 2022 due to continuing increase in food prices caused by rapid increase in natural gas prices. In June annual consumer price index inflation was 9.1%, the highest level for the last 41 years. At the second half of the year, though keeping its high course, inflation improved and decreased back to 7.1% in November.

US economy shrank by 1.6% in the first quarter of 2022 despite growth expectations. Net exports which limits growth has a determinant role in the country economy's shrinkage. Despite growth expectations in the second quarter, the economy of the country shrank by 0.6% parallel to investment spendings and the fast decline in inventories. After the shrinkage in the first two quarters, US economy completed the third quarter of 2022 with a 3.2% growth beyond expectations and technically came out of recession. Constriction in foreign trade deficit had the greatest contribution to growth performance which exceeded expectations since 1980.

global inflation

In 2022, energy and commodity prices which increased by the effect of war between Russia and Ukraine caused a global increase in inflation.



European Central Bank (ECB), at 4 meetings held during the second half of 2022, increased policy interest by 250 base points in total from 0% to 2.5%. ECB, realizing the first interest increase since 2011, raised the interest rates to the highest level since 2008 at the current conjuncture where recession concerns were strong. ECB, like Fed, is also expected to continue interest increases in the following period to achieve 2% inflation target.

Inflation in Euro Zone followed a high course in 2022, as in 2021, due to increased energy costs and supply change problems. In October consumer price index reached a historical record of 10.6%. In November, annual consumer price index decreased to 10.0% and declined for the first time since July 2021. Euro Zone economy recorded a growth rate of 5.50% in the first quarter and 4.20% in the second quarter of 2022 which were beyond market expectations. In the third quarter, the growth rate decreased to 2.30% which demonstrated the evidence of loss of acceleration of economic activity in the region.

At its December 2021 meeting, increasing the policy interest to 0.25%, Bank of England (BoE) was the first large central bank around the world to increase interests. In 2022, BoE made 9 consecutive increases for a total of 325 base points and raised the policy interest to 3.50%, its highest level of the last 14 years. Inflation in the country was at the peak of the last 41 years at 11.1% in October and it is expected that BoE will continue to increase interests in 2023 to achieve its target of 2%.

Central Bank of Turkey (CBRT) kept the policy interest at 14% in the first two quarters. At its monetary policy

meeting in August, CBRT evaluated the acceleration of industrial production and increasing trend in employment and decided that the financial conditions need to support these trends and took the decision to decrease interests. Lowered the policy rate to 9% as a result of decreases by 100 basis points each in August and September, and by 150 basis points in October and November, CBRT announced that after a total of 500 base point reduction, decision was taken to cease the cycle of interest decreases.

In August, CBRT also took steps to increase the effectiveness of credits against required reserves. Within the framework of these steps, it was decided that required reserves which was being implemented at a level of 20% was replaced by establishing 30% of securities for the banks; TL commercial credits which are not subject to establishing securities will be extended against spending. Additionally, as of 20 August 2022, for commercial credits which would be extended until year end, securities established would have been 20% of credit amount which have been extended with interest rates over 1.4 times of the annual compound reference rate and 90% of credit amount which have been extended with interest rates over 1.8 times of the annual compound reference rate.

Increasing inflation trend around the world was also experienced in our country due to increased energy prices and supply problems. Annual consumer price index continued its increasing trend in 2022 which started in 2021 and reached 85.51%, the highest level since September 1998. With the increase in energy prices, annual domestic



production price index was realized as 157.69%, the highest level since 1981. Annual consumer price index decreased to 84.39% in November, which went downward for the first time since May 2021. In addition to base effect, with the impact of easing in global energy prices, annual domestic production price index decreased to 136%. Turkish Statistical Institute (TurkStat) announced 2022 year-end inflation as 64.27% (consumer price index) and 136% (domestic production price index). In the following period, it is anticipated that inflation will continue to decrease based on the base effect and will be realized at the range of 30%-35% at 2023 year-end.

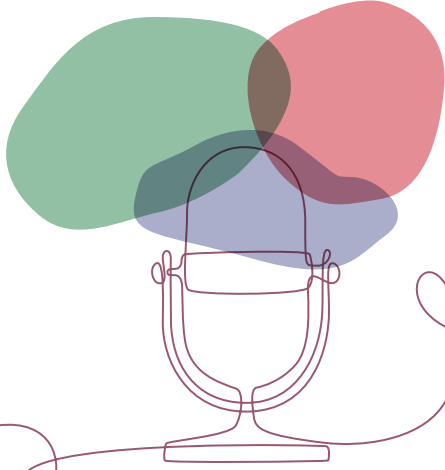
Despite strong contribution of services balance, current account deficit continued to increase in 2022 with the decrease in exports and high levels of energy and gold imports. Strong course of exports during the first half of the year lost acceleration in the third quarter due to reduction in foreign demand. As of November 2022, foreign trade deficit increased by 60.7% on an annual base and became USD 8.8 billion. Due to high energy prices, foreign trade deficit reached USD 99.8 billion between January-November. Current deficit maintained its high levels as a result of continuing rapid increase in foreign trade deficit. Current account deficit was USD 41.8 billion during the first 11 months of the year, while 12 month cumulative current deficit reached its highest level since August 2018 at USD 45 billion. It is anticipated that risks related with current account deficit will still be on the agenda in the following period, parallel with the loss of acceleration in economic activities in global scale, primarily in Euro Zone which is Turkey's main export market.

Turkish economy grew annually by 7.74% at the first quarter of 2022 and by 7.52% at the second quarter in line with the private consumption demand activity. At the second quarter, main factors of annual growth were services and industrial sectors as in the first quarter and private consumption kept supporting growth, primarily with the contribution of service items. Turkish economy, which demonstrated a strong growth performance in the first half of the year, but acceleration lost became evident in the third quarter. The economy grew in line with the market expectations at 3.85% in the third quarter. Despite the contribution of private consumption, net export contribution exhibited a downward trend due to reduction of economic activity in export markets and strong imports. Moreover, investment spendings were also limited after a year of expansion and this was another negative factor. Growth is expected to be 5% annually in 2022. It is expected that slowdown of global economic activity and inflationary pressure will continue in 2023 and Turkish economy will grow by 3%-4%.

current account balance

Despite strong contribution of services balance, current account deficit continued to increase in 2022 with the decrease in exports and high levels of energy and gold imports.

Chairman's Message



synergy

Strategically it has become very important to leverage on synergy opportunities in the Group.

73%

In 2022 total assets of the Bank increased by 73% to reach TL 6.156 million.

0.5%

We have been successful in preserving low level of NPL in our balance sheet.



agile structure

Esteemed Stakeholders,

It is a fact that the on-going Russian-Ukraine war has implications on the Turkish economy since the conflicting parts are trading partners of the country. But, it is not the only fact weighing on economic activity, the general picture is that the world is in a volatile period, economic, geopolitical, ecological changes all impact the current global economic stance and the outlook going forward. Nevertheless, deteriorating external environment is not only limiting export performance of the country, it is also returning as rising inflation due to price surge in commodities. Subsequent price increase in commodities and even historical high records at some are pushing up consumer and producer prices.

Incoming macro and market data suggest that the country is able to manage economic implications of this external shock. In general, very proactive diplomatic efforts of the government is contributing positively in this regard. It is not a coincidence that the Turkish economy has performed 3.9% growth in the Q3 of this year. Despite the fact that early warning indicators show some sort of deceleration, the economy is expected to end the year in a positive growth zone. But, in addition to that,

worsening global landscape, increasing concerns on possible recession scenario, rate hike cycle of main central banks are factors that in the end complicate the external environment feeding some downside risks. In this regard, it is worth to mention that last policy measures by the Government, like adjustment in the level of minimum wage is quite adequate which ultimately contributes to expanding aggregate demand in the economy, but of course, with the reservation that its potential impact to inflation spiral should be considered carefully.

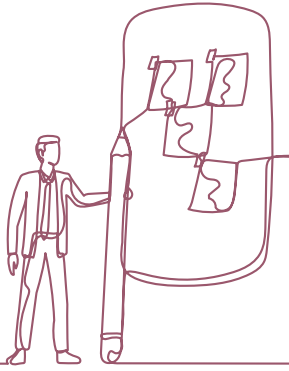
On the back of above mentioned economic landscape, the overall banking system succeeded to maintain risks within the acceptable levels, and profitability at two-digit territory. According to latest data, the total assets of the system in the last 12 month has increased by 56% as opposed to prior year and reached TL 14,344 billion. The same trend applies to credit portfolio. Total credits of the industry reached TL 7,972 billion with 53% increase.

It is a tradition, therefore, we are proud to say that PASHA Bank as a dynamic market player keeps going on its healthy expansion. In general, continuous investment onto strengthening of internal capabilities,

starting from building core competencies for managing business to increasing human capital potential of the Bank, has already demonstrated its strategic return in the form of capable navigation through the stressful times. As a result, total assets of the Bank increased by 73% to reach TL 6.156 million when compared to the prior year-end. Our gross cash loan and leasing receivables portfolio, comprising 59% of total assets, reached TL 3.638 million with a 50% increase.

Due to effective risk management framework, and prudent credit policy pursued by the Bank we have been successful in preserving low level of NPL in our balance sheet. It is worth to underline that flexible revisiting of credit policy, adjusting tactics of credit and underwriting policy to the current realities of macroeconomic environment etc. are forming substance of the overall risk approach of the Bank. Moreover, it is worth to underline that quick revisit of the loan portfolio due to the on-going war, and run of the relevant stress-testing process have also expanded the ability of the bank managing credit risks in a proper way. Regarding the latter, It has become more crucial how the Bank formulates its baseline scenario, and also how risk triggers are embedded into stress scenario framework, which

Chairman's Message



strategy

The 2023 strategy rises on the foundation of values like integrity, quality, collaboration, entrepreneurship and profitability

ultimately end up with proper scenario formulation, advanced measurement and preparation of mitigation plan.

2022 is actually a second business year of the new, 2023 strategic period. In general, the 2023 strategy rises on the foundation of values like integrity, quality, collaboration, entrepreneurship and profitability, builds up with the vision to create new and enduring values in the business world and society, focuses as the mission to become a cross-border bank empowering its customers. It is worth to mention that strategically it has become very important to leverage on synergy opportunities in the Group, since it is quite big and operations are going beyond countries and sectors, which in the end provides potential business opportunities.

New strategic period in its essence is characterized with continuation of some business segments, also with full dedication to the new initiatives. Coming to the latter, it actually concentrates on to realization of potential niche markets. Financing investment into the real estate market in the countries of operations via the mortgage lending, investment into the venture capital in order to materialize technological return in the greater scale of the entire Group business etc. are examples in this regard. About the real estate initiative, the Bank already introduced mortgage product in the 1st quarter within the entire Group. Considering positive interest the team is working with relevant stakeholders to scale it up in the coming period. In

addition to diversifying its funding side, the strategic document also covers main business enablers which are actually the main assets of bank in the way of execution of the strategy. It is our privilege to state that, the proper strategy formulation is expected to yield higher financial performance that has basically been the case in the previous strategic periods. Both profit side indicators, and also expense ratios are forecasted to perform positive trend promising higher profitability for its shareholders, and stability for other stakeholders.

While executing the strategy, we would continue to make substantial investments to the information technologies, risk management, credit management, fund raising, talent acquisition etc. and development of our employees that are of foremost importance. In overall, agility and know-how regarding focus sectors are expected to be differentiating capabilities of the Bank. It is worth to mention that the operational agility of the Bank yields its return even in the core operations. Of course, we totally understand that agility may require us to invest in operational systems which in the end provide system availability, from other hand accelerate transformation towards digitalization. It is the reason that the Bank has some strategic projects in this regard. Infrastructure enhancement for digitalization and new platforms, and advanced information security for digitalization are among them.



We will continue to make efforts to diversify the Bank's funding structure and expand our correspondent network and investor base. In this regard, it is important to emphasize competitive advantage of the Bank which goes beyond the country borders, and comes with the strength of the Group's presence across the region. It is really a privilege to us to witness expanding business opportunities on the back of increasing regional economic relationships after the great victory of Azerbaijan. Signing free trade agreement between Azerbaijan and Turkey, announcing foreign trade target by 2025, increasing FDI flows, active participation of Turkish firms in reconstruction process of liberated areas etc. are the examples for the above mentioned economic ties. In its turn, this expanding economic base is providing a feasible opportunity for the Bank to materialize promising business perspectives in this regard.

In addition to that, the Bank has opportunity to attract funding from both Azerbaijan and Georgia, in case it sees favorable interest rate developments there, and this potential is being materialized during the current strategic period. We will maintain our prudent approach to managing credit risks so that the asset quality of the Bank is not affected by the current environment characterized with increasing volatility in the market. We shall continue our efforts of offering products and services that are tailored to our customers' needs to make banking experience a gainful experience with PASHA Bank.

I am truly looking forward to share prosperous operating environment with all stakeholders which provides enormous benefit to all parts, and serves to build business relationships based on mutual interest.

I would like to take this opportunity to thank our valued employees and our management team for their dedicated professional work, our customers for their confidence in PASHA Bank and our shareholders and all business partners for their valuable support.

It is definitely their goodwill that renews our belief in ourselves and our potential to be more.

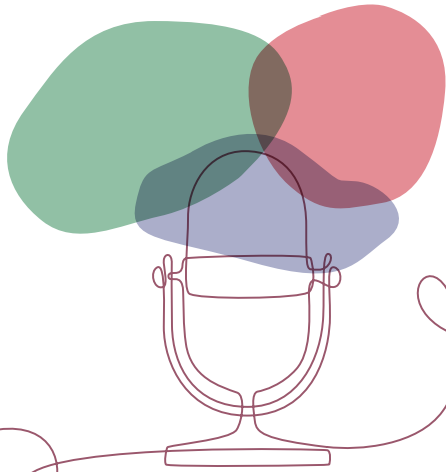
Sincerely yours,

Jalal Gasimov
Chairman

gainful

We shall continue our efforts to ensure that our customers' banking experience become gainful with PASHA Bank.

Message from the CEO



we supported the real sector

Our support for the real sector continued by increasing in 2022.

we achieved our targets

We achieved our targets in the second year of our 3-year strategy.

asset-backed security issuance transactions continued

We continued Asset-backed Security issuance transactions at full speed.



with success

Esteemed stakeholders,

When we take a look at 2022, we can clearly state that the most significant development directly affecting all economies of the world was Russia's invasion of Ukraine in February and impacts of this afterwards. After the invasion of Russia, various countries, primarily USA and European Union declared tough sanctions against Russia and as a response, Russia requested these countries to make their natural gas payments in Ruble in return. With all these sanctions and increased tension, oil prices increased to USD 120 and gold prices also cruised at high levels during the year due to expectations of an inflationary environment and continuance of this war. Rapid increases in food and commodity prices resulted in US Central Bank, Fed's increasing of the policy interest 7 times from 0%-0.25% to 4.25%-4.5% and European Central Bank's increasing the policy interest at negative levels to 2.50%. Other central banks also returned back to tight monetary policy regimes. While feeling the impacts of high inflation in our country, we followed the steps taken and changes in regulations by BRSA, Central Bank and the Government and worked on adapting these applications and regulations to the banking system. Even though various new regulations,

such as currency-protected deposit, security establishment in required reserves, required reserves against asset items made foreign currencies somewhat stable, inflation took a high course during the year. As of year-end, annual inflation rate decreased to 64.27% and we expect economic growth for 2022 will be announced between 4.5%-5%, stronger than other economies. We also expect acceleration of inflation will slow down in 2023 and be at the range of 30%-35%.

PASHA Bank completed the second year of its 3-year strategy period which covers 2021-2023. We achieved our targets in the second year of our strategy which included our goals of achieving a healthy and sustainable growth, increasing the quality of our product variety and service provided to customers, strengthening our role at the capital markets and increasing our share of foreign trade financing in the region. In September, credit rating institution, JCR Eurasia Rating, assessed PASHA Bank's long-term National Credit Score as A(tur), Compliance with Corporate Governance Principles Score as 9.24 and outlook as "Stable".

AS PASHA Bank, we increased our asset size by 73% and reached TL 6,156 million in accordance with our goal of

sustainable growth. Our support for the real sector continued by increasing during this period. Cash credit size of our bank increased by 50% in comparison with 2021 and reached TL 3,638 million. We closed the year with a profit of TL 204 million.

Despite rapidly changing market conditions, we continued security and bond issuances both in our country and abroad. Furthermore, USD 25 million 10-year subordinated loan extended to our bank by our majority shareholder PASHA Holding LLC demonstrated, once again, our shareholders' trust in Turkish economy and our bank. We discussed our country and opportunities in our country with investors during our investor visits in Baku. Our launch of the mortgage campaign for Azerbaijan citizens with the motto "Don't be a Guest in the Sister Country, Be a Homeowner" attracted a lot of attention in Azerbaijan and accordingly, we started mortgage transactions for this region. As in the prior years, PASHA Bank played a significant role in foreign trade financing in the triangle of Turkey-Azerbaijan and Georgia this year. In accordance with our strategy, we press on with our goal of "being the first bank which comes to mind in the region".

the first bank which comes to mind in the region

We press on with our goal of “being the first bank which comes to mind in the region”.

Our bank continued to take steps in increasing its activities in investment banking. We continued Asset-backed Security issuance transactions at full speed which we started in 2020. We brought together a total of TL 1.2 billion of financial resources with our customers operating in agriculture and automotive industries from the beginning. Behind these issuances designed for our customers are a strong and multiple guarantee structure and an attractive return opportunity for investors. We will continue to provide support for the real sector in the following year by using capital market instruments.

Despite the ongoing pandemic impacts in 2022, though at a decreasing trend, we closely monitored the digitalization process and digital transformation of the new period and realized technological infrastructural investments required. Our goal is to take a competitive role in developing global and local trends and maintain sustainability in secure and high quality technological infrastructural

developments by continuing to develop new ideas to increase profitability, efficiency and interaction in the triangle of Turkey-Azerbaijan and Georgia

Our bank continued its support for art this year as well as in prior years since its establishment and took part in another project in digital art which lately broke out. We were the main sponsor of the İstanbul Digital Art Festival organized for the second time at Fişekhane. At the festival curated by artificial intelligence for the first time in Turkey, we brought together technology and art and presented it to the art lovers.

We continued our activities this year in the sustainability area. We keep on implementing corporate social responsibility projects and our waste management system which provides benefits for the environment. With each project we participate in we remind our sensitivity for the nature and environment to ourselves and our employees. We support green

strong support

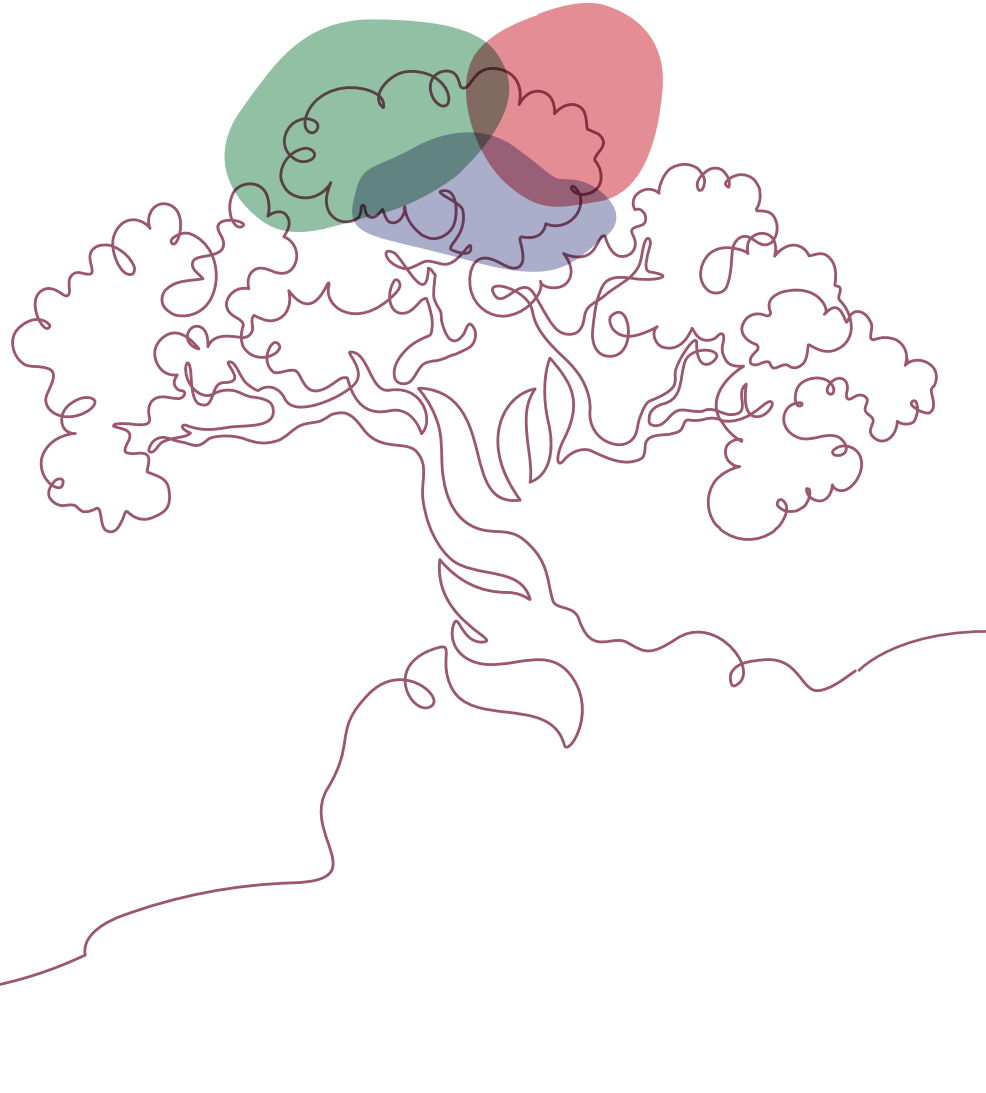


transformation by building a bridge between today and tomorrow in accordance with our goal of a sustainable future.

As we say goodbye to 2022, I would like to express my gratitude to my colleagues, customers, members of our Board of Directors and shareholders for their support in carrying our Bank to this day and I wish 2023 to be a good year for our country.

Sincerely,

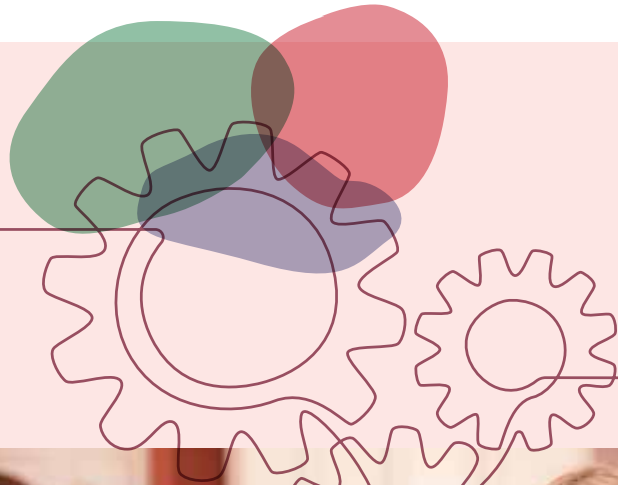
H. Cenk Eynehan
CEO and Member of the Board of Directors



sustainable

We support green transformation by building a bridge between today and tomorrow in accordance with our goal of a sustainable future.

PASHA Bank's 2022 Operations



PASHA Bank offers its customers high quality, unique and highly value added products and services on the basis of three main areas, namely corporate and commercial banking, premium banking and investment banking.

The Bank offers the following products and services to meet the investment and working capital needs of its customers:

- Cash and Non-cash Loans,
- Leasing,
- Project Financing,
- Treasury Products,
- Foreign Trade Products

under the Corporate and Commercial Banking segment to satisfy the working capital and investment needs of its customers.

In Premium Banking segment, the Bank offers the following products:

- Sale of PASHA Bank Bonds/Bills,
- Sale of Asset-Backed Securities
- Repo Transactions in TL and Foreign Currency
- Intermediation of Eurobond Sales and Purchases
- FX Spot and Derivatives Transactions
- Mortgage credits for Azerbaijan Citizens

Under the Investment Banking business line, the Bank provides its customers/investors with

Intermediation to Issuance of Debt Instruments,

- Structured Finance Products,
- Corporate Finance Products,
- Issuance of Asset Backed Securities

In addition to bond and bill issuances regularly carried in the domestic market to diversify its funding sources, PASHA Bank's USD and EUR eurobonds issued in Azerbaijan were welcome warmly by the individual and corporate investors of the country.



added value

Corporate and Commercial Banking

- Cash and Non-cash Loans,
 - Leasing,
- Project Financing,
- Treasury Products,
- Foreign Trade

Investment Banking

- Intermediation to Issuance of Debt Instruments,
- Structured Finance Products,
- Corporate Finance Products,
- Issuance of Asset Backed Securities

Premium Banking

- Sale of PASHA Bank Bonds,
- Sale of Asset-Backed Securities
- Repo Transactions in TL and Foreign Currency
- Intermediation of Eurobond Sales and Purchases
- FX Spot and Derivatives Transactions
- Mortgage loans for Azerbaijan Citizens

In line with its boutique service approach and the strategy, PASHA Bank has limited the number of customers in order to deal with its customers more quickly and effectively and to establish a more in-depth customer relationship. In this way, the Bank believes that it will maintain its high service quality and fast service reflex.

The Bank also reviewed its processes for the protection of personal data, and standardized the related policies, procedures and practices.

PASHA Bank carries out projects focusing on improving the core banking system with the aim of increasing productivity in banking processes. In this context, a series of development projects was successfully completed and were continued to be improved during the year within

the IT infrastructure, in line with enhancements to core banking applications and the principles of compliance with COBIT processes, including:

- capacity increase;
- renewal of virtualization infrastructure;
- the establishment of a monitoring infrastructure;
- backup and improvement of data transmission to the disaster recovery center.

In 2022, PASHA Bank operated with a team of 57 experienced and qualified employees at its Headquarters in Istanbul.

Treasury Management

The Treasury Department is tasked with managing PASHA Bank's assets and liabilities with optimal efficiency in conformity with the regulations of legal bodies. The Unit closely observes the developments in the markets and considers all possible risks including particularly liquidity risk and market risk.

The Treasury Department performs trading transactions for profit on the inter-bank market in line with the risk limits set by the Board of Directors.

PASHA Bank employs the treasury products in an increasing quantity while offering the products and services the customers need. The Bank, outstanding with the competitive pricing of derivatives such as forward and swap, helps the customers hedge

PASHA Bank's 2022 Operations

against risks with custom made products.

In addition to its TL-denominated financing bond issues, it acts as an intermediary for the trading of other capital market instruments on Borsa Istanbul, while supporting customers in their investments with repo transactions denominated in Turkish lira and foreign currencies in various tenors.

Monitoring market developments and opportunities closely in Turkey and around the world, PASHA Bank Treasury Department works in coordination with Treasury departments of PASHA Bank Azerbaijan and Georgia, provides guidance for pricing and marketing of local financial products in the targeted region. Similarly, economic developments in the region are being shared with investors through various bulletins and research reports by working in cooperation with research units in Azerbaijan and Georgia.

PASHA Bank's Treasury Department aims as well to manage future risks in the most effective way in line with the Bank's risk management strategy. The Department plans to improve the structured products offered to domestic and foreign corporate customers and to play a role in expanding the diversification of potential customers and profitability in Azerbaijan and Georgia by offering them Turkish capital markets products.

Boutique services

Corporate and Commercial Banking Operations

PASHA Bank operates in line with its main corporate banking principles that are predicated on the concepts of "Boutique Service", "Continuous Development", "Customer Loyalty" and being a "Regional Player."

"Boutique Service" principle

Apart from offering traditional solutions to its customers, whom it sees as business partners, the Bank has adopted the principle of providing solution-oriented and versatile boutique services and establishing effective, sustainable and productive relationships with its customers.

"Continuous Development" principle

Having adopted a corporate governance approach and continuous development principle, the Bank follows current developments in the finance sector, and offers customized solutions to its customers by correctly identifying their needs and by improving its service infrastructure.

PASHA Bank's objective is to foresee the future needs of customers by staying attentive to ever-increasing competition and ongoing developments, both worldwide and in Turkey. In this manner, we offer our customers the financing alternatives most suitable for them, whereby the Bank adopts the principle of enjoying mutual gains.



Investor Relations

When transactions realized at capital markets are considered, total domestic financial bond issuance volume and number of investors increased by twice in 2022, compared to 2021. Growth in this area in accordance with the strategy and goals continued in 2022 as in every previous year. With the permission obtained from the Capital Markets Board on 13 November 2022, bond issuance ceiling limit was raised

from TL 500 million to TL 1 billion. Investor Relations Department will continue to contribute to the Bank's growing and developing structure in 2023.

Corporate and Business Banking

2022 has been a year when steps were taken to overcome the negative effects of the coronavirus pandemic on economic and social life and to become experienced against pandemic. However, it has also been a year when

the impacts of problems of grain supply due to energy problems following the Russia-Ukraine war, economic developments in the markets, global inflation and local economic developments were felt deeply and many reflections of them affected Turkish economy.

Under all these economic uncertainties and developments, PASHA Bank continued to support the real sector at full speed in providing working capital

"Customer Loyalty" principle

The prioritized goal of PASHA Bank is to ensure high customer satisfaction and loyalty. In line with this goal, the Bank defines its primary principle as getting to know the customer well, always acting on the basis of principles and creating trust-based customer rapport.

"Regional Player" principle

PASHA Bank is the only bank established in Turkey with main shareholders based in Azerbaijan. With the power it derives from shareholders who are among the leading groups in Azerbaijan, and the opportunity for cooperation thanks to the sister company operating in Georgia, the Bank serves firms that perform trading activities in the region. It is also the only bank in Turkey to perform transactions in Azerbaijani manat and Georgian lari.

PASHA Bank's 2022 Operations

Project Financing Credits

Despite challenging market conditions, PASHA Bank continued to take part in financing of new projects, capacity increases in existing facilities, renovation and modernization investments in various industries, particularly in energy and tourism.

Mergers and Acquisitions Financing

PASHA Bank maintained its appetite in mergers and acquisitions in 2022. As a result, PASHA Bank increased the amount of financing to real sector including project financing and mergers and acquisitions financing by 65% in comparison with prior year.

Supplier Financing

As we completed a year when liquidity management was extremely critical, PASHA Bank, with supplier financing services, provided opportunity for various product and service suppliers at every scale by creating an alternative low-cost finance source they can rapidly reach for their cash flow needs.

Trade Receivable Financing

In 2022, PASHA Bank continued to provide fast financing solutions for the sustainability of the operations of its customers by cashing out their receivables which arose/ or will be arisen from commercial transactions before their due dates.

Forfaiting

PASHA Bank continued to provide financing to meet liquidity needs of exporter companies in 2022 with an increased appetite, by transferring the receivables, not yet due, from export transactions to the Bank without recourse.

Leasing (Sell and Leaseback Transactions)

In accordance with its strategy, PASHA Bank continued to intermediate in Sell and Leaseback transactions in 2022 without any interruption, by transferring real estates of companies to the Bank for a specified period to meet their financing needs.

Regional Banking

PASHA Bank continued and increased its synergy with the Group bank and subsidiaries in 2022 in accordance with its goal of being "The first bank that comes to mind in the region" for companies operating or planning to operate within "Turkey-Azerbaijan-Georgia" triangle. With the regional collaboration opportunities it has and the support of innovative perspective and approach, the Bank achieved to increase its share in trade and trade financing in that region rapidly and left a very good year behind in acquisition of new customers in this area.

Strong Support for the Real Sector



financing to customers for keeping sustainability of their operations, keeping up with changing market conditions and customer needs. While doing this, the Bank left behind a quite positive year with strong market liquidity and asset quality.

Banking sector is at the top of the sectors which adapts digital transformation journey, which is the major pillar of change and transformation, at the most effective and rapid manner. At this juncture, PASHA Bank continued to take steps in making its customers and employees happy in 2022 and started the "PASHA Sign" project, a digital signature and storage project, which will be launched in 2023.

In addition to all these developments, 2022 has been a year when actions in sustainability area gained speed. Transition to a sustainable and green economy brought significant opportunities for the finance sector. PASHA Bank played an effective role in meeting the additional finance needs as a result of investment required for transition to sustainable economy.

Conducting its operations in line with a customer-oriented approach, in 2022 the Bank provided services to its customers, such as cash and non-cash credits to meet customers' working capital need, project financing credits, leasing transactions, syndication and customized financing products for foreign trade transactions, primarily for regional trade.

Since the day of its establishment, PASHA Bank provides services with the missions of being a "financial bridge" and "being the first bank that comes to mind" for the companies which want to make investments and trade between Turkey, Azerbaijan and Georgia. The

Bank increases its power in this area day by day and raises its share of non-oil foreign trade volume between those three countries.

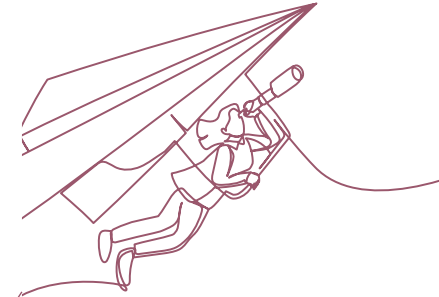
In line with the developments in the industry, PASHA Bank will continue to exhibit an innovative and solution-oriented approach in 2023, and to stand by its customers by providing alternative service choices, in addition to current products and services, based on their needs.

Financial Institutions

Financial Institutions Unit continued to contribute to the increase in foreign trade and interbank funding transactions mediated by PASHA Bank in 2022. This contribution is realized by the Unit expanding its local and international correspondent network and establishing additional cash and non-cash credit limits in line with the needs of corporate customers and the Treasury Unit. Alongside these transactions, relations are established with the Bank's sister institutions, thus mediating the exchange transfers of PASHA Bank customers in AZN (Azerbaijani manat) and GEL (Georgian lari).

The Bank plans to gain further recognition in international banking markets and increase its share in foreign trade transactions of its customers by expanding its encrypted connection network (RMA) and by participating in events which all banks of the world such as SIBOS and Euromoney attend.





pioneer

PASHA Bank is at a pioneer position in capital markets in Turkey with asset-backed security issuances.

Investment Banking and Intermediary Services

PASHA Bank is authorized in Transaction Intermediary Operations, Portfolio Intermediary Operations, Best Effort Public Offering Intermediary Operations and Limited Custody Services with the licenses obtained from Capital Markets Board in 2015.

Within the scope of investment banking operations, the Bank provides funds to its corporate customers by performing intermediary services in debt instrument issuances. In line with its vision for being more active on this area in the coming years, PASHA Bank plans to support more companies and more industries on this area.

Domestic Financing Bond Issuances

Issuing the first bank financing bill with sale to qualified investors method in 2016, PASHA Bank Turkey doubled the issuance volume in 2022 when compared with 2021 (from TL 282 Million to TL 590 Million) and the number of investors increased. In accordance with the permission from CMB dated 13 November 2022, domestic bill issuances' shelf registration was increased from TL 500 million to TL 1 billion.

In 2023, PASHA Bank Turkey aims to enrich the investor diversity achieved in prior years and continue its recognition in capital markets with new and diversified issuances.

Eurobond (Foreign Bond) Issuances

The Bank realized its first Eurobond issuance in 2017 in USDs for the Azerbaijan market which had a 5-year term (USD 25 Million). In 2019, the Bank issued its first Eurobond in EUR and continued its successful operations in Azerbaijan.

With the last Eurobond issuance in 2022 for USD 13,450,000, the Bank reached a total of USD 121,450,000 and EUR 3.3 million transaction volume.

PASHA Bank Turkey will continue its capital market operations in this area through Eurobond issuances with the most favorable return rates and terms in the following years.

Asset-Backed Security Issuances

PASHA Bank Turkey became the leader in Turkish capital markets with Asset-Backed Security issuances and realized a total sales of more than TL 1.2 Billion in this area during the last three years. Behind this product which is tailored to customers, are multiple guarantee structure and attractive return opportunity for investors. Through these transactions the Bank not only provides financial sources for the real sector but also offers high return advantages to qualified investors with customized guarantees.

With the purpose of developing the Private Sector Debt Instruments Market, PASHA Bank continued to issue Asset-Backed Securities in 2021 with different terms through the Asset Financing Funds established in 2020 to intermediate in securitization transactions. In this context, another



firm from the agricultural sector was added to the portfolio of intermediation services in 2022.

By issuing twelve Asset-backed Securities in 2022 for various industries and with different terms and conditions, PASHA Bank reached TL 820 million in issuance size and the Bank is determined to play an active role in bringing together the real sector and capital markets with its investor banking identity.

Intermediating the issuance of three different companies operating in the agriculture and automotive sectors, which have a quality asset pool but do not have access to financing on favorable terms through such transactions, PASHA Bank has successfully concluded the process of obtaining funds through the capital markets. Particularly in the current market conditions, the Bank played a leading role in eliminating an important deficiency by taking its place as the leading institution in providing funds for the agricultural sector from the capital markets.

PASHA Bank supports the increase of momentum of developed capital market transactions in Turkey and will continue intermediating in issuance of Asset-Backed Securities to obtain funds for corporations in different sectors in 2023.

Corporate Finance Transactions

PASHA Bank provides services to leading corporate companies in terms of accessing the financing they need, with the most optimal model under

the title of "Mergers and Acquisitions". Advisory services are provided based on the needs of the companies, acting as an intermediary for financial and strategic partnerships or purchases and sales of assets.

Under the investment banking area, PASHA Bank will continue to participate in venture capital funds which especially invest in technology-focused small companies with huge potential in our country. This way, the Bank is planning to support technological developments as well as gaining experience and know-how to establish similar types of funds within the Bank in the future. With these types of ventures, the Bank aims to monitor new trends and companies with successful performances more closely and become an intermediary in their growth and gaining access to the global arena through investment banking operations.

Recently, banks operating as technology-intense service firms are critical in maintaining their presence. Hence, PASHA Bank stays close to technology-focused firms and aims to develop new products and services for the Bank via these companies.

PASHA Bank considers that such ecosystems that are being supported by all stakeholders in the society are useful for developing operations as well as providing contribution to the society. The Bank took the first steps within this framework by investing in two Venture Capital Funds, one established abroad and one being domestic.

venture capital funds

PASHA Bank aims to participate in venture funds investing in technology-oriented, small firms having large potentials.



acceleration

Premium Banking Unit continued to offer treasury and capital market products to investors and gained speed significantly in customer acquisition.

Premium Banking

In 2022, Premium Banking Department continued to offer treasury and capital market products to investors in accordance with individual customers' needs and gained speed in customer acquisition.

Through Premium Banking business branch, PASHA Bank invites foreign individuals and corporate investors to invest in Turkey with various bond issuances in Azerbaijan having different terms and currencies, in addition to Turkish Lira PASHA Bank financial bonds issued for qualified investors in Turkey.

In 2022, in addition to investment products such as repurchase agreements and Eurobond purchase-sales, PASHA Bank also had an active year in offering alternative borrowing instruments to its customers in Turkish Capital Markets such as Asset-backed Security issuances. Through these instruments, the Bank provided financial resources to the real sector and had the opportunity to offer high return advantage to qualified investors with these guaranteed products.

With the target of being the first bank that comes to mind not only in commercial area but also in retail area, PASHA Bank realized the mortgage product launch in 2022 specific to Azerbaijan citizens with the "Don't be a Guest in the Sister Country, Be a Home-owner" motto and started to extend loans.

In today's world when digital transformation is at front sight in every area, PASHA Bank took some significant steps in the third quarter of 2022 and started the "PASHA Sign" project which will be implemented in the second half of 2023. The project will speed up the operational processes and make customer satisfaction and acquisition much faster.

In 2023, PASHA Bank Premium Banking Department will continue to bring individual investors in Turkey and Azerbaijan together with investment products suitable with their risk appetite and to increase its own appetite to add alternative investment products to its product range suitable for its customer profile.

Premium Banking cares about sustainable growth, thus aims to sustain 100% customer satisfaction values and privileged service experience successfully in 2023.

Project Management

PASHA Bank continued to develop projects for producing services and products for customers and employees in accordance with the Bank's 2021-2023 strategic road map and strategic goals. The bank will provide for sustainability of secure and high quality technological infrastructural developments in the following periods as well.

Within the scope of digitalization at the strategic plan;

- EFT, Foreign Currency Purchase/Sale transactions and monitoring of repurchase and securities transactions were made possible via Internet Banking application.



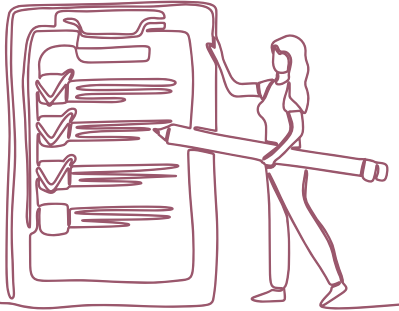
- Process to allow for Purchasing and Selling transactions of Bonds-Securities-Repurchase-Eurobond via Internet Banking application is ongoing.
- New idea creation journey continued to be more competitive at developing global and local trends, to increase customer satisfaction/ experience, customer acquisition, interaction and efficiency between Azerbaijan and Turkey throughout the strategy period. In this respect, the followings were realized:
 - New projects started for new payment platforms with business partners via API and for addition of value added services. Hence, cash transfer process was implemented between the payment service organization and an Azerbaijan bank.
 - Development of API service to make cumulative EFT was completed
 - Process of uploading customer account opening documents to the system in order to make document management more effective at the core banking process was completed.
 - An application panel was established at the corporate web site, to be used by PASHA Group employees, to increase the volume and number of mortgage product implemented for Azerbaijan citizens and to support new customer acquisition. PASHA Group employees who wish to own a house in Turkey, detailed information about potential projects are present at the mortgage application panel.

The followings were realized to develop and monitor effective risk management in compliance with the strategic goals:

- Implementation plan which includes milestones within the framework of Information Technologies and Information Security Risk and the project was completed with the required actions. Based on the results of the activities, Information technologies and Information Security Risk Management Policy and Procedures were published.
- Set-up and development process of the project for "Paygate Analyzer" application was completed and controls are being performed. This application will report risky amounts and transactions at the end of the day.
- Within the scope of digitalization, infrastructural developments and provision for information security, information security projects for "Network Access Control and Internal WI-FI Management and Mobile Device Security Solutions" were started and control processes are ongoing.
- To meet managerial and legal reporting needs, "Advanced Reporting" tool was purchased, development and control processes are being conducted.
- Within the scope of targets for the digitalization of talent management, employee loyalty/satisfaction and human resources processes, the followings were performed:
 - Digital system İNKA was implemented which allows for online human resources personnel affairs, vacation and similar transactions.

new ideas

PASHA Bank continued its journey in creating new ideas to increase interaction and efficiency between Azerbaijan and Turkey.



coordination

PASHA Bank coordinates business process improvement activities to provide higher quality service to its internal and external customers.

- Process of update of Performance Management System and its performance on system is ongoing.
- Review of activities for PASHA Bank employees to submit their suggestions in line with the Bank's strategy, ideas for process improvement and integration of those with the performance management system started.

Project for SWIFT ISO20022 Compliance process, which is legally required, started and waiting for the delay at the global side.

The Bank participated the Model Risk Management Framework, Project Effectiveness Evaluation (2018-2020) and Zero-based Budgeting Application projects conducted within PASHA Holding.

PASHA Bank coordinates its processes for business process improvements and annual review of policies, regulations and procedures in accordance with these improvements to provide higher quality services for its internal and external customers. In line with this, revisions were performed at the process of publishing current documents and announcements at the "portal", which is PASHA Bank's internal communication channel.

Project management process was updated in line with Information Systems and Electronic Banking Services Regulation and Group methodology.

Impacts of the pandemic continued in 2022. The Bank monitored digital transformations within the industry closely to comply with this and continued to make required technological investments. "PASHA Sign" project which is targeted to be completed in 2023 has started.

Information Technologies

2021-2023 Strategy period Information Systems Strategy was prepared. Within the scope of this strategy, the following activities were performed:

Virtualization platform was updated and capacity was increased.

- Capacity increases were realized at the new generation server and storage units of the Bank which contributes to performance and efficiency by developing suggestions in performance development, problem prevention, resource optimization via artificial intelligence features.
- Telephone switchboard infrastructure and devices were renewed to comply with the new infrastructure.
- System and Network Operations Management and support service purchased for back-up are being performed, monitored and reported in a healthy manner.
- Developing technologies were followed, research was conducted for cloud system and placed in the agenda for the following years.
- Core Banking and Application Management continued its support throughout the year for development activities in Core Banking and other environmental systems, new software developments and regulatory projects. Progress was achieved by making new investments in digital banking and these investments increased in 2022.

Reporting infrastructure was developed for request and change management applications which were implemented in 2020. Information Systems



Purchasing process automation was realized and trainings were delivered.

In accordance with principles of compliance with COBIT processes, activities continued for increasing data storage and process capacity and performance, monitoring of network and system infrastructure and developing reporting tools. All changes were reflected in back-up and Emergency Center.

PASHA Bank Kartal Business Continuity Center was kept ready for all business continuity activities, Business Continuity tests were performed based on remote working requirements.

In 2023, PASHA Bank will pursue its investments and development activities in infrastructure and security areas at the Headquarters building, with the design of mobile working structure independent from the network and implementation of network access controls and continue to comply with the digital world by working on projects in its strategy.

Information Security

Information Security Management and support service purchased for back-up are being performed, monitored and reported in a healthy manner by the teams in the Bank.

All of the Bank's technological processes for employees' remote working were applied in compliance with the dynamics of COVID-19, the required awareness training programs were organized and supported by training documents. The Bank's remote working model was made compatible with hybrid model.

A high functioning application security wall was added to security applications taking into consideration services open to outside, capacity increase and addition of new functions were realized in vulnerability detection systems. At PASHA Bank, information security policies are updated in line with the changes and threats happening in the area, information technology management processes are constantly reviewed and improved.

Like every year, penetration tests for minimizing security and cyber threat risks were made, no critical level findings were noticed and the operations for strengthening the infrastructure were maintained according to the results. All of the employees and the new comers to the Bank participated in the in-house training program on information security awareness.

Within the scope of Analyses and Improvement of Information Systems and Information Security Risks Project at PASHA Group, the Group worked on standards and benchmarks used in all countries and a new standard was prepared. Improvements will continue at the Group level in 2023.

In the following period, developments will continue with investments for network security audit, mobile device management and cyber security applications.

digital banking

Progress was achieved by investing in digital banking services and these investments were increased as of 2022.

Board of Directors



JALAL GASIMOV
Chairman

Jalal Gasimov earned his Bachelor's degree in economics from Azerbaijan Economy University, and his Master's degree in Economic Relations from the Higher Diplomatic College of Azerbaijan. He completed his MBA at the Warwick Business School, UK.

Gasimov began his banking career at Ilkbank OSJC, Azerbaijan in 1999. In 2002-2003, he held various finance-related positions at private sector companies. From 2003-2004, he worked at Azpetrol Oil Company as a finance director, and served as the Deputy Chairman of the Board of Directors of Azpetrol Holding between 2004-2006. He joined the Moscow Office of McKinsey & Company as a consultant from 2006-2007. He held top management duties as CEO at the Bank of Baku, finance director at CRA Group Companies, and as the CEO and Chairman of the Executive Board at Unibank between 2007-2015, respectively. Jalal Gasimov joined PASHA Holding as the Head of the Banking Group and Deputy CEO in 2015, and served as the First Deputy CEO between October 2016 and December 2019 and from January 2020, became the CEO of PASHA Holding. He also serves as Supervisory Board Member at PASHA Insurance, PASHA Life, PASHA Investment, JSC PASHA Bank Georgia, and as the Chairman of the Supervisory Board of Kapital Bank OSJC.

Mr. Gasimov has been the Chairman of the Board of Directors of PASHA Yatırım Bankası A.Ş. since 31 March 2017, where he joined as a Board Member effective 17 August 2015.

He has 24 years of experience in banking and business administration.



FARID MAMMADOV
Deputy Chairman

Farid Mammadov earned his Bachelor's degree in Political Science at Baku Institute of Social Management and Political Sciences, and his Master's degree in Political Science at the Academy of Public Administration under the President of the Republic of Azerbaijan. He holds international MBA degree from IE Business School and a CFA degree.

He began his banking career in 1999 as a loan officer at United Credit Bank CB. From 2001 to 2010, he worked at Bank of Baku OJSC as Director of Credit Department and subsequently as Deputy CEO. Mr. Mammadov joined PASHA Holding in 2012 as Director of Risk Management, while also serving as a Board Member at PASHA Bank OJSC until June 2013. He was the First Deputy CEO at Kapital Bank OJSC between 2013 and February 2017. He currently serves as Deputy CEO and Director of the Business Lines Group at PASHA Holding. He is Supervisory Board Member at PASHA Investment and Kapital Bank OJSC, in addition to his role as Chairman of the Supervisory Board at PASHA Insurance, PASHA Life, PASHA Technology, PashaPay and JSC PASHA Bank Georgia.

Farid Mammadov has been the Deputy Chairman of the Board of Directors of PASHA Yatırım Bankası A.Ş. since 31 March 2017.

He has 24 years of experience in banking and business administration.



SHAHIN MAMMADOV
Board Member

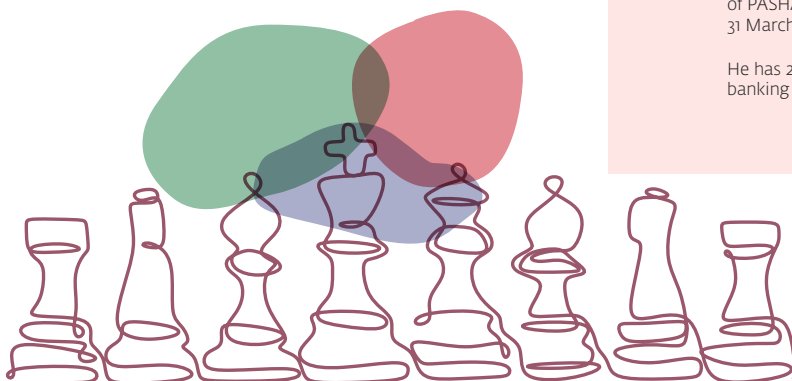
Shahin Mammadov graduated with a Bachelors' degree in accounting and auditing from Azerbaijan State Economic University in 2002. He obtained his Master's degree 2004. He also completed his Ph.D. study in Economy at the Azerbaijan Republic Science Academy in 2010 and graduated from the Harvard Business School in July 2017.

He started his business career at Yapı Kredi Bank Azerbaijan (formerly, Koçbank JSB Azerbaijan) in 2003 and then continued as Audit Manager at Deloitte&Touche LLC. In 2009, Mr. Mammadov was assigned to the position of Director of the Financial Management Department at PASHA Bank Azerbaijan and in 2011 he became a Member of the Executive Board. In 2013, he joined the Board of Directors of PASHA Bank Georgia supervising the business development function. In July 2014, Mr. Mammadov was appointed as the CEO and Chairman of the Board of Directors at PASHA Bank Georgia.

In January 2018, Mr. Mammadov was assigned to the position of Business Support Director and Deputy CEO at PASHA Holding. On 1 March 2018 Shahin Mammadov became Member of the Supervisory Board of PASHA Bank Azerbaijan and on 30 May 2018 became Member of the Supervisory Board of PASHA Bank Georgia. He is also Supervisory Board Member at PASHA Insurance, PASHA Life and PASHA Technology in Azerbaijan.

Shahin Mammadov joined PASHA Yatırım Bankası A.Ş. as a Board Member effective 31 March 2015.

He has 20 years of experience in banking and business administration.





JAVID GULIYEV
Board Member

Javid Guliyev graduated from the Azerbaijan University of Languages and from the Azerbaijan State Economic University majoring in Finances and Credit.

Javid Guliyev began his career in 1996 as Head of Clients Department in British Bank of the Middle East, a subsidiary of HSBC, and in 1999, he served as Head of Financial Control Department of the bank.

In 2003, Javid Guliyev joined Unibank first as advisor to the Board, and later, in 2004, he was appointed First Deputy Chairman of the bank. During the period between 2005 and 2012, Mr. Guliyev was First Deputy Chairman of Bank Standard.

In 2012, Javid Guliyev was appointed Executive Finance Director at Capital Resources Advisors, Azerbaijan Branch. In 2014, he joined PASHA Holding as Chief Advisor.

Javid Guliyev began his career in PASHA Bank OJSC in 2015 as Business Development Advisor to the Chairman of the Bank's Board. On 22 February 2016, he was appointed Deputy Chairman of the Executive Board of PASHA Bank OJSC, on 1 March 2018 he was appointed Deputy Chairman of the Executive Board and Chief Commercial Officer of the Bank. On 12 April 2022, Mr. Guliyev was appointed as Deputy President of PASHA Bank OJSC Executive Committee and as of 9 June 2022, CEO and President of the Executive Committee of PASHA Bank OJSC.

Javid Guliyev joined PASHA Yatırım Bankası A.Ş. as a Board Member effective 12 June 2019.

He has 27 years of experience in banking and business administration



KAMALA NURIYEVA
Board Member

Kamala Nuriyeva obtained her Bachelor's degree in Banking Management from Western University in 1998, and her Master's degree in Finance from Azerbaijan State Economic University in 2002.

Nuriyeva started her professional career at Postbank OJSC as an IT specialist. She worked there for seven years, ultimately becoming the Head of the Credit Department.

In 2003, she joined the Agricultural Rural Investment Fund, established under the TACIS program for agricultural industry development in Azerbaijan, serving as a loan officer. There, she was responsible for attracting customers, as well as loan origination and management. That same year, she was recruited by Unibank OJSC to work as Treasury controller, where she was responsible for currency and market risk management. During 2004-2005, she served McDermott Caspian Contractors Inc. as a cost controller for the fabrication and installation of Central Azeri Offshore Platforms. During 2005-2007, she joined the Bank of Baku OJSC as a deputy chief accountant responsible for accounting activities and management reporting.

She joined PASHA Bank in 2007 as an internal auditor, and was promoted to Head of the Risk Management Department in 2010. In 2011, she moved to PASHA Holding as Group internal auditor and was appointed the Chairperson of the Audit Committee at PASHA Bank, Azerbaijan. In 2013, she was appointed the Head of Group Risk Management at PASHA Holding. Since May 2021, she is the President in Charge of Risk Management at the Shareholders Office. She is a Supervisory Board Member and the Chairman of the Risk Management Committee at Kapital Bank OJSC Azerbaijan and Member of the Chairman of the Risk Management Committee at PASHA Bank OJSC Azerbaijan.

Ms. Nuriyeva joined PASHA Yatırım Bankası A.Ş. as a Board Member effective 25 November 2016.

She has 27 years of experience in banking and business administration.



EBRU OĞAN KNOTTNERUS
Independent Board Member

Ebru Oğan Knottnerus graduated from Middle East Technical University, the Department of Business Administration. She started her banking career in 1991, with roles at various private sector banks and organizations as manager and senior manager in the fields of internal audit, internal control, financial control, planning & budget, MIS reporting, system software implementations and project management, predominantly focused on risk management.

She administered risk management activities of the bank and its subsidiaries as Head of Risk Management at T. Garanti Bankası A.Ş. between 2001 and 2018. Since 2002, she has also been a Board Member and Chairperson of the Risk Managers' Association, of which she is a founding member. She is an Independent Board Member at Odea Bank A.Ş. since July 2021.

Ms. Knottnerus has been serving as an Independent Board Member of PASHA Yatırım Bankası A.Ş. since 2 July 2018, and has simultaneously been a Supervisory Board Member of PASHA Bank Georgia since 31 December 2018.

She has 32 years of experience in banking and business administration.

Board of Directors



NURİ TUNCALI
Independent Board Member

Nuri Tuncali is a graduate of Boğaziçi University, the Department of Business Administration. He had started his career in the year 1984 in Akbank T.A.Ş. as an Assistant Auditor, and continued his career at TEB A.Ş. as an Auditor after the year 1986 and he was Deputy Manager at Loan Control Department, Gayrettepe Branch and Loan Allocation Department from 1988 to 1996 and he served between years 1996-2001 as the Manager and Director of Loan Allocation Department; between years 2001-2011 as the Deputy General Manager in charge of Credit Allocation and Financial Analysis Group; between years 2011-2018 as the Deputy General Manager in charge of SME Credits Group. He served as a Member of the Credit Committee at TEB Factoring A.Ş. between 2001-2019 and as a Member of the Board of Directors at BNP Paribas Finansal Kiralama A.Ş. between 2017-2019.

Nuri Tuncali has been serving as an Independent Board Member of PASHA Yatırım Bankası A.Ş. since 29 March 2019.

He has 39 years of experience in banking and business administration.



FURKAN EVRANOS
Independent Board Member

Dr. Furkan Evranos obtained his Bachelor's degree at Istanbul University, Department of Economics (English), his Master's degrees at Marmara University Social Sciences Institute in English Accounting and Finance, and International Economics. He also received his doctorate degree in international economics.

He started his professional career in 2000 at Finansbank A.Ş. as a Management Trainee and continued as Assistant Auditor in 2003. He worked as Auditor, Head Auditor and Audit Group Manager at TEB A.Ş. Auditing Department between 2008-2016, as the Head of Audit Department at Odea Bank A.Ş. between 2016-2017 and as Deputy CEO at Emir Varlık Yönetimi A.Ş. between 2017-2018. He is the founder and managing partner of Cogito Park & Co Investments group, which is a finance technologies start-up, operating in Teknopark Istanbul. He acts as board member at various companies, faculty member at Beykent University Department of Finance and Banking, member of advisory committee and visiting professor at various universities.

Furkan Evranos, is an Independent Board Member of PASHA Yatırım Bankası A.Ş. since 25 May 2021.

He has an experience of 23 years in banking and business administration.



H. CENK EYNEHAN
CEO and Board Member

Hikmet Cenk Eynehan earned a degree in economics from Erasmus University in the Netherlands, and a Bachelor's degree in management from Monroe College in the USA. He is a graduate of the Foreign Trade and Marketing program from New York University and Master of Business Administration (MBA-Management Program for Executives) from Koç University, Istanbul.

Mr. Eynehan started his banking career in 1994, serving in various management and business development capacities at DHB Bank (Nederlands) N.V. until 2001. He continued his professional career as a managing partner in the non-financial sector during 2002-2004. In 2005, he joined Şekerbank T.A.Ş. and held executive positions in various departments until 2010. He was Deputy General Manager in charge of Corporate Marketing & Sales at Ekspo Factoring A.Ş. from 2011 until 2013.

H. Cenk Eynehan has been serving since 2 August 2013 as the CEO and Board Member at PASHA Yatırım Bankası A.Ş. He concurrently served as the Supervisory Board Member of PASHA Bank Georgia from September 2015 until December 2018.

He has 29 years of experience in banking and business administration.

Senior Management



AYŞE HALE YILDIRIM
First Deputy CEO

Ayşe Hale Yıldırım received her Bachelor's degree at İstanbul University Faculty of Economics and her Master's degree at İstanbul Bilgi University in the area of Information Management Systems.

She started her banking career at TEB A.Ş. between 1998 and 2004 and worked at various positions in Corporate Banking Department of Finansbank A.Ş. until 2008. Ms. Yıldırım acted as the Marketing Manager and Assistant General Manager of Ekspo Faktoring A.Ş. between 2008-2013.

She joined PASHA Yatırım Bankası A.Ş. as the Head of Corporate Marketing Department in 2013. As of 1 August 2016, she assumed the Deputy CEO position in charge of Corporate Marketing, Corporate Communications, Human Resources and Administrative Affairs. Ayşe Hale Yıldırım is the First Deputy CEO of PASHA Yatırım Bankası A.Ş. with effect from 17 May 2019, and currently is in charge of Corporate and Commercial Banking, Premium Banking and Corporate Communications.

She has 25 years of experience in banking and business administration.



BENAN BİLGE KÖKSAL
Deputy CEO

Benan Bilge Köksal, graduated from Bahrain University, Department of Business Administration in 2000.

She began her professional career at Yapı ve Kredi Bankası Bahrain Branch in 1996 and continued her banking career at HSBC Bahrain Branch until 1999. She worked at Arthur Andersen, the independent auditing and consultancy firm between 2000 and 2003, and took role in the audit of financial services particularly. Throughout her tenure of 16 years with Yapı Kredi Portföy Yönetimi A.Ş., she served as the Manager of Finance and Administrative Affairs until 2003 and afterwards as CFO, the Director of Operations, IT, Finance and Administrative Affairs until 2019.

Benan Bilge Köksal is the Deputy CEO in charge of Finance, Operations and Administrative Affairs of PASHA Yatırım Bankası A.Ş. since 23 September 2019.

She has 26 years of experience in banking and business administration.

* As of 5 August 2022, Özer BARAN, Deputy CEO in charge of Credits and Information Technologies, resigned from his position which he started on 12 April 2021.

Directors



ENDER SÖZER
Treasury and Investor Relations

Ender Sözer received her Bachelor's degree at Istanbul Technical University Department of Mathematics Engineering.

Starting her banking career at Tekfen Yatırım Bankası in 1997 as a Management Trainee, Ender Sözer worked at the Turkish Lira Liquidity Management Desk at the Treasury Department until 2001. Between 2001 and 2005, she served at management positions at the Treasury Department of TAIB Yatırım Bankası in Money Markets and Capital Markets areas and took the position of Head of Treasury in 2011. Serving at the same position at PASHA Yatırım Bankası A.Ş. since 2015, Ms. Sözer has been acting as the Director in charge of Treasury, Financial Institutions and Investor Relations since 1 June 2019.

Her business experience in banking and finance is 25 years.



ÖZLEM OĞUZ
Corporate and Commercial Banking

Özlem Oğuz received her Bachelor's degree from Marmara University, Department of Business Administration.

She started her banking career at ICBC Bank between 2003-2005 and she worked at different positions at the Corporate Banking Department of QNB Finansbank until 2015. Between 2015-2017, Ms. Oğuz worked as a Sales Director in retail sector. She joined PASHA Yatırım Bankası A.Ş. as the Head of Corporate Marketing on 16 October 2017 and she is the Director in charge of Corporate and Commercial Banking since 1 October 2020.

Her business experience in banking and finance is 18 years.



YEŞİM ÇAĞLAR
Financial Affairs

Yeşim Çağlar received her Bachelor's degree in 2006 from Marmara University Department of Economics and her Master's degree in Financial Markets and Investment Management in 2008.

She started her career at TAIB Yatırım Bankası in 2008 as a Management Trainee and worked at different positions in Financial Planning, Legal Reporting and Risk Management departments since 2011. Yeşim Çağlar has been working at PASHA Yatırım Bankası A.Ş. as the Director in charge of Financial Affairs, Reporting and Accounting departments since 01 October 2020.

Yeşim Çağlar's business experience in banking and finance sectors is 16 years.



FERHAT ASLAN
Risk Management

Ferhat Aslan received his Bachelor's degree in 1997 at Boğaziçi University Industrial Engineering Department and his Master's degree in Executive MBA at Sabancı University in 2008.

Starting his banking career at Akbank T.A.Ş. Board of Auditors between 1999-2005, Ferhat Aslan worked at Risk Management department at the same bank between 2005 and 2018. Between 2018 and 2020, Mr. Aslan worked as Manager of Risk and Capital Integration Department at ING Bank A.Ş.

Ferhat Aslan has been acting as the Director in charge of Risk Management at PASHA Yatırım Bankası A.Ş. since 2020.

His business experience in banking and finance is 23 years.



ÖNDER DEVRİM EROL
Internal Audit

Önder Devrim Erol received his Bachelor's degree from Ankara University Faculty of Political Science in 1999.

He started his banking career in 2000 at Yapı Kredi Bank Board of Auditors. After working at Tekstilbank Board of Auditors between 2004 and 2014, he served as the Audit Manager at Altınhas Holding between 2014 and 2016.

In 2016, he joined PASHA Yatırım Bankası A.Ş. as the Internal Audit Manager and he has been acting as the Director of Internal Audit since 2022.

His business experience in banking and finance is 23 years.



ARZU GÖKDUMAN
Human Resources

Arzu Gökduman received her Bachelor's degree in Sociology at Boğaziçi University and her Master's degree in Human Resources Management at İstanbul Bilgi University.

She started her banking career at Akbank T.A.Ş. between 2001 and 2004 at the Human Resources Department. Arzu Gökduman worked at different positions in the leading Holding companies in Turkey until 2008. After taking a role at Şekerbank Human Resources Department restructuring activities between 2008 and 2013, Ms. Gökduman assumed the position of Human Resources Manager at Turkasat Varlık Yönetim A.Ş. between 2013 and 2015.

Arzu Gökduman joined PASHA Yatırım Bankası A.Ş. in 2015 as the Head of Human Resources and Administrative Affairs and she has been the Director in charge of Human Resources since October 2021.

Her business experience in human resources is 22 years.

Information on Managers of Departments within the Scope of Internal Systems and Independent Auditor

Internal Systems Department Heads: Names & Surnames, Terms of Office, Area of Responsibility, Academic Background, Professional Experience

Name -Surname	Role	Field of Responsibility	Term of Office	Academic Background	Professional Experience (Years)
Ferhat Aslan	Director	Risk Management	03.02.2020 - Ongoing	Master's	23
Önder Devrim Erol	Director	Internal Audit	23.05.2016 - Ongoing	Bachelor's	23
Arzu Demir*	Department Head	Compliance	26.05.2022 - Ongoing	Bachelor's	27
Serhat Ünsal	Department Head	Internal Control	14.09.2021 - Ongoing	Bachelor's	14

^(*) Fatma Meltem Kiyak, who was the Head of Compliance Unit during the period has turned her duties over to Arzu Demir on 26 May 2022 based as per the Board Resolution dated 26 May 2022 and she continued to act as CEO consultant until the end of the period.

Terms of Office and Professional Experience of the Independent Auditor

At the Annual General Meeting of Shareholders of the Bank held on 18 March 2022, Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst & Young Global Limited) was appointed as per Banking Law No. 5411 and Turkish Commercial Code No. 6102, to serve as an Independent Audit Institution with respect to fiscal year 2022.

The independent audit company titled KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member firm of KPMG International Limited) was deemed appropriate, and decided to be submitted to the approval of the General Assembly, for authorization to conduct independent audit on the Bank's financial statements for the fiscal period covering 01.01.2023-31.12.2023, banking processes and information systems as well as support service organizations, and to carry out other activities as required by law for a term of one (1) year, pursuant to the Board Resolution dated 10 February 2023.

Working Principles of Board Committees

The Committees act within the powers and duties assigned to them according to the Committee regulations approved by the Board of Directors.

Committee members are appointed for three-year terms, but not more than twice consecutively.

Committee activities are carried out via working meetings convening members. Provisions of the applicable legislation and the working principles set forth by the Board of Directors apply in determining the meeting schedules for Committees.

Where possible, committee meetings are held in alignment with the timing of Board meetings.

Where deemed necessary, and provided it is of consultative nature, the executives of the Bank and managers in charge of relevant functions from the controlling shareholders' organizations may attend the meetings in order to present opinion and information on the agenda items upon the invitation of the Committee.

Meetings follow an agenda. The agenda is prepared in a way to cover the tasks assigned by law to the Committees.

The agenda shall cover, at a minimum, the following matters:

For the Audit Committee, supervision of the accounting system, disclosure of financial information to the public, functioning and effectiveness of the independent audit and internal systems;

For the Risk Management Committee, early detection and management of internal and external risks which may jeopardize the Bank's operations, and review of risk management systems, and operational limits with risk appetite statement;

For the Corporate Governance Committee, monitoring and improvement of compliance with corporate governance principles, supervision of the unit in charge of relations with shareholders and the investor relations function, evaluations on the structure and efficiency of the Board of Directors, and recommendations to the Board of Directors on these matters;

For the Human Resources Committee, monitoring and improvement of human resources processes and applications independently for the Board of Directors and providing suggestions for primary tasks related with human resources policies;

For the Nomination and Remuneration Committee, establishing and monitoring of a remuneration policy compatible with the Bank's activities, structure, strategy and related legal legislation and a remuneration system which is independent, strong, competitive and effective; providing opinions and support to the Board of Directors for executive appointments;

Committees may seek the opinions of independent expert persons or entities in order to perform their respective tasks.

A quorum must be present for committee meetings to be legally held. Committee decisions are taken with the majority of the members present at the meeting. If votes are equal, the vote of the Committee Chair shall be decisive.

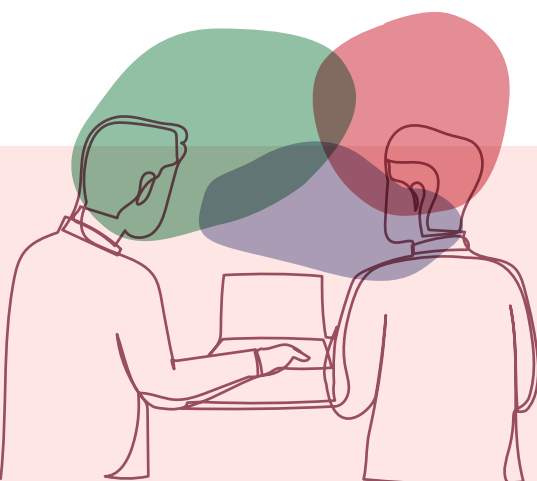
Matters discussed and decisions taken in the meeting are written in the minutes of meeting by the secretary and signed by the members.

Committees present a quarterly report to the Board of Directors on how they fulfill their responsibilities; and submit to the Board for approval the matters they tackle within the powers assigned to them depending on the nature of such matters.

Information on the Activities of the Board of Directors and the Committees

effective governance





In principle, the Board of Directors meet at the Bank's headquarters every two months, with all members present. The members of the Board of Directors attend meetings, or provide notification to the contrary. The Board resolutions are taken in accordance with the meeting and resolution quorums specified in the Articles of Association. During the year, the Board of Directors convened a total of eleven times, nine with members physically present, and twice via electronic communications, and passed 112 resolutions. All resolutions of the Board of Directors were taken unanimously.

The average attendance rate of the Board Members in the meeting held throughout the year is 92%, and the details of attendance are provided in the following table:

Meeting dates	Number of Attending Members	Type of Meeting
02 February 2022	9	Electronic
25 February 2022	8	Physical Attendance
18 March 2022	9	Physical Attendance
29 April 2022	9	Physical Attendance
25 May 2022	9	Physical Attendance
23 June 2022	6	Physical Attendance
28 July 2022	8	Electronic
23 September 2022	8	Physical Attendance
21 October 2022	8	Physical Attendance
25 November 2022	9	Physical Attendance
16 December 2022	8	Physical Attendance

Information on the Activities of the Board of Directors and the Committees

Board Members	Meetings Attended / Meetings Held							
	Independence Status	Board of Directors	Audit Committee	Risk Management Committee	Strategy and Budget Committee	Corporate Governance Committee	HR Committee	Nomination and Remuneration Committee
Jalal Gasimov		8/11						3/3
Farid Mammadov		10/11		07/11	4/6		4/4	3/3
Shahin Mammadov		11/11			6/6	2/2	3/4	
Javid Guliyev		8/11						
Kamala Nuriyeva		10/11	14/14	10/11				
Ebru Oğan Knottnerus	+	11/11		11/11				
Nuri Tuncali	+	11/11						
Furkan Evranos	+	11/11	14/14			2/2		
H. Cenk Eynehan		11/11			6/6		4/4	3/3
Average Attendance Rate		92%	100%	85%	89%	100%	92%	100%

The Credit Committee, Audit Committee, Corporate Governance Committee, Human Resources Committee, Nomination and Remuneration Committee, Strategy and Budget Committee, and Risk Management Committee were established under the Board of Directors while fulfilling its duties and responsibilities, to take decisions in their own areas of responsibility in accordance with the powers granted by the Board of Directors, and to carry out the supervision and audit of the Bank's policies, processes, and practices on behalf of the Board of Directors.

The duties and members of the committees are determined by the Board and announced to the public on the PASHA Bank corporate website as well as in its Annual Report.

Information on the committees set up under the Board of Directors is provided below. The Committees of the Board have carried out activities effectively and in full conformity with

laws, and documented and kept the records of all activities they conducted in the fiscal period.

Audit Committee

The Audit Committee was established to supervise on behalf of the Board of Directors the effectiveness and adequacy of the internal systems of the Bank; the operation of these systems, and the accounting and reporting systems within the framework of the Law and related regulations, and the reliability and integrity of the information produced; to establish the audit and control process that will guarantee ICAAP's adequacy and accuracy; to make the necessary preliminary evaluations in the selection by the Board of Directors of independent auditing firms and rating, appraisal and support service organizations; to monitor regularly the activities of the institutions selected and contracted by the Board; to ensure the maintenance and coordination of the internal audit activities in a

consolidated manner of the subsidiaries subject to consolidation pursuant to related legislation; and to fulfil the duties specified within the Banking and Capital Markets regulations. Listed below is the current composition of the Audit Committee:

Name-Surname	Committee Position
Furkan Evranos	Chairperson
Kamala Nuriyeva	Member

The Audit Committee convenes as required by business needs, and at least quarterly.

Board of Directors' Evaluation of Committee Effectiveness

The structure, duties, powers and responsibilities of the Audit Committee have been determined in accordance with the provisions of the Regulation on Internal Systems and the Internal Capital Adequacy Assessment Process of Banks which was published in the Official Gazette No. 29057 dated 11 July 2014 and other

relevant legislation, and outlined in writing by the Audit Committee Regulation. The working principles of the Audit Committee are posted on the corporate website of PASHA Bank. The Audit Committee presented the results of its activities within their responsibilities and its evaluation of activities of units under internal systems to the Board of Directors within the activity report prepared for the period of six months.

In 2022, the Audit Committee held 14 meetings with full attendance and made a total of 43 decisions in meetings or based on file evaluations. The meetings were held to discuss and

decide on the risk assessment report prepared by the Internal Audit Unit and annual audit plan prepared based thereupon, internal audit reports within the scope of the audit plan; validation and review reports for the ICAAP report dated 31 December 2021; internal audit, technical adequacy, risk analysis and annual review reports for support services providers; annual assessment reports for appraisal firms; designation of the independent audit firm and the services to be procured, the activities and independence of the independent auditor; independently audited financial reports that have been drawn up in accordance with the BRSA regulations and IFRS; management declaration

studies; action plans in response to the findings from the penetration tests, business processes and information systems audit report; intra-group transactions report; changes in internal regulations for the units under Internal Systems and their job descriptions, compliance and internal control reporting, annual reports of the internal audit unit, annual internal control plan and information systems review plan, promotion and appointment of employees within the scope of internal systems, key performance indicators and quality assurance and improvement program of internal audit unit.

The Audit Committee informed Board Members on the outcomes of its activities concerning internal systems and its decisions regarding the issues on the Board's agenda at the meetings held throughout the year. The activity reports prepared by the Committee and the Internal Systems Units were presented to the Board of Directors for information and/or approval.

Meeting Dates	Number of Attending Members	Type of Meeting
31 January 2022	2	Electronic
18 February 2022	2	Electronic
16 March 2022	2	Electronic
31 March 2022	2	Electronic
29 April 2022	2	Physical Attendance
23 May 2022	2	Electronic
22 July 2022	2	Electronic
05 August 2022	2	Electronic
20 September 2022	2	Electronic
21 October 2022	2	Physical Attendance
25 November 2022	2	Electronic
24 November 2022	2	Electronic
13 December 2022	2	Electronic
23 December 2022	2	Electronic

Information on the Activities of the Board of Directors and the Committees

Corporate Governance Committee

The Corporate Governance Committee was established to ensure the management of the Bank in a responsible, fair, transparent, and accountable manner, so as to protect the rights and interests of all stakeholders and shareholders in line with PASHA Bank's identified objectives, the Banking Law, the Capital Markets Law, and relevant regulations, as well as other laws, the Articles of Association, the Bank's internal regulations, and banking ethics; and of monitoring the Bank's compliance with corporate governance principles; and submitting proposals required to the Board of Directors.

Below is the existing structure of the committee:

Name-Surname	Committee Position
Furkan Evranos	Chairperson
Shahin Mammadov	Member

The Committee continues its activities within the framework of the Corporate Governance Committee Regulation. It convenes as required by business needs, and at least once a year.

Board of Directors' Evaluation of Committee Effectiveness

The independence declarations of Board Members who meet the independence criteria described in CMB's Corporate Governance Principles No: 4.3.6 have been presented to the Board of Directors.

In 2022, within the scope of evaluation of PASHA Bank's corporate governance practices, Corporate Governance Committee evaluated the Annual Report of Investor Relations Department, Annual Report of Board of Directors and Annual Report of the Bank, Corporate Governance Principles Compliance Report, Corporate Governance Rating Report, internal regulations of PASHA Bank and the election of rating agency for Corporate Governance Rating.

The Committee presented the results of its monitoring activities to the Board of Directors. These results included its Evaluations of Environmental, Social, Corporate Governance Activities, Investor Relations Activities, Activities of Board of Directors and Board of Directors Committees.

The Committee convened twice in the accounting period and made resolutions on relevant items of the agenda.

Meeting Date	Number of Attending Members	Meeting Type
25/02/2022	2	Electronic
18/05/2022	2	Electronic

Risk Management Committee

The Risk Management Committee was established to ensure that PASHA Bank's risk identification, evaluation, measurement, control, reporting and monitoring processes and capabilities are effective, adequate, and reliable, and to advise and assist the Board of Directors on this matter in meeting its duties and responsibilities.

Tasked with establishing an effective risk management system, the Risk Management Committee sets out PASHA Bank's risk management

policies and strategies in accordance with the Capital Markets Legislation and the principles contained in the BRSA regulations; reviews the types of credit, market, strategic, operational, and financial risks that it is exposed to; monitors implementations of the risk management strategy; and presents important risk issues to the Board of Directors.

It also evaluates, and reports to the Board of Directors, the issues identified on the topics of managing such risks in accordance with the corporate risk-

taking profile of PASHA Bank, taking them into account in the decision-making mechanisms, and establishing and integrating effective internal control systems in this direction. Risk Management Committee consist of the following members as of 31 December 2022:

Name-Surname	Committee Position
Ebru Oğan	Chairperson
Knottnerus	
Farid Mammadov	Member
Kamala Nuriyeva	Member

The Committee conducts its operations in accordance with the Risk Management Committee Regulation came into force on 23 September 2016 and was last updated on 2 December 2022. Meetings are held at least once in each quarter and as frequent as required by the business needs.

Board of Directors' Evaluation of Committee Effectiveness

The Risk Management Committee presented the results of its activities and its assessment of internal systems in quarterly activity reports.

The Committee reviewed and challenged the formulation of the Risk Appetite Statement, in order to assure that it is effective in setting appropriate boundaries in respect of each Principal Risk Type and presented the calculation methodology of related criteria and their suggestions of changes in Operational Limits to the Board of Directors.

It tracked a broad range of risk metrics that are reported to the Risk Management Committee periodically.

During the fiscal period, Risk Management Committee held 11 meetings to discuss and evaluate the policies and procedures for risk management process, ICAAP road map, scenarios and reports, monthly risk management reports prepared by the Risk Management Department, 2022 Risk Appetite Statement and operational limits, any breaches of the identified limits, credit authority limits within operational limits, limits of financial institutions and their effects on risk appetite, stress test results, internal credit risk rating model monitoring outcomes, quarterly activity reports by the Risk Management Committee, action plan for risk health index executed Group-wide, non-performing loans and provision calculations for them, information security and information technologies risks within the context

of operational risks, effects of foreign currency fluctuations on limits defined at risk appetite statement, results of macroeconomic scenario calibration related to expected credit loss and macroeconomic forecasts, possibilities of subordinated credits, mortgage product, impacts of Russia-Ukraine war on PASHA Bank portfolio, impacts of changes in credit scores of international rating agencies on PASHA Bank, individual liability insurance of Board of Directors members and senior management of the Bank for their flaws during their terms of office, default rate calculation method in accordance with IFRS 9, Model Risk Management Framework Project, documents related with business continuity and internal documents updated in accordance with annual review.

Meeting Dates	Number of Attending Members	Type of Meeting
19/01/2022	3	Electronic
17/02/2022	3	Electronic
16/03/2022	3	Electronic
19/04/2022	2	Electronic
20/05/2022	3	Electronic
16/06/2022	2	Electronic
19/07/2022	3	Electronic
13/09/2022	2	Electronic
21/10/2022	2	Physical attendance
17/11/2022	2	Electronic
09/12/2022	3	Electronic

Information on the Activities of the Board of Directors and the Committees

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was established to monitor and supervise remuneration policies, processes and practices on behalf of the Board of Directors for ensuring an independent and effective remuneration system in line with the provisions of the Banking Law and the Bylaw on the Banks' Corporate Governance Principles. The Committee was composed of the members named below as at 31 December 2022.

Name-Surname	Committee Position
Farid Mammadov	Chairperson
Jalal Gasimov	Member
H. Cenk Eynehan	Member

Nomination and Remuneration Committee carries out its activities within the framework of the Nomination and Remuneration Committee Regulation that was enforced on 6 July 2021. The Nomination and Remuneration Committee convenes as required by business needs, and at least once a year.

Board of Directors' Evaluation of Committee Effectiveness

In 2022, the Nomination and Remuneration Committee reviewed PASHA Bank's policies and practices regarding remuneration systematics and submitted its assessment report on such matters to the Board of Directors.

On another note, the Committee reviewed key performance indicators for 2022 and suggested amendments thereto, performance scorecards of the CEO and Deputy CEOs, eligibility for PASHA Bank's bonus pool and payment of success bonuses to employees, the personnel promotions, the proposals to be made to the Board of Directors regarding the payments to Board Members and Executive Managers, annual increase rates on fixed salaries and fringe benefits of PASHA Bank's employees and the annual report, which includes PASHA Bank's remuneration policies and practices for the period January-December 2022, the policies implemented within the Group, and the proposal for the candidate independent board member.

Meeting Date	Number of Attending Members	Type of Meeting
18/03/2022	3	Physical Attendance
27/05/2022	3	Physical Attendance
13/09/2022	3	Electronic

Human Resources Committee

The Committee was established in accordance with the Banking Law and Regulation on Corporate Governance Principles of Banks to monitor remuneration policies, processes and applications on behalf of the Board of Directors to attain an independent and effective remuneration system. Human Resources Committee was composed

of the members named below as at 31 December 2022.

Name-Surname	Committee Position
Farid Mammadov	Chairperson
Shahin Mammadov	Member
H. Cenk Eynehan	Member

Human Resources Committee conducted its activities within the framework set by the Human Resources Committee Regulation which became effective at 6 July 2021 and updated on 28 November 2022. Human Resources Committee convenes once at a minimum during the year, or as frequent as the business need arises.

Board of Directors' Evaluation of Committee Effectiveness

During the period, based on periodic reports prepared by the Human Resources Department, the Human Resources Committee evaluated recruitment activities, demographic

statistics, performance management, training and development activities, employee turnover analyses, key performance indicators for HR Strategy practices for 2021-2022 period, current status of planned strategic projects, remote working conditions during the COVID-19 pandemic, hybrid working

model, activities to increase employee loyalty and suggested projects, as well as updated policies and similar internal regulations within the scope of annual review activities.

Meeting Date	Number of Attending Members	Type of Meeting
25/02/2022	3	Physical Attendance
20/05/2022	3	Electronic
20/07/2022	3	Electronic
17/11/2022	2	Electronic

Strategy and Budget Committee

The Strategy and Budget Committee was established to provide assurance on the preparation of PASHA Bank's business and strategy plans and annual budget in accordance with the strategy, operation and budget management processes approved by the controlling shareholder; to advise the Board of Directors, and to assist it in fulfilling its duties and responsibilities. The present structure of the committee is given below.

Name-Surname	Committee Position
Shahin Mammadov	Chairperson
Farid Mammadov	Member
H. Cenk Eynehan	Member

Strategy and Budget Committee carries out its activities in accordance with the Strategy and Budget Committee Regulation enforced on 23 September 2016 and most recently amended on 10 November 2022. The Committee meets as often as business needs require and at least once every three months.

Board of Directors' Evaluation of Committee Effectiveness

The Strategy and Budget Committee presented the results of its activities to the Board of Directors in quarterly activity reports.

The Strategy and Budget Committee held six meetings during the reporting period and passed decisions regarding

the agenda items. In the meetings, the Committee reviewed the Bank's 2023 budget and macroeconomic and market projections in connection with budgeting, interim financial performance and financial statements, year-end forecasts, internal documents about the Committee, and macroeconomic projections, execution plans for strategic initiatives and projects carried out, Information Systems Strategy Plan for the 2021-2023 period, Talent Development and Retention Strategy, the Committee's periodic activity reports, key performance indicators, subordinated loan, and the market and competitive environment.

Meeting Date	Number of Attending Members	Type of Meeting
31/01/2022	3	Electronic
29/04/2022	3	Physical Attendance
28/07/2022	3	Electronic
21/10/2022	2	Electronic
10/11/2022	3	Electronic
21/11/2022	2	Electronic

Information on the Activities of the Board of Directors and the Committees

Credit Committee

The Credit Committee was established to take credit allocation decisions, and to perform related tasks concerning credits within its power of authority, within the limits set by the Board of Directors in the framework of general and banking regulations. The present structure of the Credit Committee is given below:

Name-Surname	Committee Position
H. Cenk Eynehan	Chairperson
Nuri Tuncali	Permanent Member
Javid Guliyev	Permanent Member
Farid Mammadov	Substitute Member
Shahin Mammadov	Substitute Member

Board of Directors' Evaluation of Committee Effectiveness

Carrying out its activities under the relevant regulation and the authority granted by the Board of Directors, the Committee evaluates the credit limits and conditions proposed by the Credit Department and the Credits Monitoring Department after reviewing for compliance with related Banking legislation and PASHA Bank's internal regulations.

The Credit Committee has discussed the credit proposals under its authority within the limits determined by the Board of Directors and within the framework of the relevant general and banking legislative regulations, and approved credits for firms with positive reviews.

The Credit Committee convened 19 times and passed 50 resolutions during the accounting period.

Meeting Dates	Number of Attending Members	Type of Meeting
07/01/2022	3	Physical Attendance
21/01/2022	3	Electronic
18/02/2022	3	Physical Attendance
04/03/2022	3	Physical Attendance
22/04/2022	3	Physical Attendance
26/04/2022	3	Electronic
10/05/2022	3	Physical Attendance
18/05/2022	3	Physical Attendance
07/06/2022	3	Physical Attendance
17/06/2022	3	Electronic
25/07/2022	3	Electronic
10/08/2022	3	Electronic
31/08/2022	3	Physical Attendance
16/09/2022	3	Electronic
04/10/2022	3	Online Voting
18/10/2022	3	Physical Attendance
26/10/2022	3	Physical Attendance
18/11/2022	3	Physical Attendance
12/12/2022	3	Physical Attendance

Summary of the Board of Directors' Annual Report Submitted to the General Assembly

Dear Shareholders,

We thank each and every one of the shareholders participating in the 2022 Annual General Meeting of Shareholders of our Bank.

Our bank's balance sheet grew by 73% in 2022, our total assets reached TL 6,156 million, according to the audited unconsolidated financial statements for 2022, and the share of total cash loans and lease receivables constituted 59% of total assets.

PASHA Bank's total shareholders' equity as of 31 December 2022 was TL 816 million.

The increase in loans reflected positively on the results of 2022. The total cash, non-cash loans and lease receivables of the Bank reached TL 4,423 million, rising by 40% compared to the previous year as a result of the prudent risk policies that were applied. The net profit for the period was recorded at TL 204 million.

We have examined the Bank's financial statements for the period of 1 January to 31 December 2022, and they do not contain any misstatements materially affecting the presentation of the information, and they accurately reflect the Bank's financial position. PASHA Bank's financial statements containing the operating results for 2022 are presented for your examination and approval in the attachment.

We propose and submit to the General Assembly the approval of the audited, unconsolidated financial statements prepared as of 31 December 2022, and the release of our members of the Board of Directors individually.

Regards,

On Behalf of the Board of Directors



Jalal Gasimov
Chairman

Human Resources Practices

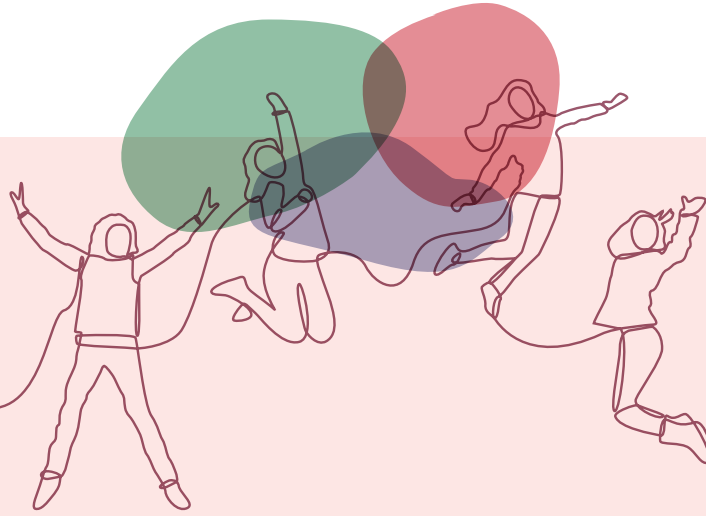
dynamic



PASHA Bank carries out all its human resources practices on the basis of its corporate values of integrity, quality, collaboration, entrepreneurship and profitability to create permanent value for the business world and society and to become a cross border bank which helps its customers get stronger.

In line with these values, our strategic priorities as the Human Resources Department of PASHA Bank are as follows:

- Providing our employees a work environment that is conducive to open communication,
- Adopting a transparent and secure management style that supports innovation and development,
- Adopting an agile management approach which provides rapid solutions,
- Creating an environment of collaboration and trust for our employees,
- Placing emphasis on our employees' motivation
- Supporting improvement of employees' competences by offering continuous development opportunities,
- Contributing to employees' development by expanding feedback culture,
- Adopting a career management system which enriches career opportunities based on employees' staffing needs,
- Placing emphasis on employees' ideas and supporting in-house entrepreneurship,
- Creating human resources with a high level of risk awareness,
- Creating a social environment for our employees,



- Treating our employees and candidates equally and promoting diversity,
- Adopting a management approach which cares about employee and candidate experiences,
- Adopting a sustainable notion of work that could respond to current and future needs.

PASHA Bank Recruitment Policy

PASHA Bank Recruitment Policy is based on the principle of attracting high potential human resource to the organization in line with the Bank's objectives and strategies, corporate values and the competencies required for the position. Our recruitment process begins with a clear determination of the duties and responsibilities, qualifications and competencies required for each position. The process is completed by evaluating the candidate's suitability regarding these criteria and the corporate culture, as well as the employee's enthusiasm for the job and the institution. The most appropriate candidates for the position are interviewed by the Human Resources and the Manager of the relevant Unit and competency inventories are implemented for objectively evaluating the candidate's competencies, assessment centers are conducted for senior positions.

Orientation Training Programs

New employees are subjected to orientation training programs upon arrival, helping them to understand the vision, mission and the corporate culture of the Bank and these programs are supported with orientation booklets. The importance of the Bank's vision, mission, competencies and corporate culture is emphasized during these programs. Furthermore, an "Online Orientation" program in line with the orientation project carried out among the PASHA Group companies, is run conveying the messages of the C Level Managers so that the new comers learn more about Pasha Holding and the Group companies.

New employees are welcomed to the Bank with the Buddy Program, which is a voluntary program. In this context, new employees get familiar with corporate culture during the adaptation period and benefit from current employees' experiences.

Training and Development Activities

Training and development activities are conducted to support continuous development, starting with an orientation program and continuing with on the job training, technical trainings for individual needs of employees, conferences, seminars and leadership trainings.

In 2022, the Bank contributed to the development of the employees with in-house and external training programs in line with its strategy and objectives.

During the period, in order to develop the new generation competencies necessary for adapting to the new normal, various training programs were organized for personal development. Furthermore, the individual needs of our employees were analyzed and they were supported with individual coaching sessions and tailor-made training programs accordingly.

The Leadership Program, which was organized for Managers and positions above Manager who will lead the future of banking sector, in collaboration with Koç University was completed.

Training programs for managerial positions organized with Sabancı University was completed.

A separate certificate program was organized with Bahçeşehir University for our new employees who just started their business lives and will be the leaders of the future.

PASHA Bank provided an average 6 days of trainings per employee during 2022.

Human Resources Practices

Corporate Culture and Organizational Development

PASHA Bank participates in Organizational Health Index (OHI) measurements which started in 2017 with group companies. This is a significant indicator of Group's emphasis on organizational development and cultural integration. With this program, PASHA Bank comes forth as a bank that cares about and measures the satisfaction of its employees in business life.

Within the framework of Organizational Health Index, PASHA Bank conducted various projects in 2022, listening to the needs of its employees in their business lives based on the results of this project.

Regular conversations were held with all employees within the scope of our communication activities, "Tea'm Talks", and actions were planned based on employees' expectations and targets.

Employee Loyalty and Work/Life Balance

PASHA Bank aims to provide a good work and life balance for its employees and took the decision to transition to Hybrid working system independently of pandemic and similar processes. In this context, hybrid working model was launched which is optional for all employees of the Bank.

Our Basketball team within the Social Activities Group participated the Corporate Basketball League and they were supported by all employees to reinforce the team spirit.

Moreover, within the scope of these activities, various motivational events were organized for employees such as special day celebrations, conversations with special guests and talk shows.

In order to listen to the voices of our employees, Employee Satisfaction Survey was conducted for HR practices, expectations and evaluations of employees were measured and HR applications and future plans were shaped based on the results.

Within the scope of Employee Support Program, that was launched to help our employees, which are the most valuable assets of our Bank, with the challenging business and private life events that affect their performance and efficiency, thus supporting them to provide more added value by keeping their ambitions alive in their business lives. This program provides 24/7 advisory and informative services to employees and their family members to consult in all areas that may create personal stress or anything that needs to be inquired.

Collaboration with Universities and Internship Programs

Collaborations with universities were established to prepare university students for business life and to contribute to their development. In this context, numerous agreements were signed for different topics, primarily the Internship Program. This way, the Bank became a pioneer in attracting new talents to the organization.

Seminars were held at Beykent University, İstinye University and İzmir Economics University for students.

With the collaboration of Beykent University, the Bank provided the opportunity to its employees to benefit from advantageous terms in attending Master's and PhD Programs.

Transparent Performance Evaluations and Career Planning

Promotion and career planning of our employees are planned transparently by the Human Resources Committee on a periodic basis.

High performance and innovation are supported and encouraged by the Bank's human resources policy. A career management system based on enriching career opportunities has been adopted by giving priority to employees with consideration for positions.

In-house rotational and promotional practices are aimed to contribute to the career developments of employees, and to meet the human resources needs of the Bank in a rapid and effective manner.

In promotions to senior positions, the Assessment Center Application is conducted together with a professional consulting firm in order to conduct a fair and objective evaluation. In 2022, 23% of the employees were promoted.

In performance evaluations, it was determined that better results are aimed for both employees and the Bank by managing individual performance in line with bank targets and strategies. Performance evaluations of employees are performed with a transparent management perspective. Feedback culture was expanded across PASHA Bank through the "Open Performance Assessment System" implementation.

The following criteria are taken into consideration in periodic performance evaluations:

- Financial and Non-Financial Performance goals that support employee's continuous development;

- Commitment to corporate values and compliance with Bank policies/procedures,
- Contribution with respect to compliance with risk management and legislation,
- Suitability for the Bank and for the competencies required by the task.

The results of performance evaluations are used in career, training and compensation planning.

Talent Management Programs

In order to raise new generation leaders within PASHA Group Companies, the Bank continued to work with mentors within the group. Moreover, leadership program was planned to develop new generation competencies of the leaders of our Bank.

Remuneration Policy

PASHA Bank's Remuneration Policy is supported by a fair, internal compensation strategy based on market salary survey. During the year, to minimize the effect of inflation increase, which started at the last quarter of 2021 and continued in the entirety of 2022 globally and in our country, both the number and diversity of sectoral remuneration and fringe benefits surveys conducted were increased. Three salary increases were realized during the year with proper salaries and fringe benefits to protect the employees against inflation.

A gross wage policy is implemented at our Bank, and our employees are provided with fringe benefits such as health and life insurance, lunch and transportation allowances cards, transportation, and mobile phones and company' car (according to the requirements of their positions), and employee support program services. Employees and senior executives may receive fixed and performance-based compensation in accordance with the Bank's Remuneration Policy and Bonus Policy.

The criteria for performance-based compensation are determined by the Remuneration Policy and the Bonus Policy.

Total amount of financial benefits provided to the members of the Board of Directors and senior management as of 31 December 2022, including salaries, allowances and bonuses was TL 12,472 thousand.

In this context, total amount paid to members of the Board of Directors and senior management in accordance with the Bank's remuneration policy and bonus policy is disclosed in the notes to unconsolidated financial statements as of 31 December 2022, and independent audit report Section 5 Note 7 under the 'Information on benefits provided to senior management' article of 'Disclosures related with the risk group of the Bank'.

The payments made to senior management by the Bank are disclosed to public in line with the general practices not on an individual basis but collectively, covering the top management as a whole.

Furthermore, Directors' & Officers' Liability Insurance with a limit of US 500 thousand is provided for the individual liabilities of the Board members and the Bank's managers in case of wrongdoing while running the business.

Operating with its experienced and competent staff, PASHA Bank supports women's participation in business life with its female employees, who consist 67% of its senior level positions and 56% of all its employees.

61% of the employees hold Bachelor's degrees and 30% hold Master's degree.

Profit Distribution Policy

The Bank's general policy on profit distribution provides for payment of dividends to the extent allowed by the financial structure of the Bank, the pending investments, the situation of the sector, the economic conjuncture, and the legislation on banking.

The Bank's principles pertaining to profit distribution are included in the Articles of Association and the corporate website of the Bank.

The General Assembly can – after setting aside the statutory reserves as required by Turkish Commercial Code and the provisions of the Articles of Association of the Bank, and provided that the permissions required by the legislation on banks are obtained – at its sole discretion and in a way not to constitute a vested right, decide to distribute profits out of the remaining amount, to the members of the Board of Directors and/or of the senior management of the Bank, and to the personnel, at the amounts it wishes.

The General Assembly is empowered to decide to distribute the remaining profit entirely or partly to the shareholders, or to set aside as extraordinary reserve.

In case the Board of Directors tabled a motion for the approval of the shareholders at the general assembly meeting in order that a decision be taken to not distribute the profit for the period, it is obligatory to disclose to the shareholders the reason for not distributing the profit and where the retained profit will be used.

At the General Assembly convened on 18 March 2022, the following resolutions were agreed upon based on the proposal under the Bank's Board of Directors Decision No. 2022/18, dated 15 February 2022: Taking into consideration the regulations of the Banking Law, out of the distributable profit of TL 47,125,266.86, which is the Bank's unconsolidated net profit for 2021, TL 2,356,263.34 will be set aside as First Legal Reserves as the statutory obligation, net distributable

profit for the period in the amount of TL 44,769,003.52 will not be distributed as dividends but will be transferred to Extraordinary Reserves. It has also been resolved that 2021 period income and undistributed profit and reserves from periods before 2021 will not be distributed to cause cash outflow, taking into consideration the directives of Banking Regulation and Supervision Agency.

Based on our financial statements for the period of 1 January 2022 - 31 December 2022 audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (member company of Ernst&Young Global Limited) TL 203,872,842.98 "Net Period Profit" was realized and the Board of Directors' proposal for the method of distribution will be submitted for the approval of the General Assembly on 16 March 2023.

Information on Support Service Providers

The following are the details of the support services procured during the reporting period within the scope of the "Regulation Regarding the Procurement of Support Services by the Banks" put into effect on 5 November 2011 by the Banking Regulation and Supervision Agency.

Trade Name of Support Services Provider	Service Description	Operating Area
FİNEKSUS BİLİŞİM ÇÖZÜMLERİ TİCARET A.Ş.	The main connection and infrastructure required for the IP based messaging network for SWIFT, SWIFTNet, and maintenance and support services for the PayGate software.	Information Systems
INTERTECH BİLGİ İŞLEM VE PAZARLAMA TİCARET A.Ş.	Support, update and maintenance services for the core banking system (INTER-VISION)	Information Systems
ACTIVE BİLGISAYAR HİZMETLERİ VE TİCARET LİMİTED ŞİRKETİ	Core Banking System Securities Module	Information Systems
BARİKAT BT BİLİŞİM TİC. A.Ş.	Information Security and Operations Center	Information Systems
BİLGİ BİRİKİM SİSTEMLERİ ELEK. VE BİLG. END. TİC. LTD. ŞTİ.	Information Technologies Network Operations Monitoring	Information Systems
TEPE SAVUNMA VE GÜVENLİK SİSTEMLERİ SANAYİ A.Ş.	Private security service for the head office	Private Security Service

Transactions Made with the Bank's Risk Group

Information on loans of the Bank's risk group is given below:

Current Period	Investments in Associates, subsidiaries, and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning of the Period	-	-	25,071	187,981	464,149	268
End of the Period	-	-	174,117	109,320	408,311	117,818
Interest and Commission Income Received	-	-	4,931	1,172	23,704	34

Information on forward and option agreements and other similar agreements made with the Bank's risk group is given below:

Bank's Risk Group	Investments in Associates, subsidiaries, and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets where Fair Value Through Profit or Loss						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	96	170	467	(1,816)

In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other matters are given below:

	Current Period			Prior period		
	Risk Group	Total	% Share	Risk Group	Total	% Share
Banks	1,698	1,270,396	0.1	276	209,910	0.1
Cash loans and receivables from leasing transactions	582,428	3,638,093	16.0	489,220	2,422,452	20.2
Securities	26,672	562,018	4.7	833	432,744	0.2
Loans received	32,476	2,763,204	1.2	14,010	1,376,052	1.0
Money market funds	104,128	312,968	33.3	10,835	205,523	5.3
Marketable securities issued	603,557	953,823	63.3	982,820	1,222,549	80.4
Funds / Other liabilities	191,069	785,660	24.3	3,782	126,392	3.0
Subordinated Debt Instruments	467,749	467,479	100.0	-	-	-
Non-Cash loans	227,138	785,177	28.9	188,249	732,489	25.7
Derivatives	-	668,149	0.0	-	278,708	0.0

Information on Significant Developments Related with the Bank's Operations and Legal Disclosures

Information on Significant Developments Related with the Bank's Operations and Legal Disclosures

Disclosures Concerning Administrative or Judicial Sanctions Imposed on the Bank and its Management due to Practices in Violation of Regulations

There were no administrative or judicial sanctions imposed on the members of the Board of Directors due to regulatory violations in accordance with Banking Law and related legislation.

In 2022, the obligations regarding the administrative and irregularity fines practiced by the regulatory and supervisory authorities for the legislative discords were met by means of benefiting from the discount permitted by the legislation and a total amount of TL 1,086,676,50 was paid.

Lawsuits Against the Bank and any Probable Outcomes That Could Impact the Bank's Financial Situation and Operations

There are no lawsuits filed against the Bank in 2022 significant enough to have a material impact on its financial situation or operations.

Information on Regulatory Changes that May Significantly Impact the Operations of the Bank

1- Changes on Communiqué on Required Reserves

Central Bank of Republic of Türkiye (CBRT) issued a press release on 23 April 2022 which requires reserves that are being recorded on the liability side of the balance sheets to be also

recorded on the asset side to make mandatory policy set stronger. In this context, commercial cash credits in Turkish Lira of banks and financial institutions are subject to mandatory reserves, except for the credit types listed below:

- Credits extended to companies defined as SMEs
- Credits extended to craftsmen
- Export and investment credits
- Agricultural credits
- Credits extended to institutions and organizations listed within the scope of schedules (I), (II), (III) and (IV) of Law on Public Financial Management and Control numbered 5018, their economic entities and related subsidiaries and investments.
- Business credit cards
- Credits extended to financial institutions

2- Changes in Communiqué on Securities Establishment

Within the scope of communiqué 2022/23 issued on the Official Gazette dated 20 August 2022, numbered 31929, which make changes in CBRT's Communiqué on Securities Establishment numbered 2022/20, Turkish Lira cash credits with procedures and principles defined by the CBRT are considered as assets subject to security establishment. After this definition, Application Instructions on Securities Establishment was issued. In accordance with these instructions, the banks are instructed to extend

commercial TL credits against spending to monitor these credits' use in line with their purposes based on their types as SME, export and investment credits. If credits are used against those instructions, it is required by CBRT that security establishment will be applied with rates stated at those instructions.

3- Changes in Banks' Net Foreign Currency Position

Based on the changes made with the regulation issued at the Official Gazette dated 10 December 2022, numbered 32039, related with BRSA's Foreign Currency Net General Position/Equity Standard Rate to be calculated based on both consolidated and non-consolidated figures by the banks, foreign currency net general position is reduced to 5% effective 9 January 2023.

4- Limitations on Turkish Lira (TL) Credit Extension

In accordance with BRSA's resolution on 24 June 2022, numbered 10250, a limitation is applied for TL credits used by companies subject to independent audit, if TL equivalent of foreign currency cash assets exceeds TL 15 million and if this amount exceeds 10 % of total assets or net sales for the year, whichever is higher. With the resolution number 10389 dated 21 October 2022, numerical limitations were revised as TL 10 million and 5%.

5- Circular on Confidentiality

With changes made on Article 73 of the Banking Law on Confidentiality on 2 February 2022, scope was widened and some exceptions were provided. After these changes, Regulation on

Disclosure of Confidential Information was issued by BRSA and this regulation became effective with all its provisions on 1 July 2022. However, some exceptions and disclosure rules on this regulation brought some new concerns and this time BRSA issued another circular dated numbered 2022/1 per the resolution dated 11 August 2022, numbered 10295. This circular includes the scope of confidentiality obligation, conditions of exceptions, general principles for disclosure of confidential information and functions of the information disclosure committee.

6- Change in Corporate Tax Rate

In accordance with Article 25 of the Omnibus Bill issued at the Official Gazette on 15 April 2022, numbered 31810, corporate tax applied to banks' income will be 25% and this will be effective for the income of the tax period of 2023.

Extraordinary General Assembly Meeting held during the year, if any

An Extraordinary General Assembly meeting was not held in 2022.

Information on Audits

In accordance with the Banking Law no.5411, the Bank is subject to limited reviews at each quarter and a full scope audit at year ends by an Independent Audit Firm. Audit reports are approved by the Audit Committee and the Board of Directors. Moreover, based on Article 65 of the same Law, the Bank is under continuous oversight and audit of Banking Regulation and Supervision Agency and other regulatory agencies and authorities.

During the accounting period, routine public audit activities were not performed by regulatory and supervisory institutions.

Activities within the Scope of Prohibition of Competition

Board of Directors Members were given the permission by the General Assembly to act within the scope of Article 395 of the Turkish Commercial Code numbered 6762 "Prohibition of doing business with the Company and loans from the Company" and Article 396 of the same Law, "Prohibition of competition". However, the members of the Board of Directors did not have any activities on their or other parties' behalf or any act within the scope of prohibition of competition within the frame of this permission granted by the General Assembly.

Measures Intended to Prevent Conflicts of Interest

PASHA Bank has established an equilibrium policy regarding stakeholders in order to tackle any potential conflicts of interest among them in a balanced manner within the framework of the Corporate Governance Policy.

The Bank follows the general principles and code of practice defined in the Conflicts of Interest Policy in managing potential conflicts of interest among stakeholders as described below, and implements the measures set forth in the aforementioned policy to prevent conflicts of interest.

- Conflict of interest between the Bank and its customers;
- Conflict of interest between the Bank and its employees;
- Conflict of interest between employees and/or functions;
- Conflict of interest between customers;
- Conflict of interest between the Bank's employees and customers.

Compliance Department Manager is responsible for sharing incidents of conflict of interest detected with the Audit Committee and reporting them to the Human Resources Department and Internal Audit Department via the Compliance Report. Human Resources Department is responsible for reporting those cases which were communicated by the Compliance Department to the Human Resources Committee, along with the solutions and action plans determined by the Committees of the Headquarters.

PASHA Bank announces to the public its Conflict of Interest Policy and Corporate Governance Policy by publishing the same on the corporate website.

The Audit Committee conducted a risk assessment on the support services procured by the Bank; and prepared an evaluation report on whether or not any situation has emerged in a way to prevent or pose a risk for the effective and efficient functioning of the Bank's internal systems or performance

of internal control or internal audit activities in procurement of support services; as well as whether or not the qualified shareholders of, and managers authorized to represent, the support service organizations continue to meet the criteria required by law. The committee submitted the report to the Board, and monitored the efficiency of the services performed by support service organizations regularly. No conflict of interest was found in the evaluations made by the Committee.

Moreover, independence of activities between the Bank and the chairman and members of the board of directors, managers, appraisal experts, employees and auditors of the appraisal institutions which the Bank procured services from in 2021 were reviewed. No conflicts of interest were noticed for the Bank and the risk group which includes the Bank other than the ones anticipated at the appraisal service agreement.

Statement of Compliance with Corporate Governance Principles

It is decided to submit the Corporate Governance Compliance Report – which has to be prepared as per Resolution of the Capital Markets Board dated 10.01.2019 and numbered 2/49 and as required by Corporate Governance Communiqué II-17.1 – via the Public Disclosure Platform (“PDP”), by using the templates of the Corporate Governance Compliance Reporting (“CRF”) and of the Corporate Governance Information Form (“CGIF”). The said templates as well as the explanations made according to Corporate Governance Communiqué II-17.1’s Article 8 with the heading “Corporate Governance Principles Compliance Report” are presented below. CRF templates are used in order to report the compliance status with the voluntary principles, CGIF templates are used to inform about the corporate governance practices, and the related forms are announced to the public at least three weeks before the General Assembly Meeting on the PDP. The information in the CRF and CGIF templates announced at PDP have been assessed by the Corporate Governance Committee, Audit Committee and accepted by the resolution of the Board of Directors.

The Corporate Governance Compliance Report was prepared as annexed in accordance with the formats determined by the Capital Markets Board’s decision.

The fields indicated by (X) represent the Bank’s compliance status, and necessary explanations have been made for the implementations other than yes.

With the awareness of the importance of corporate governance practices as well as financial performance, PASHA Bank improves its internal practices to establish an effective, adequate and consistent corporate structure with

regard to the “Bylaw on the Corporate Governance Principles for Banks” issued by the Banking Regulation and Supervision Agency (“BRSA”). On the other hand, it has been working voluntarily to ensure maximum compliance with the Corporate Governance Principles contained in the attachment to the “Corporate Governance Communiqué” no. II-17.1 that was published by the Capital Markets Board (“CMB”), and continues to strengthen corporate governance mechanisms in this endeavor.

PASHA Bank believes that the existence of independent members in the Board of Directors as part of the Corporate Governance Principles will contribute to the development and strengthening of the Bank’s activities, and the establishment of a more professional management approach. Two members at the Board of Directors possess the qualities of independent Board members.

PASHA Bank’s determination to implement corporate governance principles, and its willingness to manage this process dynamically and continuously, were confirmed in 2022 by an independent rating agency and JCR Eurasia Rating has revised PASHA Bank’s overall compliance score with CMB Corporate Governance Principles upwards to (9.24) along with a (Stable) outlook.

The discrepancies arising between the CMB’s Corporate Governance Principles and the practices by the Bank were included in the report under the relevant subject headings.

In 2022, PASHA Bank adhered compliance to the “Corporate Governance Principles” published by the CMB with the exception of certain principles provided below that were not required to be implemented. There is no conflict of interest stemming from

the matters outlined below that were not implemented.

As required by the Corporate Governance Communiqué numbered II-17.1, article 11 and clause 2, “The manager of the investor relations department that possesses the necessary CMB licenses mentioned in the Communiqué has not been placed as a member of the Corporate Governance Committee.

With respect to the principle numbered 1.5.2.; Minority rights have not been recognized by the Articles of Association for those who hold less than one-twentieth of the capital.

With respect to the principle numbered 2.1.2; information about the real persons who own more than 5% of the issued capital is not published on the corporate web page.

With respect to the principle numbered 3.3.1.; there is no official succession plan for the key posts. However, activities to develop an official succession plan for the key posts has continued throughout 2022 within the scope of an action plan regarding enhancement of the corporate governance processes before the controlling shareholder and the approach for succession planning of the Board and Committees’ members and chairpersons was approved by the Group ExCo.

With respect to the principle numbered 3.3.8.; there is no union organization among the Bank’s employees and the Bank does not have an action plan for such arrangement in this regards.

With respect to the principle numbered 4.2.8.; The limit of the directors’ and officers’ liability insurance does not exceed 25% of the paid-up capital of the Bank, and no explanation has been made in this regard at the PDP.

Statement of Compliance with Corporate Governance Principles

With respect to the principle numbered 4.3.9.; There is not yet a target rate and target time determined for the ratio of female members in the Board of Directors. As of reporting date there are two female members in the Bank's Board of Directors.

With respect to the principle numbered 4.5.3.; the role of chair of the committees other than the Human Resources Committee and Nomination & Remuneration Committee have been conducted by independent non-executive directors.

With respect to the principle numbered 4.5.5.; Assignment to the Board Committees is carried out in line with the relevant legislation, taking into consideration the accumulated knowledge and experience of the members of the Board of Directors and some members of the Board of Directors are assigned to more than one committee. However, members assigned to more than one committee ensure communication between committees involved in related issues and increase cooperation opportunities.

With respect to the principle numbered 4.6.5.; The remuneration and other benefits provided to the Board Members and senior executive directors are disclosed to the public through the annual report. However, the payments made are disclosed to the public on a collective basis in parallel to market practice, rather than an individual basis.

Explanations about the activities of the Committee in charge of audit and the outcome of its meetings are included under the section "Information On Management and Corporate Governance Practices" of the Annual Report and functioning and effectiveness of the internal systems organization are included under the heading "Audit Committee's Assessments on the Operation of Internal Systems" of the Annual Report.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THEIR ACTIVITIES IN THE REPORTING PERIOD

Board of Directors' Activities in 2022

Board of Directors defines the Bank's strategies, related business goals and risk limits for three-year periods based on Strategy and Budget Committee's suggestions. In 2022, the Board of Directors discussed and resolved the issues on related with the activities summarized below:

"The responsibilities assigned to the Board of Directors within the framework of the provisions of the Communiqué on Internal Systems and Internal Capital Adequacy Assessment Process of Banks, risk management and credit policies and methodologies, improvements on the internal credit risk rating model, updates on the risk appetite limits, Risk Appetite Statement and related Operational Limits, new and updated policies and regulations of the Bank, independent audit reports in accordance with BRSA regulations and International Financial Reporting Standards, the action plans for the correction of the findings regarding the information systems and banking processes audit and the penetration test, loan allocation, financial restructuring and procurement requests under the authority of the Board of Directors, key performance indicators and information systems strategy plan of the strategy period, the budget for the next fiscal year and its monthly financial performance, domestic and cross border issuance conditions for the debt instruments, asset finance fund establishments, corporate governance practices, changes in the Bank's organizational structure, distribution of duties in the Board of Directors and its Committees, top management appointments, promotion and personal benefits of Bank's employees, authority

levels of employees who will be granted signature authorities or changes in those with existing authorities, implementation plan of strategic initiatives, selection of independent auditor, Annual General Shareholders' Meeting agenda and suggestions to be submitted to the General Assembly.

Corporate Secretary Unit is assigned to perform duties of determining the agenda of the PASHA Bank's Board of Directors' meetings, preparing the Board of Directors resolutions, briefing and communication of the Board of Directors. Topics to be discussed at the meetings are gathered at the Corporate Secretary Unit and upon consolidation of these topics, the agenda is determined as per endorsement by the Chairman.

Evaluation of individual director performance was carried out by the Chairman in 2022.

Board of Directors Structure and Status of Members at the Board

PASHA Bank Board of Directors consists of nine members, three of which are independent members. Detailed information about the Members of the Board of Directors is given in the continuation of this report.

Biographies of the Board Members can be found on pages 46-48 of the annual report.

Information on Aids and Donations

During the period, aids and donations at a total amount of TL 3.300 were realized. The Bank's internal procedures on donation policy are set up with its Corporate Governance Policy and no changes were made during the period.

Information on the amount of aids and donations and their beneficiaries are presented at the General Assembly meeting as a separate agenda item.

Corporate Governance Compliance Report and Information Form

Corporate Governance Compliance Report

	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.					X	The Article 33 of the Articles of Association of the Bank contains the provision "the independent audit of the Bank is performed by independent auditors authorized to perform independent audits in the banks in accordance with the relevant legislation. The independent audit firm to conduct the audit is selected by the General Assembly", and there is no provision in the Articles of Association of the Bank regarding the request for the appointment of a special auditor. There were no requests made during the reporting period as to the appointment of a special auditor for our Bank.
1.3. GENERAL ASSEMBLY						
1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There is no insider with privileged information.

Corporate Governance Compliance Report and Information Form

	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				There is no media participation.
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2-The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	The Bank has no subsidiaries and affiliates.
1.5. MINORITY RIGHTS						
1.5.1- The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights have not been determined to be less than one-twentieth of the capital in the Articles of Association of the Bank.
1.6. DIVIDEND RIGHT						
1.6.1 -The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					

	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1.-The company website includes all elements listed in Corporate Governance Principle 2.1.1.		X				Frequently Asked Questions section is not available.
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.			X			The information on real person shareholders who own more than 5% of the issued capital is not available on the corporate website.
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.		X				Important information is prepared in English. Related information is updated as needed.
2.2. ANNUAL REPORT						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						

Corporate Governance Compliance Report and Information Form

	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
3.2.1-The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.		X				Ongoing effort has been made to develop an official succession plan for the key posts.
3.3.2-Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.			X			The Bank does not have a regulation issued on this matter.
3.3.9 - A safe working environment for employees is maintained.	X					

	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2-Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2-Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					

Corporate Governance Compliance Report and Information Form

	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.			X			The cost of liability insurance for managers does not exceed 25% of the capital of the Bank, and there was not a disclosure made on the PDP on this issue.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				There has been no target rate and target time determined for the female member rate in the Board of Directors. As at 2022 year-end, two female directors sit on the Board of Directors and a rate of 22% was attained.
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2-The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					



	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4-Each member of the board has one vote.	X					
4.4.5-The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				PASHA Holding LLC, the controlling shareholder of the Company, has subsidiaries and, as the Members of the Board of Directors of the Bank taking part in the management of these companies is for the benefit of the Group, they have not been restricted in taking on these duties outside the Bank. On the other hand, independent members have also not been restricted in taking on other duties outside the Bank. The duties of the Members of the Board of Directors outside the Bank are submitted to the information of the shareholders in the General Assembly through the annual report and information document.

Corporate Governance Compliance Report and Information Form

	Company Compliance Status					Description
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.			X			Assignment to the Board of Directors' Committees are made in accordance with the relevant legislation, taking into account the knowledge and experience of the Board Members, and some of the Members of the Board of Directors are assigned to more than one committee. However, members who serve in more than one committee provide communication between committees that work on related matters and increase cooperation opportunities.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.	X					
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.			X			The remuneration and other benefits provided to the Board Members and senior executive directors are disclosed to the public through the annual report. However, the payments made are disclosed to the public on a collective basis parallel to market practice, rather than an individual basis.



Corporate Governance Information Form

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/ etc.) organised by the company during the year

No representation was possible in any meeting throughout the year

1.2. Right to Obtain and Examine Information

The number of special audit request(s)

The request for the appointment of a special auditor has not yet been laid out as an individual right in the Bank's Articles of Association. No requests were received for the appointment of a special auditor within the period.

The number of special audit requests that were accepted at the General Shareholders' Meeting

There was no request for a special auditor at the Ordinary General Assembly Meeting held in 2022.

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

The General Assembly Information Document was posted separately on the corporate website.

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

The documents of the General Assembly Meeting are not published in English at the same time.

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

There are no non-unanimous transactions within the scope of the Principle 1.3.9.

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)

The related-party transactions realized by the Bank in 2022 as part of ordinary operations were presented to the Board of Directors by means of financial reports that were disclosed to the public. In 2022, there were no related-party transactions or significant transactions that must have been submitted to the approval of the General Assembly because of lack of approval by the independent members.

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)

There were no widespread and continuous related-party transactions that needed to be decided on by the Board of Directors, other than the transactions carried out by the Bank in 2022 due to its ordinary operations.

The name of the section on the corporate website that demonstrates the donation policy of the company

It is contained in the heading "Donations and Aids Policy" under the "Policies" tab in the "Corporate Governance" section within the "About Us" page on the bank's website located at the address "www.pashabank.com.tr".

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

<https://www.kap.org.tr/tr/Bildirim/1011384>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

22

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Bank employees, Members of the Board of Directors, shareholders' representative, independent audit firm's representative, corporate governance rating agency's representative can attend the General Assembly meeting.

1.4. Voting Rights

Whether the shares of the company have differential voting rights

None.

Corporate Governance Compliance Report and Information Form

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares. None.

The percentage of ownership of the largest shareholder 50.96

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association No

If yes, specify the relevant provision of the articles of association None.

1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy

It is included in the heading "Profit Distribution Policy" under the "Policies" tab contained in the "Corporate Governance" section of the "About Us" page on the Bank's corporate website at "www.pashabank.com.tr".

Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend

3. As per the motion submitted by the proxy of PASHA Bank OJSC and PASHA Holding LLC, in accordance with the resolution of the Board of Directors dated 15 February 2022 and numbered 2022/18 by considering the regulations related with the Banking Law, it was unanimously resolved; a primary legal reserve at the amount of TL 2,356,263.34 TL, out of nonconsolidated profit of TL 47,125,266.86 for the year 2021 be set aside; the net distributable profit of TL 44,769,003.52 for the period, be transferred to the Extraordinary Reserves account; without being distributed as dividend, the profit distribution statement, annexed to the proposal be approved.

PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends

<https://www.kap.org.tr/tr/Bildirim/1011384>

General Meeting Date	The number of additional disclosure requests submitted to the company in relation to the agenda of the General Assembly	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
18.03.2022	0	99.92%	99.92%	It is contained under the "General Assembly Meetings" tab in the "Corporate Governance" section within the "About Us" page on the bank's website located at the address "www.pashabank.com.tr".	N/A	12	0	https://www.kap.org.tr/tr/Bildirim/999041

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.

It is included in the "Corporate Governance" section of the "About Us" page under the "Investor Relations" page on the Bank's corporate website at the address of www.pashabank.com.tr

If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.

None.

List of languages for which the website is available Turkish and English

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members

It is located in the section of "Information on Management and Corporate Governance Practices" of the annual report.

b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure

It is located under the heading "Information on Activities of the Board and Committees" in the section of "Information on Management and Corporate Governance Practices" of the annual report.

c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings

It is located under the heading "Information on Activities of the Board and Committees" in the section of "Information on Management and Corporate Governance Practices" of the annual report.

ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation

It is located under the heading "Information on Significant Developments Related with the Bank's Operations and Legal Disclosures" in the section of "Information on Management and Corporate Governance Practices" of the annual report.

d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof

It is located under the heading "Information on Significant Developments Related with the Bank's Operations and Legal Disclosures" in the section of "Information on Management and Corporate Governance Practices" of the annual report.

e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest

It is located under the heading "Measures Intended to Prevent Conflicts of Interest" in the section of "Information on Management and Corporate Governance Practices" of the annual report.

f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%

None.

g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results

It is located under the heading "Human Resources Practices" in the section of "Information on Management and Corporate Governance Practices" of the Annual Report.

Corporate Governance Compliance Report and Information Form

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy

It is located in the heading "Compensation Policy" under the "Policies" tab in the "Corporate Governance" section within the "About Us" page on the Bank's website at the address of "www.pashabank.com.tr".

The number of definitive convictions the company was subject to in relation to breach of employee rights

None.

The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)

Employees can communicate their concerns about any illegal or unethical practices made in the Bank, all issues related to the violation of ethical principles, and their findings on the following issues to the Compliance Officer via e-mail address "EtikHatGroup@pashabank.com.tr" of the Ethics Line communication channel specified within the Bank's structure.

- Fraud,
- Corruption,
- Forgery,
- Unethical behavior,
- Cases creating conflict of interest
- Non-compliance with legal regulations

The contact detail of the company alert mechanism.

Those concerned can be reached via the e-mail address of "EtikHatGroup@pashabank.com.tr".

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.

Employee participation in decision-making processes is ensured by the "Employee Satisfaction Survey" system.

Corporate bodies where employees are actually represented

Employees of the Bank can use any communication channel to participate in management.

3.3. Human Resources Policy

The role of the board on developing and ensuring that the company has a succession plan for the key management positions

The Board of Directors puts into place the necessary succession plans.

The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.

It is located in the heading "Human Resources Policy" under the "Policies" tab contained in the "Corporate Governance" section of the "About Us" page on the Bank's corporate web site at the address of www.pashabank.com.tr.



Whether the company provides an employee stock ownership programme

There is no share purchase plan.

The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.

It is located in the heading "Code of Conduct" under the "Policies" tab in the "Corporate Governance" section of the "About Us" page on the Bank's corporate website at the address of www.pashabank.com.tr.

The number of definitive convictions the company is subject to in relation to health and safety measures

None.

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics

It is located in the heading "Code of Conduct" under the "Policies" tab in the "Corporate Governance" section of the "About Us" page on the Bank's corporate website at the address of www.pashabank.com.tr.

The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.

Within the framework of its Sustainability, Environment and Social Responsibility Policy, the Bank bases on the principles exemplified below on related issues.

- The Bank endeavors to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles within the scope of the Capital Markets Board Corporate Governance Communiqué numbered II-17.1.
- The Bank applies the Law on Occupational Health and Safety and its secondary regulations in Turkey to provide full compliance, related to the health and safety of their employees apply the necessary measures in time.
- The Bank undertakes to comply with the related obligations by following all environmental regulations it is subject to due to its activities.
- The Bank aims to support investments in renewable energy with projects with high environmental awareness.
- The Bank conducts environmental awareness raising activities to ensure that its employees act environmentally sensitive in their activities.
- The Bank takes the necessary measures to ensure the recovery of wastes.
- Within the framework of the Bank's Credit Policy approved by the Board of Directors, it is undertaken not to finance restricted sectors and areas in terms of loan granting regardless of the amount limitation.

Corporate Governance Compliance Report and Information Form

Any measures combating any kind of corruption including embezzlement and bribery

The following methods are used pursuant to the Misconduct Prevention Policy to prevent abuses before they occur and to reveal them after they occur.

- External Audit of Financial Statements and Financial Reporting
- Financial Reporting Approved by Senior Management
- Authority Limits
- Segregation of Duties
- Ethical Principles Policy
- Corporate Governance
- Independent Audit Committee
- Whistleblowing Hotline
- Misconduct Training for Staff and Managers
- Misconduct Prevention Policy
- Official Misconduct Risk Assessments
- Internal Audit and Internal Control Practices
- Unexpected Inspections
- Supervision
- Physical Inspections and Reconciliations
- Information Security Policies
- Personnel Policies
- CV Reference Checks
- Rotation / Mandatory Leave

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	22.10.2022
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	There has been no delegation of authority.
Number of reports presented by internal control unit to the audit committee or any relevant committee to the board	20
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	It is included under the heading "Audit Committee's Assessment of the Functioning of Internal Systems" in the section of the annual report titled "Assessments on Financial Information and Risk Management".
Name of the Chairman	Jalal Gasimov
Name of the CEO	Hikmet Cenk Eynehan
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	They are different persons.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	The cost of directors' & officers' liability insurance does not exceed 25% of the capital of the Bank and no separate disclosure was made in the PDP on this matter.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None.
The number and ratio of female directors within the Board of Directors	2 people, with a rate of 22%.

Corporate Governance Compliance Report and Information Form

Name, Surname of the Board Member	Real Person Acting on Behalf of Legal Person Member	Gender	Title	Profession	The First Election Date To the Board	Whether Executive Director Or Not	Positions Held in the Company in the Last 5 Years
Jalal Gasimov	-	Male	Chairman	Banker	17/08/15	Non-Executive	Chairman of Board of Directors Chairperson of Strategy and Budget Committee Chairperson / Member of HR and Remuneration Committee Member of Corporate Governance Committee
Farid Mammadov	-	Male	Deputy Chairman	Banker	31/03/17	Non-Executive	Deputy Chairman of Board of Directors Member of Strategy and Budget Committee Member / Chairperson of HR and Remuneration Committee Member of Risk Management Committee Substitute Member of Credit Committee
Shahin Mammadov	-	Male	Board Member	Banker	31/03/15	Non-Executive	Board Member Chairperson of Strategy and Budget Committee Substitute Member of Credit Committee Member of Corporate Governance Committee
Javid Guliyev	-	Male	Board Member	Banker	12/06/19	Non-Executive	Board Member Member of Credit Committee
Kamala Nuriyeva	-	Female	Board Member	Banker	25/11/16	Non-Executive	Board Member Chairperson / Member of Risk Management Committee Member of Audit Committee
Ebru Oğan Knottnerus	-	Female	Board Member	Banker	02/07/18	Non-Executive	Independent Board Member Member / Chairperson of Risk Management Committee Chairperson of Audit Committee
Nuri Tuncali	-	Male	Board Member	Banker	29/03/19	Non-Executive	Independent Board Member Member of Credit Committee Chairperson of Corporate Governance Committee
Furkan Evranos	-	Male	Board Member	Banker	25/05/21	Non-Executive	Independent Board Member Chairperson of Audit Committee Chairperson of Corporate Governance Committee
H. Cenk Eynehan	-	Male	CEO and Board Member	Banker	02/08/13	Executive	CEO and Board Member Chairperson of Credit Committee Member of Strategy and Budget Committee Member of HR and Remuneration Committee

Current Positions Held Outside the Company	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not	Independent Board Member or Not	Link to PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Committees Charged and Task
PASHA Holding LLC, CEO Kapital Bank OJSC, Azerbaijan, Chairman of the Supervisory Board JSC PASHA Bank, Georgia, Member of the Supervisory Board PASHA Insurance, Azerbaijan, Member of the Supervisory Board PASHA Life, Azerbaijan, Member of the Supervisory Board PASHA Investments, Azerbaijan, Member of the Supervisory Board PashaPay, Azerbaijan, Member of the Supervisory Board	Yes	Not Independent				Member of Nomination and Remuneration Committee
PASHA Holding LLC, Deputy CEO, Business Group Director Kapital Bank OJSC, Azerbaijan, Member of the Supervisory Board JSC PASHA Bank, Georgia, Chairman of the Supervisory Board PASHA Insurance, Azerbaijan, Chairman of the Supervisory Board PASHA Life, Azerbaijan, Chairman of the Supervisory Board PASHA Technology, Azerbaijan, Chairman of the Supervisory Board PASHA Investments, Azerbaijan, Member of the Supervisory Board PashaPay, Azerbaijan, Chairman of the Supervisory Board	Yes	Not Independent				Member of Strategy and Budget Committee Chairperson of Human Resources Committee Chairperson of Nomination and Remuneration Committee Member of Risk Management Committee Substitute Member of Credit Committee
PASHA Holding LLC, Deputy CEO, Business Support Director PASHA Bank OJSC, Azerbaijan, Member of the Supervisory Board JSC PASHA Bank, Georgia, Member of the Supervisory Board PASHA Insurance, Azerbaijan, Member of the Supervisory Board PASHA Life, Azerbaijan, Member of the Supervisory Board PASHA Technology, Azerbaijan, Member of the Supervisory Board	Yes	Not Independent				Chairperson of Strategy and Budget Committee Member of Human Resources Committee Member of Corporate Governance Committee Substitute Member of Credit Committee
PASHA Bank OJSC, CEO, Chairman of the Management Board	Yes	Not Independent				Member of Credit Committee
PASHA Shareholder's Office, CRO Kapital Bank OJSC, Azerbaijan, Member of the Supervisory Board	Yes	Not Independent				Member of Risk Management Committee Member of Audit Committee
JSC PASHA Bank, Georgia, Member of the Supervisory Board, Member of the Audit Committee, Chairperson of Risk Management Committee Odea Bank A.Ş., Independent Board Member, Member of Risk Committee and Reserve Member of Credit Committee	Yes	Independent		Not Considered	No	Chairperson of Risk Management Committee
-	Yes	Independent		Considered	No	Member of Credit Committee
COGITO Park & Co, Founding Partner Beykent University, Banking & Finance Department, Lecturer	Yes	Independent		Considered	No	Chairperson of Audit Committee Chairperson of Corporate Governance Committee
PD Turizm ve Gayrimenkul A.Ş., Board Member	Yes	Not Independent				Chairperson of Credit Committee Member of Strategy and Budget Committee Member of HR and Remuneration Committee

Corporate Governance Compliance Report and Information Form

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors

Number of physical board meetings in the reporting period (meetings in person)	In 2022, 9 meetings were held by meeting in person.
Director average attendance rate at board meetings	92%
Whether the board uses an electronic portal to support its work or not	Electronic Board of Directors System is being used since July 2021
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Each meeting notification confirming the date, time, place and agenda is made by the Board Secretariat to all Members of the Board of Directors at least four (4) business days prior to the meeting date, and the relevant supporting documents for the agenda items to be addressed are submitted to the members of the Board of Directors at least three (3) business days prior to the date of the meeting.
The name of the section on the corporate website that demonstrates information about the board charter	It was described in the article 14 of the "Articles of Association" located in the "Corporate Governance" section within the "About Us" page on the Bank's corporate website at the address of "www.pashabank.com.tr".
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None.

4.5. Board Committees

Page numbers or section names of the annual report where information about the board committees are presented.	It is located under the heading "Information on Activities of the Board and Committees" in the section of "Information on Management and Corporate Governance Practices" of the annual report.
Link(s) to the PDP announcement(s) with the board committee charters	None.

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee	-	Furkan Evranos	Yes	Board Member
Audit Committee	-	Kamala Nuriyeva	No	Board Member
Corporate Governance Committee	-	Furkan Evranos	Yes	Board Member
Corporate Governance Committee	-	Shahin Mammadov	No	Board Member
Risk Management Committee	-	Ebru Oğan Knottnerus	Yes	Board Member
Risk Management Committee	-	Farid Mammadov	No	Board Member
Risk Management Committee	-	Kamala Nuriyeva	No	Board Member
Nomination & Remuneration Committee		Farid Mammadov	Yes	Board Member
Nomination & Remuneration Committee		Jalal Gasimov	No	Board Member
Nomination & Remuneration Committee		H. Cenk Eynehan	No	Board Member
Human Resources Committee		Shahin Mammadov	Yes	Board Member
Human Resources Committee	-	Farid Mammadov	No	Board Member
Human Resources Committee	-	H. Cenk Eynehan	No	Board Member
Strategy and Budget Committee	-	Shahin Mammadov	Yes	Board Member
Strategy and Budget Committee	-	Farid Mammadov	No	Board Member
Strategy and Budget Committee	-	H. Cenk Eynehan	No	Board Member
Credit Committee	-	H. Cenk Eynehan	Yes	Board Member
Credit Committee	-	Nuri Tuncali	No	Board Member
Credit Committee	-	Javid Guliyev	No	Board Member
Credit Committee	-	Farid Mammadov	No	Board Member
Credit Committee	-	Shahin Mammadov	No	Board Member

Corporate Governance Compliance Report and Information Form

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)

It is contained in the "Information on Management and Corporate Governance Practices" of the annual report.

Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)

It is contained in the "Information on Management and Corporate Governance Practices" of the annual report.

Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)

It is contained in the "Information on Management and Corporate Governance Practices" of the annual report.

Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)

It is contained in the "Information on Management and Corporate Governance Practices" of the annual report.

Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)

It is contained in the "Information on Management and Corporate Governance Practices" of the annual report.

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)

It is contained in the CEO's Message in the Annual Report, the Summary Report by the Board of Directors submitted to the General Assembly, and under the "Assessments on the Financial Condition, Profitability, Debt Servicing Capability and Realization of the Defined Strategic Objectives" in the "Financial Information and Assessments on Risk Management".

Specify the section of website where remuneration policy for executive and non-executive directors are presented.

It is located in the heading "Remuneration Policy" under the "Policies" tab in the "Corporate Governance" section within the "About Us" page on the Bank's corporate website at the address of "www.pashabank.com.tr".

Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)

It is located under the heading "Human Resources Practices" in the section of "Information on Management and Corporate Governance Practices" of the Annual Report.

Composition of Board Committees-II

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Activity Reports Submitted to the Board
Audit Committee	-	100%	50%	2	2
Corporate Governance Committee	-	100%	50%	0	1
Risk Management Committee	-	100%	33%	1	4
Human Resources Committee	-	66%	0%	1	1
Nomination and Remuneration Committee	-	66%	0%	2	1
Strategy and Budget Committee	-	66%	0%	1	4
Other	Credit Committee	66%	33%	12	0

Statement of Independence

I hereby declare that I currently serve as an "independent member" on the Board of Directors of PASHA Yatırım Bankası A.Ş. pursuant to the provisions of the Communiqué Serial: II-17.1 on Corporate Governance Principles issued by the Capital Markets Board and in this context, I hereby declare the following:

1. Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature, with any corporate entity with which the Bank, any company in which the Bank has management control or significant influence, or any shareholder having management control or significant influence over the Bank or any corporate entity;
2. I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Bank purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Bank, in the past five years;
3. I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member;
4. After having been elected as a member I am not a full-time employee of public institutions and organizations, except as a member of academia should applicable legislation permit;
5. I am considered to be a resident of Turkey as for the purposes of the Income Tax Law no. 193, dated 31 December 1960;
6. I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the Bank's operations, maintaining my independence in possible conflicts of interest between the Bank and its shareholders, and making decisions freely taking into consideration the rights of stakeholders;
7. I am capable of dedicating sufficient amount of time to be able to follow up the execution of the Bank's affairs and to fully meet the requirements of the duties I undertake;
8. I have not held the position of member of the Board of Directors of the Company for more than six years in the past ten years;
9. I am not serving as an independent board member in any company which is controlled by the Bank or by shareholders having management control over the Bank;
10. I will be serving on the Bank's Board of Directors as a real person and in this context; I have not been registered and promulgated in the name of any corporate entity elected as a board member



Ebru Oğan KNOTTNERUS
Independent Member of the Board of Directors

I hereby declare that I currently serve as an “independent member” on the Board of Directors of PASHA Yatırım Bankası A.Ş. pursuant to the provisions of the Communiqué Serial: II-17.1 on Corporate Governance Principles issued by the Capital Markets Board and in this context, I hereby declare the following:

1. Neither I, nor my spouse, nor any relative of mine whether by blood or by marriage unto the second degree, have, within the most recent five years, entered into any employment relationship in an executive capacity involving major duties and responsibilities, or individually or jointly held more than 5% of the capital or voting rights or privileged shares, or established any commercial interest of a significant nature, with any corporate entity with which the Bank, any company in which the Bank has management control or significant influence, or any shareholder having management control or significant influence over the Bank or any corporate entity;
2. I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Bank purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Bank, in the past five years;
3. I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member;
4. After having been elected as a member I am not a full-time employee of public institutions and organizations, except as a member of academia should applicable legislation permit;
5. I am considered to be a resident of Turkey as for the purposes of the Income Tax Law no. 193, dated 31 December 1960;
6. I possess strong ethical standards, professional credibility and experience that are necessary for making positive contributions to the Bank’s operations, maintaining my independence in possible conflicts of interest between the Bank and its shareholders, and making decisions freely taking into consideration the rights of stakeholders;
7. I am capable of dedicating sufficient amount of time to be able to follow up the execution of the Bank’s affairs and to fully meet the requirements of the duties I undertake;
8. I have not held the position of member of the Board of Directors of the Company for more than six years in the past ten years;
9. I am not serving as an independent board member in any company which is controlled by the Bank or by shareholders having management control over the Bank;
10. I will be serving on the Bank’s Board of Directors as a real person and in this context; I have not been registered and promulgated in the name of any corporate entity elected as a board member



Nuri TUNCALI
Independent Member of the Board of Directors

Statement of Independence

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2. I was neither a shareholder (5% and higher), nor have I worked in an executive capacity involving major duties and responsibilities for or served as a member on the boards of directors of any company from/to which, under a contract, the Bank purchased/sold services or products of material quantity during the period of time such services or products were being purchased or sold, and particularly of the firms performing the audit (including tax audit, legal audit and internal audit), rating and consultancy of the Bank, in the past five years;
3. I possess the professional education, knowledge and experience for due performance of the duties I will assume in connection with being an independent board member;
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Furkan EVRANOS
Independent Member of the Board of Directors

Corporate Governance Compliance Report Responsibility Statement

As per the decision 2/49 of Capital Markets Board (CMB) dated 10 January 2019, we have reviewed the Corporate Governance Compliance Report and Corporate Governance Information Form for the period 1 January 2022-31 December 2022 and we declare that these reports were prepared in accordance with the rules and principles stated in CMB's Communiqué on Corporate Governance numbered II-17.1.



Furkan EVRANOS
Chairperson of Audit Committee



Kamala NURIYEVA
Member of Audit Committee

PASHA Yatırım Bankası A.Ş. 2022 Annual Report Responsibility Statement

Annual report of PASHA Yatırım Bankası A.Ş. for the year 2022 was prepared in accordance with the rules and procedures specified within the frame of "Regulation on Principles and Procedures for Preparation and Publication of Annual Reports by the Banks" published in the Official Gazette numbered 26333, dated 1 November 2006 and presented hereafter.



Jalal GASIMOV
Chairperson of Board of Directors



Furkan EVRANOS
Chairperson of Audit Committee



Kamala NURIYEVA
Member of Audit Committee



H. Cenk EYNEHAN
CEO and Board Member



Benan Bilge KÖKSAL
Deputy CEO



Yeşim ÇAĞLAR
Director, Finance

Independent Auditor's Report on The Annual Report of the Board of Directors

(Convenience translation of a reporting originally issued in Turkish)

To the General Assembly of PASHA Yatırım Bankası Anonim Şirketi

1) Opinion

We have audited the annual report of PASHA Yatırım Bankası Anonim Şirketi ("the Bank") for the period of January 1 – December 31, 2022.

In our opinion, unconsolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Bank are presented fairly and consistent, in all material respects, with the audited full set unconsolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 published by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Bank in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Financial Statements

We have expressed an unqualified opinion in our auditor's report dated February 13, 2023 on the full set unconsolidated financial statements of the Bank for the period of January 1 – December 31, 2022.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks', the management of the Bank is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Bank for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to unconsolidated financial statements. The development of the Bank and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.
- c) The annual report also includes the matters below:
 - Subsequent events occurred after the end of the fiscal year which have significance,
 - The research and development activities of the Bank,
 - Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.
 - Other matters prescribed in the communique on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

Independent Auditor's Report on The Annual Report of the Board of Directors


5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué on 'Principles and procedures set out by the regulations on preparation and issuance of annual reports of Banks' published in official gazette no.26333 dated November 1, 2006 , "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA"), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkey Financial Reporting Standards ("TFRS") for the matters which are not regulated by these regulations, on unconsolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with Bank's audited unconsolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and BRSA Independent Audit Regulation. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the unconsolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the unconsolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Emre Çelik.

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



Emre Çelik
Partner

17 February 2023
İstanbul, Turkey



Assessments of the Audit Committee on the Activities of Internal Systems

PASHA Bank's internal audit, internal control, risk management and compliance departments assume the responsibility to report to the Board of Directors in compliance with the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks" as well as the provisions of the "Regulation on Program of Compliance with Obligations of Anti-Money Laundering of Proceeds of Crime and Combatting the Financing of Terrorism, and conduct their activities in line with these regulations.

The internal systems organization of the Bank consisting of Internal Audit, Internal Control, Compliance, and Risk Management Departments that operate in line with the BRSA and The Financial Crimes Investigation Board (MASAK) directives reports to the Board of Directors through the Audit Committee and the Risk Management Committee.

Internal Audit Department

The internal audit plan is prepared annually as of the end of preceding year, taking into consideration the regulatory amendments and the Bank's activities' development and evolution. Also in 2022, the internal audit plan was developed in accordance with the risk assessment report and the results of the risk matrix and was approved by the Board of Directors after Audit Committee's endorsement.

Audit activities in 2022 were realized for the operational areas specified in the audit plan which covers the effectiveness of the Bank's internal control environment and risk management systems.

Throughout the year, the primary activities of such internal systems departments were monitored and reported in accordance with this plan. Decisions taken during the Audit Committee meetings were forwarded to the relevant departments of the Bank by the Bank's Internal Audit Department.

Risk analysis studies for support service institutions were created in line with the views of the internal systems departments, and the periodic evaluation reports and audit reports issued on the relevant organizations were submitted to the Board of Directors.

The Internal Audit Department, together with the Internal Control Department, has carried out during the year the audits underlying the Bank's "Management Statement" within the scope of the Circular No. BSD 2010/3 dated 30 July 2010 of the Banking Regulation and Supervision Agency, and submitted its report first to the Audit Committee and then to the Board of Directors. In addition to the banking processes and information systems controls, the audit of the support service institutions was also carried out by the Internal Audit Department within the scope of the Management Declaration study. Audit results were reviewed by the Audit Committee and the results were presented to the Board of Directors.

The Internal Audit Department operates as a whole in the form of an inherent supervision and audit function with respect to the banking and information systems processes and risk management, internal control and compliance practices, and examines and audits units periodically

on the basis of risk. It also assumes an objective and independent consulting function in terms of the management of all applications and processes of the bank in parallel with best practices. It provides Board of Directors with assurance that the Bank's operations are conducted in accordance with laws and other relevant legislation, as well as on such matters as the effectiveness and adequacy of the internal control environment and risk management systems. It offers opinions and recommendations for the effective and efficient utilization of bank resources.

Internal Audit Unit conducted audits according to the prescribed audit plan for 2022 and submitted 12 audit reports to the Board of Directors through the Audit Committee.

Members of the Internal Audit Unit continued their training activities in 2022. In this context, the Internal Audit Director received 27 hours of trainings and team members participated the trainings related with their areas.

Internal Control Department

Internal Control Unit is responsible for securing and coordinating a healthy, competent and efficient internal control environment, taking into consideration the evolving and changing nature of the Bank. Internal Control Unit assists the Bank in carrying out its activities efficiently and effectively in line with the management strategy and policies as well as within the framework of current regulation and rules. Furthermore, it is supervised that all control activities within the Bank are carried out duly.

Within the scope of the internal control model designed in accordance with three lines of defense principles,

Assessments of the Audit Committee on the Activities of Internal Systems

first level of controls were defined by business units considering their risks. The Internal Control Unit realized second level controls for all functions based on a certain methodology, taking into consideration the scope and sample size. Control activities regularly performed by different departments for operations of Head Office business units were closely monitored and inspections were made to observe they are being performed timely, completely and accurately.

Internal Control team continuously monitors the IT activities to ensure they are being performed securely within the scope of legal regulations and the rules defined by the Bank. Similarly, internal control points were designed by the Internal Control Unit for the IT processes based on legal regulations and the Bank's internal control model. These control points were adopted into the control activities in accordance with the methodology and tools.

Suggestions were made for deficiencies and weaknesses detected as a result of the activities of the Internal Control Department and resolutions of findings were monitored based on a specific action plan.

Control activities designed for this purpose were conducted by internal control personnel competent and experienced in their areas. Local and international developments in internal control area were followed up and the Bank's internal control applications were updated.

In 2022, all operational activities of the Bank were reviewed on a changing frequency and on a need basis for control points. In this context, control results were reported to the Audit Committee and senior management on a regular basis.

Additionally, using control assertion forms implemented by the Internal Control Unit and key control results prepared by business units responsible for first level controls, the effectiveness of the general control environment was assessed and second level controls were realized. Moreover, management assertion tests and asset confirmation studies were performed; Validation Report for ICAAP Report was prepared and business continuity tests were attended as an observer.

Furthermore, Internal Control Unit team attended various trainings during the year for their professional development. Taking into consideration the training times which employees who work at the information systems internal control function of the department are legally required to get trainings were delivered in areas of internal control governance and establishment of controls or information security.

Internal Control Unit will continue to perform their tasks and responsibilities to establish an objective, transparent and effective internal control system and ensure its sustainability, in accordance with legal requirements and the Bank's internal regulations and procedures.

Compliance Department

Compliance Department performs its activities with the objective of conducting and developing control and monitoring activities which are designed within the scope of a risk-based approach. Activities performed in 2021 in accordance with Laws 5549, 6415, 7262 and related legislation are presented below:

- Through Combat Against Laundering of Crime Proceeds

and Financing of Terrorism Unit; conducting monitoring and control activities within the framework of recommendations issued by prestigious institutions at international platforms in the areas of prevention of laundering and financing of terrorism with a risk-based approach in accordance with Laws 5549, 6415, 7262 and related legislation.

- Development of monitoring and control activities designed for the Bank's areas of operations with a risk-based approach,
- Start of the activities to implement the project which is based on a risk-based scenario to provide for full compliance of the Bank's activities with MASAK (Financial Crimes Investigation Board) regulations and all other related legislation,
- Conducting activities for internal regulations, codes and procedures to comply with MASAK, BRSA, domestic and international legislation,
- Providing an effective, efficient and strong internal control environment to conduct the operations of the Bank in accordance with recommendations developed by FATF and similar international authorities,
- Review of new products and services with a risk-based approach within the scope of MASAK and BRSA regulations and providing an opinion before implementation,
- Coordination of support service procurement process based on BRSA regulations.
- Within the scope of compliance with ethical principles; management of the internal communication



system, Ethics Hotline, which was established within the scope of Ethical Principles of PASHA Yatırım Bankası A.Ş. and monitoring of measures taken to prevent conflicts of interest under ethical principles discipline.

- Management of MIDES and customer complaint resolution process within the scope of protection of the interests of customers.
- Development and organization of training programs intended for the prevention of laundering of proceeds of crime and combatting the financing of terrorism and conducting activities for improving the compliance culture and awareness.
- Development and improvement of existing embargo and sanction list controls under the scope of financial security and monitoring and controlling activities under the scope of prevention of laundering of proceeds of crime and combatting the financing of terrorism.
- Application of controls via banned/sanction lists at customer acceptance stage, before and after establishing SWIFT, account etc. relations with banks within the scope of prevention of laundering of proceeds of crime and combatting the financing of terrorism.
- Monitoring of suppliers within the scope of the prevention of laundering of proceeds of crime and combatting the financing of terrorism. Application of controls both within this scope and in terms of conflicts of interest under the

ethical principles sub-discipline before establishing relations.

- Preparing reports in accordance with the legislation within the scope of FATCA and CRS.

Risk Management Department

The Risk Management Department continued to monitor at regular intervals credit risk concentrations, quality of assets, the risk in the financial asset portfolio, and the operational risks that were exposed to in accordance with the internal policies and rules and risk limits approved by the Board of Directors. The Risk Management Department carried out the following activities in 2022:

Risk maps regarding the risks the Bank is exposed to, key risk indicators, risk reducing actions were monitored within the frame of Operational Risks. The areas in need of improvement regarding the Bank's operational risks are identified and the necessary measures were taken together with the relevant teams within the Bank.

In terms of Market Risk, relevant regulatory reports were prepared and market risk capital adequacy was calculated. Risks that our Bank may be exposed due to fluctuations in market prices were measured. Balance sheet and off-balance sheet foreign currency positions were followed and reported based on internal and regulatory limits. These reports were shared with Asset Liability Committee (ALCO) and Risk Management Committee and risk reduction techniques were implemented based on senior management views when necessary.

The structural interest rate risk due to term discord in the structure of the

Bank's Balance sheet was monitored through gap analysis under the scope of Structural Interest Rate and Liquidity Risk. The executed stress tests were debated at the Asset-Liability Committee and Risk Management Committee. The Bank's liquidity level is being monitored with both TL - FX and as total liquidity. The liquidity adequacy was tested under various stress assumptions of which the results were submitted regularly to the relevant Committees and Senior Management.

Credit Risk is also monitored within the scope of regulatory reports, credit risk and credit risk capital requirement were calculated. Historical trend of credit portfolio and concentration risk were monitored. To keep credit concentration under control, concentration limits were identified and monitored for individual firms, group companies and banks. Provisions were calculated using provision methods established within the frame of compliance with legal and international standards based on IFRS 9.

Information Technologies and Information Security risk management policies and procedures were established. Risk assessments were performed based on the Bank's asset inventory and action plans were prepared.

All of the analysis and reports covering the credit, market, liquidity and operational risks were submitted primarily to Asset-Liability Committee and Risk Management Committee and to relevant committees.

Stress tests and scenario analyses which are intended to assess and measure all risks that the Bank may be exposed to and which enables the

Assessments of the Audit Committee on the Activities of Internal Systems

determination of necessary capital amount were performed and shared with the Board of Directors within the scope of Internal Capital Adequacy Assessment Process (ICAAP).

Risks that the Bank may be exposed to and the risk appetite regarding these risks were identified by taking the stress test results into consideration and the Risk Appetite Statement was regularly updated.

Policies and procedures of Risk Management Department are updated to include the Bank's current structure and risks that the Bank may be exposed to.

Improvement of technical infrastructure and competences were achieved in terms of the Bank's risk identification, monitoring, control, risk reduction and stress testing processes within the scope of the action plans established so that Risk Health Indicators (RHI) scores reach the expected levels, which is among the Bank's strategic key performance indicators. Assessments were made within the Bank to increase risk awareness within the scope of

the risk culture project of the Holding. Improvement areas were identified and action plans were established.

Internal systems departments are at the focus of all transactions within the Bank in terms of risk, organization, quality management, effectiveness, adequacy and compliance.

In this context, Internal Control and Risk Management Departments which constitute the second line of defense will continue its activities such as updating the infrastructure, performing second level controls, monitoring and reporting of results, fulfilling regulatory requirements and demands, improvement of the Bank's internal control and risk management environment in 2023. Compliance Department will also continue its monitoring and control activities in accordance with the legislation.

In 2023, the Internal Audit Department will continue its auditing responsibilities for the efficacy, adequacy, and compliance of the Bank's internal control and risk management environment with the same scope and care.



Assessments on the Financial Condition, Profitability, Debt Servicing Capability and Realization of the Defined Strategic Objectives

PASHA Bank defined its key strategic support points to reach its targets for the three-year strategic period, which includes 2021-2023, as regional visibility in foreign trade, re-definition of credit products, diversified funding, guiding growth and innovation in investment banking.

PASHA Bank's total assets grew by 73% year-over-year to reach TL 6,156 million, due to the growth in loans. In the same period, the Bank's liabilities increased to TL 5,340 million, and total shareholders' equity rose to TL 816 million. Having attained a gross operating profit of TL 384 million according to the unconsolidated financials at the end of 2022, the Bank closed 2022 with a net period profit of TL 204 million.

The total amount of cash loans and lease receivables (gross) rose by 50% year-over-year at the end of 2022, increasing from TL 2,422 million to TL 3,638 million, corresponding to 59% in the total assets. Non-cash loans amounted to TL 785 million and the total credit risk exposure rose to TL 4,423 million with 40% increase.

Cash, banks and liquid marketable securities consist of 37% of total assets. The securities portfolio, which reached TL 553 million with an increase of 29%, has a 9% share in total assets.

The Bank's non-performing loans were realized as TL 16.6 million thousand and its ratio over total loans was 0.5%.

The primary funding sources of the Bank are the shareholders' equity with a 13% share, "Funds Borrowed" and "Due to Money Markets" with a 50% share, "Debt Securities Issued" with a 15% share, "Funds" with a 10% share and "Subordinated Loans" with an 8% share.

Among FX-denominated debt securities issued, Eurobond issuances in Azerbaijan constitute the whole of total issuances in circulation as of the balance sheet date.

Among debt securities issued and in circulation, amount of USD 38.5 million and EUR 3.2 million were issued in Azerbaijan as Eurobonds.

Funding from the risk group constitutes 26% of total funding. Normal customer relations and market conditions are considered for relations with the risk group.

Total operating expenses reached TL 100 million in parallel with the expansion in the operations of the Bank.

Information on investments of the Bank in 2022 was disclosed in the Independent Audit Report Section 5/ I. Notes and disclosures to asset account in balance sheet.

PASHA Bank exceeded its target by 48% in total assets set for the year 2022 budget objectives. Among the key financial indicators, capital adequacy ratio was 23.4% and total assets/equity ratio was 7.5.

Actions and projects supporting strategic goals are being studied by senior management through the committees they work in, reviewed by the Board of Directors and decisions are taken.

Strategy and Budget Committee reviews the Bank's strategy and its key pillars regularly, strategic initiatives and implementation plan is reviewed in meetings which are realized at Group level every six months.

The Bank's paid-in-capital amounting to TL 500 million was assessed for possibility of loss of capital within the scope of Article 376 of the Turkish Commercial Code. It was determined that there were no obstacles in front of PASHA Bank to continue its operations in a healthy manner thanks to its strong position in terms of capital adequacy ratio and debt structure and assets are at a sufficient level to meet liabilities.

PASHA Bank analyzes its capital requirements in line with its strategic goals within the scope of the criteria defined in "Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process" and "Guidance on ICAAP Report". Capital planning is done in accordance with ICAAP.

A measurement and assessment process was established to cover risks specified within the scope of ICAAP.

- a. First structural pillar risks
- b. Second structural pillar risks that are significant and identified by the Bank.
- c. External risks arising from the economic environment, business environment and regulatory framework which are not covered above.

Risk Management Policies

The risk management process of PASHA Yatırım Bankası A.Ş. is laid out and implemented in accordance with the "Banking Law" and the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks" that was published by the Banking Regulation and Supervision Agency and other relevant regulations and the principles and implementation procedures contained in good practice guidelines. It is essential that the Risk Management Unit works independently of other business lines. Risk management function at our Bank was established in accordance with this independence principle and reports to Risk Management Committee.

The Bank's risk management approach is based on an integrated risk management structure overseeing risk-return-equity balance by establishing necessary infrastructure required for a healthy risk management system including human resources, information technologies, risk assessment models, regulations, procedures, practice manuals and reports.

Risk awareness and management is an important component of the bank culture and utmost attention is paid to compliance with domestic

legislation and in the implementation of internationally accepted standards. The establishment and pursuance of an effective risk management system is among the priorities of the top management at PASHA Yatırım Bankası A.Ş.

The Bank's risk appetite strategy is determined by overseeing equity and liquidity capacity, by considering potential risks to be assumed in financial markets, position boundaries limiting these risks and control points of risks to be taken.

The managers and the employees at all levels of the bank have been tasked with assessing the risks that are faced, knowing the techniques for managing possible risks that may be encountered in the areas within their job descriptions, as well as providing the necessary support for the control and audit procedures implemented by other units within the internal systems. Accordingly, first level controls were put in place that need to be performed by each operational area, in addition to second and third level controls monitored by the Bank's internal systems department.

Policies and procedures for measurement, analysis, monitoring, reporting and control of the identified

risks are being defined by the Risk Management Department and the relevant departments of the Bank. These policies and procedures are adopted upon the review of the Risk Management Committee and approval of the Board of Directors.

The risk management unit is responsible for monitoring the risk appetite and limits and submitting them to the Board of Directors after updating them when necessary, and the Board of Directors has the ultimate responsibility. Limits are set by using methods developed in accordance with the Bank's risk appetite in that field of activity and the volume and complexity of the products and services offered and with early warning limits, when appropriate.

Risk management activities carried out in accordance with the policies are checked in periods determined by the Internal Audit Unit and findings are reported to the Audit Committee and Board of Directors for their information and for actions to be taken if necessary.



Information on Ratings Assigned by Rating Agencies

The international credit rating agency JCR Eurasia Rating affirmed PASHA Bank's rating in its press release dated 29 September 2022 as follows.

National Long-Term Rating: A- (tur) (Outlook: Stable)

International Long-Term Foreign Currency Rating BB, (Outlook Negative)

The Bank's credit rating was publicly announced via PDP and detailed information about the Bank's rating was posted on the Bank's corporate website www.pashabank.com.tr and JCR Eurasia Rating's website jcrer.com.tr.

On its Corporate Governance Rating report dated 8 June 2022, JCR Eurasia Rating has assigned PASHA Bank an overall compliance score of (9.24) with CMB Corporate Governance Principles by revising it upwards along with a (Stable) outlook.

According to JCR Eurasia Rating's methodological infrastructure and notation representation, the level of overall convergence of the Bank with the CMB Corporate Governance Principles corresponds to the [AAA (Trk) / Distinctive] category and its notch degree to the level of [aa / Superior].

The corporate governance compliance rating score comprises four main fields with different weights as per relevant CMB's regulations and distribution of PASHA Bank's ratings on these fields are as follows;

Main Fields	Weight	Numerical Value	Convergence Level	Rating	Outlook
Shareholders	25%	90.70	[AAA (Trk) / Distinctive Compliance]	[aa / (Superior)]	Stable
Public Disclosure and Transparency	25%	91.90	[AAA (Trk) / Distinctive Compliance]	[aa / (Superior)]	Stable
Stakeholders	15%	93.03	[AAA (Trk) / Distinctive Compliance]	[aa / (Superior)]	Stable
Board of Directors	35%	93.74	[AAA (Trk) / Distinctive Compliance]	[aa / (Superior)]	Stable

The revised Corporate Governance Rating Score for the period was posted on the Bank's corporate website, www.pashabank.com.tr, and also announced to the public via material disclosure made on the Public Disclosure Platform (PDP).

Five-Year Summary of Unconsolidated Financial Highlights

(TL thousand)	31.12.2022	31.12.2021	31.12.2020	31.12.2019	31.12.2018
Total Assets	6,155,855	3,562,553	2,179,409	1,725,503	1,349,565
Loan and Leasing Receivables, net	3,569,284	2,351,519	1,450,745	1,045,060	840,278
Securities, net	553,096	428,520	153,276	96,133	71,315
Total Equity	815,762	606,980	562,670	531,611	505,657
Net Profit/Loss	203,873	47,125	31,376	25,691	(3,563)

PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH AUDIT REPORT AT 31 DECEMBER 2022

Independent Auditor's Report

To the General Assembly of Pasha Yatırım Bankası A.Ş.

Report on the Unconsolidated Financial Statements

Opinion

We have audited the accompanying unconsolidated financial statements of Pasha Yatırım Bankası A.Ş. (the Bank"), which comprise the statement of unconsolidated statement of financial position as at 31 December 2022, unconsolidated statement of profit and loss and unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the unconsolidated financial position of Pasha Yatırım Bankası A.Ş. as at December 31,2022 and financial performance and unconsolidated cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as in accordance with "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006 and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency (BRSA), circulars, interpretations published by BRSA and "BRSA Accounting and Financial Reporting Legislation" which includes the provisions of Turkish Financial Reporting Standards (TFRS) for the matters which are not regulated by these regulations.

Basis for Opinion

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated 2 April 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Independent Auditor's Report

Key Audit Matter	How the matter is addressed in our audit
<p>Financial impact of TFRS 9 "Financial Instruments" standard and recognition of impairment on financial assets and related important disclosures</p>	
<p>We considered expected credit loss calculations of financial assets outlined in TFRS 9 as a key audit matter due to the transition to TFRS 9 as a key audit matter due to:</p> <ul style="list-style-type: none"> • Balance sheet and off balance sheet items that are subject to expected credit loss calculation is material for the financial statements • Complex accounting requirements of TFRS 9 • The model that is established by the Bank management to calculate the expected credit losses has the compliance risk whether it is established based on the requirements of TFRS 9 and other practices • TFRS 9, have complex and intensive control environment • The new, significant and complex judgments and estimations needed for the calculation of expected credit losses and • The complex disclosure requirements of TFRS. 	<p>Our audit procedures include among others include:</p> <ul style="list-style-type: none"> • Evaluating the appropriateness of management's selection of accounting policies based on the requirements of TFRS 9, our business understanding and industry practice. • Identifying and testing relevant controls by involving Process audit specialists. • Evaluating the reasonableness of management's key judgements and estimates made in expected credit loss calculations, including selection of methods, models, assumptions and data sources and evaluating the appropriateness of management's selection of accounting policies based on the requirements of TFRS 9, our business understanding and industry practice • Involving financial risk management specialists to challenge significant assumptions judgements relating to credit risk grading, significant increase in credit risk, definition of default, probability of default, macro-economic variables, and recovery rates and significant estimates and judgements. • Assessing the completeness, accuracy and relevance of the data used for the calculation of expected credit loss. • Evaluating the appropriateness and testing the mathematical accuracy of Expected credit loss models applied. • Evaluating the impact of Covid-19 outbreak on staging of loans and macroeconomic parameters used in expected credit losses calculation together with forward-looking estimates and significant assumptions • Evaluating the judgments and estimates used for the individually assessed financial assets. • Evaluating the reasonableness of and tested the post-model adjustments. • Auditing of TFRS 9 disclosures



Independent Auditor's Report

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Reporting Legislation and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with BRSA Independent Audit Regulation and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC") numbered 6102; no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 - December 31, 2022 are not in compliance with the code and provisions of the Bank's articles of association in relation to financial reporting.

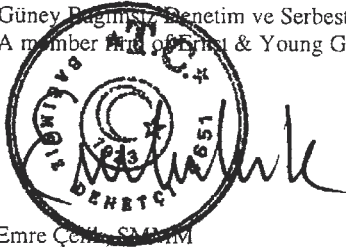
2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Emre Çelik.

Additional paragraph for convenience translation to English

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

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



Emre Çelik, SMMM
Partner

13 February, 2023
İstanbul, Turkey



Pasha Yatirim Bankasi A.Ş.

The Year-End Unconsolidated Financial Report of Pasha Yatirim Bankasi A.Ş. as of 31 December 2022

THE YEAR-END UNCONSOLIDATED FINANCIAL REPORT OF PASHA YATIRIM BANKASI A.Ş. AS OF 31 DECEMBER 2022

Address of the Bank's Headquarters	Sultan Selim Mahallesi Hümevra Sokak PASHA Plaza No:2/7 34415 Kağıthane, İstanbul
Telephone of the Bank	(0 212) 705 89 00
Fax of the Bank	(0 212) 345 07 12
Web site of the Bank	www.pashabank.com.tr
E-mail for correspondence	info@pashabank.com.tr

The unconsolidated year-end financial report includes the following sections in accordance with the Communiqué on Financial Statements and Related Explanations and Notes that will be Publicly Announced as sanctioned by the Banking Regulation and Supervision Agency.

1. General Information About The Bank
2. Unconsolidated Financial Statements of The Bank
3. Explanations on Accounting Policies
4. Information Related to Unconsolidated Financial Position and Risk Management
5. Explanations and Notes Related to Unconsolidated Financial Statements
6. Other Explanations and Notes
7. Independent Auditor's Report

The accompanying unconsolidated financial statements and notes to these financial statements which are expressed, unless otherwise stated, **in thousands of Turkish Lira ("TL")**, have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been audited and presented hereafter.

Jalal GASIMOV
Chairperson of
Board of Directors

Furkan EVRANOS
Chairperson of
Audit Committee

Kamala NURIYEVA
Member of
Audit Committee

H. Cenk EYNEHAN
CEO

Benan Bilge KÖKSAL
Deputy of CEO

Yeşim ÇAĞLAR
Finance Director

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

Name-Surname/	Erkan AKGÜZEL/Head of Financial Planning &
Title:	Control
Telephone Number:	(0212) 705 89 18
Fax Number:	(0212) 345 07 12

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Pasha Yatırım Bankası A.Ş.

Notes to Unconsolidated Financial Statements at 31 December 2022

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

SECTION ONE

GENERAL INFORMATION

I. Bank's foundation date, start-up statute, history about the changes in this mentioned statute

Bank's commercial title	PASHA Yatırım Bankası A.Ş.
Reporting Period	1 January - 31 December 2022
Address of the Bank's Headquarters	Eski Büyükdere Caddesi Hümeýra Sokak No:2 PASHA Plaza, Kat:5 34415 Kağıthane, İstanbul
Telephone	(0 212) 705 89 00
Fax	(0 212) 345 07 12
Website	www.pashabank.com.tr
E-mail	info@pashabank.com.tr

PASHA Yatırım Bankası A.Ş. ("Bank", "PASHA Bank") has been permitted by the decree no. 87/11898 dated 17 June 1987 by the Council of Ministers pursuant to the repealed Banking Law No. 3182 and the Bank, as a subsidiary of Bahrain based TAIB Bank B.S.C.(c) has been established under the trade name of Yatırım Bank A.Ş. headquartered in İstanbul on the date of 25 December 1987. The trade name of the Bank have been changed to TAIB YatırımBank A.Ş. in effect from 29 May 1997.

In the year 2013, Aksoy Holding A.Ş. acquired the majority shares of the Bank, which until then had been held by TAIB Bank B.S.C.(c), and became the controlling shareholder. Acquisition of the Bank's share capital for as much as TL 28,795 from Aksoy Holding A.Ş. by the PASHA Bank OJSC, the Baku based financial organization, and thus directly obtaining 79.92% of its shares upon at the same time increasing the paid-up capital from TL 80,000 to TL 255,000, by injecting TL 175,000 cash and; acquisition of the 47.95% of the shares indirectly by PASHA Holding LLC, had been approved by the resolution of the Banking Regulation and Supervision Board, dated 26 December 2014 and numbered 6137. This share transfer had been recorded in the Bank's share ledger, as of the date of 27 January 2015.

The amendment of the Bank's Articles of Association, including at the same time the change of its business name to PASHA Yatırım Bankası A.Ş. and its brand name to PASHA Bank, had been decided by the Extraordinary General Assembly on the date of 27 January 2015 and had taken effect upon having been published in the 8773rd issue of the Trade Registry Gazette of Turkey, dated 6 March 2015.

Upon transfer of the total TL 51,000 shares of Aksoy Holding A.Ş. to PASHA Bank OJSC, the ratio of PASHA Bank OJSC's shares in the Bank had reached 99.92%, and the ratio of the indirect shareholding of PASHA Holding LLC had reached to 59.95%, as permitted by the resolution of the Banking Regulation and Supervision Board, dated 24 December 2015 and numbered 110. This share transfer had been recorded in the share ledger, as per the resolution of the Board of Directors, dated 24 January 2015 and numbered 110.

Increasing of the Bank's paid-up capital to TL 500,000, by PASHA Holding LLC - which indirectly owned 59.95% of the total share capital - by injecting TL 245,000 cash, and thus directly acquiring 49% of the shares as permitted by the resolution of the Banking Regulation and Supervision Board, dated 4 May 2018 and numbered 7803, had been approved and; as the result of this capital increase, the total direct and indirect shareholding of PASHA Holding LLC in the Bank had increased to 79.57%.

The Bank's Articles of Association had been amended by the resolution of the Extraordinary General Assembly, dated 18 May 2018 and registered by the Trade Registry Directorate of İstanbul on the date of 6 June 2018 and had been announced in the 9598th issue of the Trade Registry Gazette of Turkey, dated 12 June 2018.



Convenience translation of publicly announced unconsolidated financial statements originally issued in turkish, see note I of section three

Pasha Yatırım Bankası A.Ş.

Notes to Unconsolidated Financial Statements at 31 December 2022

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

GENERAL INFORMATION (continued)

II. Explanation about the Bank's capital structure, shareholders of the Bank who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters (if any) and the group the Bank belongs to

There were no changes in the Bank's share capital, Articles of Association and ownership structure during the period and the shareholding structure of the Bank as of 31 December 2022, is stated below:

Name Surname/Commercial Title	Capital	%
PASHA Bank OJSC	254,795	50.96%
PASHA Holding LLC	245,000	49.00%
Other	205	0.04%
Total	500,000	100.00%

Paid-in-capital of the Bank is divided into 500,000,000 registered shares of TL 1.00 (full) par value. Each share has one voting right. The Bank has no preferred shares.

As of 31 December 2022, the shareholders of PASHA Bank OJSC are PASHA Holding LLC, Bless LLC, Mr. Arif Pashayev and Mr. Mir Jamal Pashayev with rates of 56.82%, 28.18%, 9.99% and 5.01% respectively. As of 31 December 2022, the shareholders of PASHA Holding LLC are Bless LLC, Reveri LLC, Mr. Arif Pashayev and Mr. Mir Jamal Pashayev with rates of 37.50%, 37.50%, 15.00% and 10.00% respectively.

Pasha Yatırım Bankası A.Ş.

Notes to Unconsolidated Financial Statements at 31 December 2022

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

III. Explanation on the Board of Directors, members of the audit committee, president and executive vice presidents, changes in these matters (if any) and shares of the Bank they possess

Title	Name	Education	Share %
Chairman of the Board of Directors ⁽¹⁾	Jalal Gasimov	Postgraduate	-
Deputy Chairman of the Board of Directors ⁽¹⁾	Farid Mammadov	Postgraduate	-
Board Member	Shahin Mammadov	PhD	-
Board Member	Javid Guliyev	Postgraduate	-
Board Member/Audit Committee Member	Kamala Nuriyeva	Postgraduate	-
Independent Board Member/Audit Committee Chairperson	Furkan Evranos	PhD	-
Independent Board Member	Ebru Oğan Knottnerus	Graduate	-
Independent Board Member	Nuri Tuncali	Graduate	-
Board Member and CEO	Hikmet Cenk Eynehan	Postgraduate	-
Deputy CEO (Acting CEO)	Ayşe Hale Yıldırım	Postgraduate	-
Deputy CEO ⁽²⁾	Özer Baran	Postgraduate	-
Deputy CEO	Benan Bilge Köksal	Graduate	-

⁽¹⁾ Upon allocation of duties among the members of the Board of Directors, as per Article 13 of the Articles of Association of the Bank, and by the Board resolution dated March 18, 2022 and numbered 29, it has been decided to have Jalal Gasimov continue to serve as the Chairman of the Board of Directors, and Farid Mammadov as the Deputy Chairman of the Board of Directors.

⁽²⁾ Özer Baran, Deputy General Manager responsible for Credits and Information Technologies, resigned from his position at our Bank on August 5, 2022.

The Chairman and the Members of the Board of Directors, as well as the CEO and Deputy CEOs do not possess shares of the Bank directly or indirectly.

IV. Explanation on shareholders having control shares

Explanation on shareholders having control shares of the Bank as of 31 December 2022, is stated below;

Name/Commercial title	Share Amounts (nominal)	Share percentage	Paid-in Capital (nominal)	Unpaid portion
Leyla Aliyeva	179,461	35.89%	179,461	-
Arzu Aliyeva	179,461	35.89%	179,461	-
Arif Pashayev	89,139	17.83%	89,139	-
Mir Jamal Pashayev	51,734	10.35%	51,734	-

V. Information on the Bank's service type and field of operations

The Bank operates as an investment bank and as of 31 December 2022 the Bank has 57 employees (31 December 2021 - 60). The Bank has been operating through its Head Office in Istanbul only as of 31 December 2022 and has no branches.



Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see note I of section three

Pasha Yatırım Bankası A.Ş.

Notes to Unconsolidated Financial Statements at 31 December 2022

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

GENERAL INFORMATION (continued)

V. Information on the Bank's service type and field of operations (continued)

The Bank was set up to engage in all sorts of domestic and foreign investment and development banking activities, subject to receiving the required official permissions, including but in no way limited to the fields of activity indicated below. These activities are mainly:

- Extending cash and non-cash credits of any sort and manner,
- Cash and on-account payment and fund transfer operations, all sorts of payment and collection operations, including correspondent banking or use of checking accounts,
- Operations for drawing up checks and other bills of exchange,
- Safekeeping services,
- Operations for issuing payment instruments such as credit cards, debit cards, and traveler's checks and for carrying the activities relating thereto,
- Foreign exchange transactions, including cash; purchase and sale of money market instruments; transactions for purchase, sale of precious metals and stones or escrow transactions for them,
- Purchase, sale, and brokerage transactions for futures contracts, options contracts, financial instruments of simple or complex structure involving multiple derivative instruments that are based on economic and financial indicators, capital market instruments, commodities, precious metals, and foreign exchange;
- Transactions for purchase and sale of capital market instruments and for commitments to repurchase or resale,
- Brokerage operations for sale of capital market instruments through issuance or public offering,
- Operations for carrying out, for brokerage purposes, purchase and sale of capital market instruments that have been issued previously,
- Guarantee transactions such as undertaking collateral, guarantee, and other obligations in favor of others,
- Investment consultancy transactions,
- Portfolio operations and management,
- Market making concerning purchase and sale transactions within the framework of the obligations undertaken under a contract concluded before the Under secretariat of Treasury and/or the Central Bank, and enterprise unions,
- Factoring and forfeiting transactions,
- Brokering transactions for purchase and sale of money on the interbank market,
- Financial leasing transactions,
- Brokerage for insurance agency and individual retirement services.

Additionally, in accordance with the Capital Markets Board's authorization certificate dated 30/12/2015 and numbered BNK-019 (081), the Bank has been authorized to provide trading brokerage activity, portfolio brokerage activity, best-effort copy public offering brokerage activity and limited custody services.

VI. Existing or potential, actual or legal obstacles on immediate equity transfer between the Bank and its subsidiaries or repayment of the debt

None.

Unconsolidated Financial Statements at 31 December 2022

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

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	ASSETS	Note	Current Period 31/12/2022			Prior Period 31/12/2021		
			LC	FC	Total	LC	FC	Total
I.	FINANCIAL ASSETS (Net)		102,079	1,722,517	1,824,596	77,046	501,397	578,443
1.1	Cash and cash equivalents		43,673	1,675,539	1,719,212	10,078	483,120	493,198
1.1.1	Cash and balances at Central Bank	(5.1.1)	41,419	409,341	450,760	7,592	276,177	283,769
1.1.2	Banks	(5.1.3)	4,198	1,266,198	1,270,396	2,967	206,943	209,910
1.1.3	Receivables from money markets		-	-	-	-	-	-
1.1.4	Allowance for expected credit losses (-)		(1,944)	-	(1,944)	(481)	-	(481)
1.2	Financial assets at fair value through profit or loss	(5.1.2)	3,602	37,566	41,168	2,679	18,277	20,956
1.2.1	Public debt securities		-	-	-	-	-	-
1.2.2	Equity instruments		-	37,566	37,566	-	18,277	18,277
1.2.3	Other financial assets		3,602	-	3,602	2,679	-	2,679
1.3	Financial assets at fair value through other comprehensive income	(5.1.4)	54,804	9,412	64,216	50,685	-	50,685
1.3.1	Public debt securities		35,735	-	35,735	39,205	-	39,205
1.3.2	Equity instruments		7,659	-	7,659	7,659	-	7,659
1.3.3	Other financial assets		11,410	9,412	20,822	3,821	-	3,821
1.4	Derivative financial assets		-	-	-	13,604	-	13,604
1.4.1	Derivative financial assets at fair value through profit or loss	(5.1.2)	-	-	-	13,604	-	13,604
1.4.2	Derivative financial assets at fair value through other comprehensive income	(5.1.11)	-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		1,159,655	2,857,341	4,016,996	677,541	2,030,857	2,708,398
2.1	Loans	(5.1.5)	1,096,988	2,282,149	3,379,137	663,192	1,553,258	2,216,450
2.2	Receivables from leasing transactions	(5.1.10)	140,398	118,558	258,956	88,824	117,178	206,002
2.3	Factoring receivables		-	-	-	-	-	-
2.4	Financial assets measured at amortised cost	(5.1.6)	-	456,634	456,634	-	361,103	361,103
2.4.1	Public debt securities		-	324,054	324,054	-	189,860	189,860
2.4.2	Other financial assets		-	132,580	132,580	-	171,243	171,243
2.5	Allowance for expected credit losses (-)	(5.1.5)	(77,731)	-	(77,731)	(74,475)	(682)	(75,157)
III.	NON-CURRENTS ASSETS OR DISPOSAL GROUPS HELD FOR SALE AND FROM DISCONTINUED OPERATIONS (Net)	(5.1.16)	-	-	-	-	-	-
3.1	Held for sale		-	-	-	-	-	-
3.2	Held from discontinued operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		-	-	-	-	-	-
4.1	Investments in associates (Net)	(5.1.7)	-	-	-	-	-	-
4.1.1	Associates accounted by using equity method		-	-	-	-	-	-
4.1.2	Non-consolidated associates		-	-	-	-	-	-
4.2	Investments in subsidiaries (Net)	(5.1.8)	-	-	-	-	-	-
4.2.1	Non-consolidated financial subsidiaries		-	-	-	-	-	-
4.2.2	Non-consolidated non-financial subsidiaries		-	-	-	-	-	-
4.3	Jointly Controlled Partnerships (Joint Ventures) (Net)	(5.1.9)	-	-	-	-	-	-
4.3.1	Jointly controlled partnerships accounted by using equity method		-	-	-	-	-	-
4.3.2	Non-consolidated jointly controlled partnerships		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	(5.1.12)	100,528	-	100,528	87,982	-	87,982
VI.	INTANGIBLE ASSETS AND GOODWILL (Net)	(5.1.13)	11,648	-	11,648	7,784	-	7,784
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		11,648	-	11,648	7,784	-	7,784
VII.	INVESTMENT PROPERTIES (Net)	(5.1.14)	170,217	-	170,217	143,910	-	143,910
VIII.	CURRENT TAX ASSETS		12	-	12	483	-	483
IX.	DEFERRED TAX ASSETS	(5.1.15)	12,251	-	12,251	13,020	-	13,020
X.	OTHER ASSETS (Net)	(5.1.17)	19,523	84	19,607	22,505	28	22,533
	TOTAL ASSETS		1,575,913	4,579,942	6,155,855	1,030,271	2,532,282	3,562,553

The accompanying notes are an integral part of these financial statements



Convenience translation of publicly announced unconsolidated financial statements originally issued in turkish, see note I of section three

Pasha Yatırım Bankası A.Ş.

Unconsolidated Financial Statements at 31 December 2022

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	EQUITY AND LIABILITIES	Note	Current Period 31/12/2022			Prior Period 31/12/2021		
			LC	FC	Total	LC	FC	Total
I.	DEPOSITS	(5.2.1)	-	-	-	-	-	-
II.	LOANS RECEIVED	(5.2.3)	414,313	2,348,891	2,763,204	90,947	1,285,105	1,376,052
III.	MONEY MARKET FUNDS	(5.2.4)	110,215	202,753	312,968	141,143	64,380	205,523
IV.	MARKETABLE SECURITIES ISSUED (Net)	(5.2.5)	170,065	783,758	953,823	64,264	1,158,195	1,222,459
4.1	Bills		170,065	-	170,065	64,264	-	64,264
4.2	Asset backed securities		-	-	-	-	-	-
4.3	Bonds		-	783,758	783,758	-	1,158,195	1,158,195
V.	FUNDS		35,294	595,596	630,890	12,977	15,202	28,179
5.1	Borrower funds		34,847	415,218	450,065	12,903	15,177	28,080
5.2	Other		447	180,378	180,825	74	25	99
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		10	3,154	3,164	-	114	114
7.1	Derivative financial liabilities at fair value through profit or loss	(5.2.2)	10	3,154	3,164	-	114	114
7.2	Derivative financial liabilities at fair value through other comprehensive income	(5.2.8)	-	-	-	-	-	-
VIII.	FACTORING PAYABLES		-	-	-	-	-	-
IX.	LEASE PAYABLES (Net)	(5.2.7)	876	-	876	538	-	538
X.	PROVISIONS	(5.2.9)	30,864	74	30,938	15,969	-	15,969
10.1	Provision for restructuring		-	-	-	-	-	-
10.2	Reserves for employee benefits		2,410	-	2,410	1,349	-	1,349
10.3	Insurance technical reserves (Net)		-	-	-	-	-	-
10.4	Other provisions		28,454	74	28,528	14,620	-	14,620
XI.	CURRENT TAX LIABILITIES	(5.2.10)	21,711	-	21,711	8,526	-	8,526
XII.	DEFERRED TAX LIABILITIES	(5.2.11)	-	-	-	-	-	-
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(5.2.12)	-	-	-	-	-	-
13.1	Held for sale		-	-	-	-	-	-
13.2	Related to discontinued operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT	(5.2.13)	-	467,749	467,749	-	-	-
14.1	Loans		-	467,749	467,749	-	-	-
14.2	Other debt instruments		-	-	-	-	-	-
XV.	OTHER LIABILITIES	(5.2.6)	59,868	94,902	154,770	52,709	45,504	98,213
XVI.	SHAREHOLDERS' EQUITY	(5.2.14)	815,762	-	815,762	606,980	-	606,980
16.1	Paid-in capital		500,000	-	500,000	500,000	-	500,000
16.2	Capital reserves		-	-	-	-	-	-
16.2.1	Equity share premiums		-	-	-	-	-	-
16.2.2	Share cancellation profits		-	-	-	-	-	-
16.2.3	Other capital reserves		-	-	-	-	-	-
16.3	Other accumulated comprehensive income that will not be reclassified in profit or loss		-	-	-	-	-	-
16.4	Other accumulated comprehensive income that will be reclassified in profit or loss		1,998	-	1,998	(2,911)	-	(2,911)
16.5	Profit reserves		109,891	-	109,891	62,766	-	62,766
16.5.1	Legal reserves		5,327	-	5,327	2,971	-	2,971
16.5.2	Statutory reserves		295	-	295	295	-	295
16.5.3	Extraordinary reserves		104,269	-	104,269	59,500	-	59,500
16.5.4	Other profit reserves		-	-	-	-	-	-
16.6	Profit or loss		203,873	-	203,873	47,125	-	47,125
16.6.1	Prior years' profits or losses		-	-	-	-	-	-
16.6.2	Current period net profit or loss		203,873	-	203,873	47,125	-	47,125
	TOTAL EQUITY AND LIABILITIES		1,658,978	4,496,877	6,155,855	994,053	2,568,500	3,562,553

The accompanying notes are an integral part of these financial statements

Pasha Yatırım Bankası A.Ş.

Unconsolidated Financial Statements at 31 December 2022

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

II. OFF-BALANCE SHEET

	OFF BALANCE SHEET COMMITMENTS	Note	Current Period 31/12/2022			Prior Period 31/12/2021		
			LC	FC	Total	LC	FC	Total
A.	OFF-BALANCE SHEET COMMITMENTS (I+II+III)		295,257	1,543,792	1,839,049	231,574	795,011	1,026,585
I.	GUARANTEES AND WARRANTIES	(5.3.1)	282,430	502,747	785,177	151,668	580,821	732,489
1.1.	Letters of Guarantee		279,930	262,956	542,886	151,668	153,419	305,087
1.1.1.	Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2.	Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3.	Other Letters of Guarantee		279,930	262,956	542,886	151,668	153,419	305,087
1.2.	Bank Acceptances		-	-	-	-	-	-
1.2.1.	Import Letter of Acceptance		-	-	-	-	-	-
1.2.2.	Other Bank Acceptances		-	-	-	-	-	-
1.3.	Letters of Credit		-	42,089	42,089	-	109,673	109,673
1.3.1.	Documentary Letters of Credit		-	-	-	-	-	-
1.3.2.	Other Letters of Credit		-	42,089	42,089	-	109,673	109,673
1.4.	Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7.	Factoring Guarantees		-	-	-	-	-	-
1.8.	Other Guarantees		2,500	197,702	200,202	-	317,729	317,729
1.9.	Other Collaterals		-	-	-	-	-	-
II.	COMMITMENTS	(5.3.1)	12,827	397,682	410,509	-	15,388	15,388
2.1.	Irrevocable Commitments		12,827	397,682	410,509	-	15,388	15,388
2.1.1.	Asset Purchase and Sales Commitments		11,436	13,350	24,786	-	-	-
2.1.2.	Deposit Purchase and Sales Commitments		-	373,966	373,966	-	-	-
2.1.3.	Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4.	Commitments for Loan Limits		-	-	-	-	-	-
2.1.5.	Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.6.	Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7.	Commitments for Cheques		-	-	-	-	-	-
2.1.8.	Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9.	Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10.	Promotion Commitments for Credit Cards and Banking Services		-	-	-	-	-	-
2.1.11.	Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12.	Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13.	Other Irrevocable Commitments		1,391	10,366	11,757	-	15,388	15,388
2.2.	Revocable Commitments		-	-	-	-	-	-
2.2.1.	Revocable Commitments for Loan Limits		-	-	-	-	-	-
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2)	-	643,363	643,363	79,906	198,802	278,708
3.1.	Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1.	Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2.	Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3.	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2.	Trading Derivative Financial Instruments		-	643,363	643,363	79,906	198,802	278,708
3.2.1.	Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1.	Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2.	Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2.	Swap Transactions Related to Foreign Currency and Interest Rates		-	643,363	643,363	79,906	198,802	278,708

The accompanying notes are an integral part of these financial statements



Convenience translation of publicly announced unconsolidated financial statements originally issued in turkish, see note I of section three

Pasha Yatırım Bankası A.Ş.

Unconsolidated Financial Statements at 31 December 2022

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

	Note	Current Period 31/12/2022			Prior Period 31/12/2021		
		LC	FC	Total	LC	FC	Total
OFF BALANCE SHEET COMMITMENTS							
3.2.2.1	Foreign Currency Swap-Buy	-	320,418	320,418	-	145,999	145,999
3.2.2.2	Foreign Currency Swap-Sell	-	322,945	322,945	79,906	52,803	132,709
3.2.2.3	Interest Rate Swap-Buy	-	-	-	-	-	-
3.2.2.4	Interest Rate Swap-Sell	-	-	-	-	-	-
3.2.3	Foreign Currency, Interest rate and Securities Options	-	-	-	-	-	-
3.2.3.1	Foreign Currency Options-Buy	-	-	-	-	-	-
3.2.3.2	Foreign Currency Options-Sell	-	-	-	-	-	-
3.2.3.3	Interest Rate Options-Buy	-	-	-	-	-	-
3.2.3.4	Interest Rate Options-Sell	-	-	-	-	-	-
3.2.3.5	Securities Options-Buy	-	-	-	-	-	-
3.2.3.6	Securities Options-Sell	-	-	-	-	-	-
3.2.4	Foreign Currency Futures	-	-	-	-	-	-
3.2.4.1	Foreign Currency Futures-Buy	-	-	-	-	-	-
3.2.4.2	Foreign Currency Futures-Sell	-	-	-	-	-	-
3.2.5	Interest Rate Futures	-	-	-	-	-	-
3.2.5.1	Interest Rate Futures-Buy	-	-	-	-	-	-
3.2.5.2	Interest Rate Futures-Sell	-	-	-	-	-	-
3.2.6	Other	-	-	-	-	-	-
B.	CUSTODY AND PLEDGES RECEIVED (IV+V+VI)	3,043,671	3,776,031	6,819,702	2,938,397	2,721,906	5,660,303
IV.	ITEMS HELD IN CUSTODY	81,193	329,373	410,566	35,076	2,666	37,742
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-
4.2	Investment Securities Held in Custody	48,503	329,373	377,876	33,824	2,666	36,490
4.3	Cheques Received for Collection	32,690	-	32,690	1,252	-	1,252
4.4	Commercial Notes Received for Collection	-	-	-	-	-	-
4.5	Other Assets Received for Collection	-	-	-	-	-	-
4.6	Assets Received for Public Offering	-	-	-	-	-	-
4.7	Other Items Under Custody	-	-	-	-	-	-
4.8	Custodians	-	-	-	-	-	-
V.	PLEDGES RECEIVED	2,959,552	3,162,299	6,121,851	2,787,894	2,602,645	5,390,539
5.1	Marketable Securities	124,233	-	124,233	115,630	214,027	329,657
5.2	Guarantee Notes	480,894	536,216	1,017,110	321,118	251,471	572,589
5.3	Commodity	459,224	243,710	702,934	515,483	331,856	847,339
5.4	Warranty	-	-	-	-	-	-
5.5	Immovable	714,242	299,185	1,013,427	965,051	869,248	1,834,299
5.6	Other Pledged Items	1,180,959	2,083,188	3,264,147	870,612	936,043	1,806,655
5.7	Pledged Items-Depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	2,926	284,359	287,285	115,427	116,595	232,022
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		3,338,928	5,319,823	8,658,751	3,169,971	3,516,917	6,686,888

The accompanying notes are an integral part of these financial statements

Pasha Yatırım Bankası A.Ş.

Unconsolidated Financial Statements at 31 December 2022

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

III. STATEMENT OF PROFIT OR LOSS

	INCOME STATEMENT	Note	Current Period 31/12/2022	Prior Period 31/12/2021
I.	INTEREST INCOME	(5.4.1)	454,306	219,309
1.1	Interest on Loans		366,846	175,815
1.2	Interest Received From Reserve Deposits		657	1,951
1.3	Interest Received From Banks		3,585	792
1.4	Interest Received From Money Market Transactions		426	4,528
1.5	Interest Received From Marketable Securities Portfolio		50,221	18,027
1.5.1	Financial assets at fair value through profit or loss		-	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		11,899	3,925
1.5.3	Financial Assets Measured at Amortised Cost		38,322	14,102
1.6	Finance Lease Income		32,571	18,187
1.7	Other Interest Income		-	9
II.	INTEREST EXPENSES (-)	(5.4.2)	229,979	106,394
2.1	Interest on Deposits		-	-
2.2	Interest on Funds Borrowed		108,947	56,267
2.3	Interest on Money Market Transactions		38,293	6,277
2.4	Interest on Securities Issued		64,955	39,854
2.5	Finance Lease Expense		126	54
2.6	Other Interest Expenses	(5.4.12)	17,658	3,942
III.	NET INTEREST INCOME/EXPENSE (I - II)		224,327	112,915
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSES		50,434	10,285
4.1	Fees and Commissions Received		61,835	15,431
4.1.1	Non-cash loans		7,034	3,927
4.1.2	Other	(5.4.12)	54,801	11,504
4.2	Fees and Commissions Paid (-)		11,401	5,146
4.2.1	Non-Cash Loans		515	428
4.2.2	Other	(5.4.12)	10,886	4,718
V.	DIVIDEND INCOME	(5.4.3)	-	-
VI.	TRADING PROFIT/LOSS (Net)	(5.4.4)	50,619	20,516
6.1	Profit/Losses From Capital Market Transactions		9,663	3,158
6.2	Profit/Losses From Derivative Financial Transactions		16,250	30,262
6.3	Foreign Exchange Profit/Losses		24,706	(12,904)
VII.	OTHER OPERATING INCOME	(5.4.5)	58,668	11,155
VIII.	GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		384,048	154,871
IX.	ALLOWANCES FOR EXPECTED CREDIT LOSSES (-)	(5.4.6)	17,567	37,459
X.	OTHER PROVISION EXPENSES (-)	(5.4.5)	100	100
XI.	PERSONNEL EXPENSES (-)		56,264	28,442
XII.	OTHER OPERATING EXPENSES (-)	(5.4.7)	44,012	24,680
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		266,105	64,190
XIV.	SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV.	PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	NET MONETARY POSITION GAIN/LOSS		-	-
XVII.	PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	(5.4.8)	266,105	64,190
XVIII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(5.4.9)	62,232	17,065
18.1	Current Tax Provision		62,857	15,635
18.2	Expense Effect Of Deferred Tax (+)		15,871	8,463
18.3	Income Effect Of Deferred Tax (-)		16,496	7,033
XIX.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)	(5.4.10)	203,873	47,125
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income From Assets Held For Sale		-	-
20.2	Profit From Sale Of Associates, Subsidiaries And Joint Ventures		-	-
20.3	Other Income From Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses On Assets Held For Sale		-	-
21.2	Losses From Sale Of Associates, Subsidiaries And Joint Ventures		-	-
21.3	Other Expenses From Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX-XXI)	(5.4.8)	-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(5.4.9)	-	-
23.1	Current Tax Provision		-	-
23.2	Expense Effect Of Deferred Tax (+)		-	-
23.3	Income Effect Of Deferred Tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)	(5.4.10)	-	-
XXV.	NET PROFIT/LOSSES (XIX+XXIV)	(5.4.11)	203,873	47,125
	Profit/Loss Per Share (Expressed in exact TL)		0.4077	0.0943

The accompanying notes are an integral part of these financial statements



Convenience translation of publicly announced unconsolidated financial statements originally issued in turkish, see note I of section three

Pasha Yatırım Bankası A.Ş.

Unconsolidated Financial Statements at 31 December 2022

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Current Period 31/12/2022	Prior Period 31/12/2021
I.	PROFIT (LOSS)	203,873	47,125
II.	OTHER COMPREHENSIVE INCOME	4,909	(2,815)
2.1	Other comprehensive income that will not be reclassified to profit or loss	-	-
2.1.1	Gains (Losses) on Revaluation of Property, Plant and Equipment	-	-
2.1.2	Gains (losses) on revaluation of Intangible Assets	-	-
2.1.3	Gains (losses) on remeasurements of defined benefit plans	-	-
2.1.4	Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	-	-
2.1.5	Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	-	-
2.2	Other Comprehensive Income That Will Be Reclassified to Profit or Loss	4,909	(2,815)
2.2.1	Exchange Differences on Translation	-	-
2.2.2	Valuation and/or Reclassification Profit or Loss from financial assets at fair value through other comprehensive income	6,303	(3,519)
2.2.3	Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4	Income (Loss) Related with Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	-	-
2.2.6	Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	(1,394)	704
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	208,782	44,310

The accompanying notes are an integral part of these financial statements

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V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves
Prior Period 01/01/2021 - 31/12/2021					
I. Balance at the beginning of the period		500,000	-	-	-
II. Adjustment in accordance with TMS 8		-	-	-	-
2.1 Effect of adjustment		-	-	-	-
2.2 Effect of changes in accounting policies		-	-	-	-
III. New balance (I+II)		500,000	-	-	-
IV. Total comprehensive income (loss)		-	-	-	-
V. Capital increase in cash		-	-	-	-
VI. Capital increase through internal reserves		-	-	-	-
VII. Issued capital inflation adjustment difference		-	-	-	-
VIII. Convertible bonds		-	-	-	-
IX. Subordinated debt		-	-	-	-
X. Increase (decrease) through other changes, equity		-	-	-	-
XI. Profit distribution		-	-	-	-
11.1 Dividends distributed		-	-	-	-
11.2 Transfers to legal reserves		-	-	-	-
11.3 Other		-	-	-	-
Period-End Balance (III+IV+.....+X+XI)		500,000	-	-	-
Current Period 01/01/2022 - 31/12/2022					
I. Balance at the beginning of the period		500,000	-	-	-
II. Adjustment in accordance with TMS 8		-	-	-	-
2.1 Effect of adjustment		-	-	-	-
2.2 Effect of changes in accounting policies		-	-	-	-
III. New balance (I+II)		500,000	-	-	-
IV. Total comprehensive income (loss)		-	-	-	-
V. Capital increase in cash		-	-	-	-
VI. Capital increase through internal reserves		-	-	-	-
VII. Issued capital inflation adjustment difference		-	-	-	-
VIII. Convertible bonds		-	-	-	-
IX. Subordinated debt		-	-	-	-
X. Increase (decrease) through other changes, equity		-	-	-	-
XI. Profit distribution		-	-	-	-
11.1 Dividends distributed		-	-	-	-
11.2 Transfers to legal reserves		-	-	-	-
11.3 Other		-	-	-	-
Period-End Balance (III+IV+.....+X+XI)		500,000	-	-	-

1) Accumulated revaluation increase/decrease of fixed assets

2) Accumulated remeasurement gain/loss of defined benefit pension plan

3) Other (Shares of investments valued by equity method in other comprehensive income not classified through profit or loss and other accumulated amounts of other comprehensive income items not reclassified through other profit or loss)

4) Foreign currency translation reserve

5) Accumulated revaluation and/or remeasurement gain/loss of the financial assets at fair value through other comprehensive income

6) Other (Cash flow hedge gain/loss, shares of investments valued by equity method in other comprehensive income classified through profit or loss and other accumulated amounts of other comprehensive income items reclassified through other profit or loss)

The accompanying notes are an integral part of these financial statements



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

Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss			Profit Reserves	Prior Period Profit or (Loss))	Current Period Profit or (Loss)	Total Shareholders' Equity
1	2	3	4	5	6				
-	-	-	-	(96)	-	31,390	-	31,376	562,670
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	(96)	-	31,390	-	31,376	562,670
-	-	-	-	(2,815)	-	-	-	47,125	44,310
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	31,376	-	(31,376)	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	31,376	-	(31,376)	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	(2,911)	-	62,766	-	47,125	606,980
-	-	-	-	(2,911)	-	62,766	-	47,125	606,980
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	(2,911)	-	62,766	-	47,125	606,980
-	-	-	-	4,909	-	-	-	203,873	208,782
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	47,125	-	(47,125)	-
-	-	-	-	-	-	47,125	-	(47,125)	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	1,998	-	109,891	-	203,873	815,762

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VI. STATEMENT OF CASH FLOW

	Note	Current Period 31/12/2022	Prior Period 31/12/2021
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	150,723	73,617
1.1.1	Interest Received	372,642	190,940
1.1.2	Interest Paid	(216,457)	(99,592)
1.1.3	Dividend Received	-	-
1.1.4	Fees and Commissions Received	59,001	11,736
1.1.5	Other Income	45,847	20,840
1.1.6	Collections from Previously Written-off Loans and Other Receivables	20,748	7,927
1.1.7	Payments to Personnel and Service Suppliers	(41,829)	(27,268)
1.1.8	Taxes Paid	(50,834)	(12,097)
1.1.9	Other	(38,395)	(18,869)
	(5.6.2)		
1.2	Changes in Operating Assets and Liabilities	655,210	(94,884)
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	(8,804)	(3,575)
1.2.2	Net increase (decrease) in due from banks	(256,778)	(65,638)
1.2.3	Net increase (decrease) in loans	(569,097)	(221,469)
1.2.4	Net increase (decrease) in other assets	(126)	(444)
1.2.5	Net increase (decrease) in bank deposits	-	-
1.2.6	Net increase (decrease) in other deposits	-	-
1.2.7	Net increase (decrease) in financial liabilities at fair value through profit or loss	-	-
1.2.8	Net Increase/(Decrease) in Funds Borrowed	728,469	9,242
1.2.9	Net Increase/(Decrease) in matured Payables	-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	761,546	187,000
	(5.6.2)		
I.	Net Cash Provided from Banking Operations	805,933	(21,267)
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided from/(Paid For) Investing Activities	54,428	(148,666)
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures	-	-
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures	-	-
2.3	Cash paid for the purchase of tangible and intangible asset	(8,393)	(4,827)
2.4	Cash obtained from the sale of tangible and intangible asset	40	-
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income	(458,617)	(52,561)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income	452,863	28,597
2.7	Cash paid for the purchase of financial assets at amortised cost	(211,638)	(119,875)
2.8	Cash obtained from sale of financial assets at amortised cost	280,173	-
2.9	Other	-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	(144,663)	65,638
3.1	Cash Obtained from Funds Borrowed and Securities Issued	2,170,687	596,425
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	(2,314,935)	(530,634)
3.3	Equity instruments issued	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Lease Liabilities	(415)	(153)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(5.6.2)	119,763
V.	Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)	835,461	11,061
VI.	Cash and Cash Equivalents at the Beginning of the Period	(5.6.1)	174,422
VII.	Cash and Cash Equivalents at the End of the Period (V+VI)	(5.6.1)	1,009,883

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VII. PROFIT DISTRIBUTION STATEMENT

		Current Period 31/12/2022 ¹	Prior Period 31/12/2021
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	CURRENT YEAR INCOME	266,105	64,190
1.2	TAXES AND DUTIES PAYABLE (-)	(62,232)	(17,065)
1.2.1	Corporate Tax (Income tax)	(62,857)	(15,635)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties ²	625	(1,430)
A.	NET INCOME FOR THE YEAR (1.1-1.2)	203,873	47,125
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	(2,356)
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]	203,873	44,769
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit and (Loss) Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Owners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit and (Loss) Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	44,769
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To owners of ordinary shares	-	-
2.3.2	To owners of privileged shares	-	-
2.3.3	To owners of preferred shares	-	-
2.3.4	To profit sharing bonds	-	-
2.3.5	To holders of profit and (loss) sharing certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	EARNINGS PER SHARE		
3.1	TO OWNERS OF ORDINARY SHARES	-	-
3.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

1) As of financial statements preparation date, Bank's General Shareholders Meeting have not yet been made, hence no decision has been taken on profit distribution.

2) Deferred tax income/expense shown in other taxes and duties not subject to profit appropriation.

The accompanying notes are an integral part of these financial statements

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SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. BASIS OF PRESENTATION

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents":

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 1 November 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, "Turkish Accounting Standards" ("TAS") 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 unconsolidated financial statements have been prepared in TL, under the historical cost convention except for the financial assets and liabilities carried at fair value.

Accounting policies and valuation principles used in the preparation of the financial statements:

The accounting policies and valuation principles applied in the preparation of unconsolidated financial statements, are determined and applied in accordance with regulations, communiqués, explanations and circulars on accounting and financial reporting principles published by the BRSA, and in case where there is no special regulation made by the BRSA, in accordance with principles in the context of TAS and TFRS, are consistent with the accounting policies applied in prior period. Aforementioned accounting policies and valuation principles are explained in below.

Judgements and estimates used in the preparation of the financial statements:

According TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of an hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of December 31, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

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



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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

Explanation for convenience translation into English:

The effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Reporting Legislation and Turkish Accounting Standards except for the matters regulated by BRSA Legislation, accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

The general strategy of the Bank of using financial instruments is to sustain an optimal balance between the yield of the instruments and their risks. The most important funding sources of the Bank are shareholders' equity, borrowing from domestic and foreign financial institutions, subordinated loan and debt securities issued. Funds obtained from internal and external sources are invested in high yield and quality financial assets and currency, interest rate and liquidity risks are being kept within the limits following the asset-liability management strategy. The currency, interest and liquidity risks of on-balance sheet and off-balance sheet assets and liabilities are managed in accordance with the risk limits accepted by the Bank and the related legal limits. Derivative instruments are mainly utilised for liquidity needs and for mitigating currency and interest rate risks. The position of the Bank as a result of foreign currency activities being held at minimum levels and the exposed currency risk is followed within the determined levels by the Board of Directors by considering the limits given by the Banking Law.

Foreign currency denominated monetary assets and liabilities are translated with the Bank's foreign currency bid rates prevailing at the balance sheet date. Gains and losses arising from such valuations are recognised in the income statement under the account of "Foreign exchange gains or losses".

III. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

Derivative financial instruments of the Bank are classified under "IFRS 9 Financial Instruments" ("IFRS 9"), "Derivative Financial Assets/Liabilities Designated at Fair Value through Profit or Loss" or "Derivative Financial Assets/Liabilities Designated at Fair Value through Other Comprehensive Income". Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss" or "Derivative Financial Assets Designated at Fair Value Through Other Comprehensive Income", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities Designated at Fair Value Through Profit or Loss" or "Derivative Financial Liabilities Designated at Fair Value Through Other Comprehensive Income". The fair value differences of derivative financial instruments designated at fair value through profit or loss are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions.

IV. EXPLANATIONS ON INTEREST INCOME AND EXPENSE

Interest income and expenses are recognized in the income statement by using the "effective interest rate method". The Bank calculate interest income accrual for the non-performing loans that are not fully provisioned in the period they occur.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

V. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSE

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

VI. EXPLANATIONS ON FINANCIAL ASSETS

The Bank categorizes its financial assets as "Financial Assets at Fair Value Through Profit/Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost". Such financial assets are recognized or derecognized according to the principles defined in section three of "TFRS 9 Financial Instruments" standard, issued for classification and measurement of the financial instruments, published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

Financial assets at fair value through profit or loss

"Financial Assets at Fair Value Through Profit/Loss" are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

Financial Assets at Fair Value Through Other Comprehensive Income

"Financial Assets at Fair Value Through Other Comprehensive Income" are financial assets which are managed with business model that aims to hold to collect contractual cash flows and aims to hold to sell; and if the contractual terms of the financial assets lead to cash flows representing solely payments of principal and interest at certain dates.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost which reflects the fair value of the financial asset. After initial recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.



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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

Financial Assets Measured at Amortized Cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate (internal rate of return) method. Interest income obtained from financial assets measured at amortized cost is accounted in the income statement.

Loans

Loans are financial assets that have fixed or determinable payment terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and subsequently measured at amortized cost using the effective interest rate (internal rate of return) method. Bank's loans are fully recorded under the "Measured at Amortized Cost" account.

VII. EXPLANATIONS ON EXPECTED CREDIT LOSS

The Bank allocates allowance for expected loss on financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income.

As of 1 January 2018, the Bank started to recognize provisions for impairment in accordance with TFRS 9 requirements according to the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside" published in the Official Gazette dated 22 June 2016 numbered 29750. In this framework, as of 31 December 2017, method of provisions for impairment as set out in accordance with the related legislation of BRSA is changed by applying the expected credit loss model under TFRS 9. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

- **Stage 1:** For the financial assets at initial recognition or for those which do not have a significant increase in credit risk since initial recognition. Allowance for credit risk is recorded in the amount of 12-month expected credit losses.
- **Stage 2:** In the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Allowance for credit risk is determined on the basis of the instrument's lifetime expected credit losses.
- **Stage 3:** Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognized.

Individual assessment would be applied for stage 2 and stage 3 financial assets when it is necessary by considering various scenarios including discounting cash flows of financial assets.

In the general application of TFRS 9, the probability of default (PD) and loss given default (LGD) is determined within the framework of the Bank's models and expected loss provisions are calculated by taking into account the exposure at default (EAD).

Within the scope of TFRS 9, three types of expected loss provisions are defined:

- **12-month expected credit losses:** For the financial assets that do not have a significant increase in credit risk since initial recognition. Impairment for these classes of assets are recorded in Stage 1.
- **Lifetime expected credit losses:** It expresses credit losses that have significant increase in credit risk since initial recognition. These assets are evaluated in Stage 2.
- **Provision for defaulted financial assets:** This classification represents the losses that are subject to default. It is used for assets classified as Stage 3.

The expected loss calculations are used for financial assets at amortized cost and financial assets at fair value through other comprehensive income. In addition, expected loss provision is calculated for financial guarantees, sureties and liabilities that are monitored in off-balance sheet accounts, where the Bank will be exposed to a credit risk.

While the Bank takes into account the interest amount in the calculation of the impairment, Stage 1 and Stage 2 consider the interest for the financial assets as gross value and the interest rate for Stage 3 is based on net value.

Within the framework of the credit rating methodology, the Bank uses LGD ratios to be calculated by using the PDs corresponding to the external/internal ratings and the coefficient of approximation used within the framework of Basel and BRSA applications.

In the calculation of the expected loss provision, for banks and central governments the ratings given by the internationally accepted independent rating institutions are taken as basis. For corporate loans and financial customers other than banks, internal rating model of the Bank are used to evaluate customers. In determining the internal rating grades, the rating scale published by independent credit institutions is taken as a basis, and sub-notches are used to better differentiate customers with low grade bands. In the determination of PD values, independent credit rating agency methodology based on the historical default rates and Bank's calibration methodology with a forward-looking perspective taking macroeconomic expectations into consideration is used. For customers having a better rating than the Turkey's rating, the country's rating is applied as a cap. Thus, a prudent approach is applied that doesn't allow to assign a better rating than country's one for customers residing in that country.



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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

The bank portfolio consists of large companies and financial institutions that are small in number but have a high volume of loan demand. Due to the low number of observations involving bank internal default data, a global rating methodology based on publicly published global methodology documents is used instead of a model based on internal data. The methodology is based on both a financial assessment based on information from the client's balance sheets and a qualitative assessment, including questions such as management strategy and structure. This assessment is the base module, which is the basis of the Bank's rating methodology. Then, subsequent adjustment factors such as the parental support, government support, early warning signals and country ceiling are applied in the form of grade increases/decreases on the base module in a modular structure. Validation studies were conducted on the discrimination power and reliability of the model based on the one-year usage period data, and it was concluded that it performed at the expected level. In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as gross domestic product and Turkish Banking Sector NPL rates. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Different scenarios have been applied on macro-economic models in line with management expectations.

For LGD ratios, conversion rates of the collaterals received for the financial asset are taken into consideration in the framework of certain coefficients considering the general banking practices and the information published by Basel and BRSA. Personal or corporate warranties received for collaterals are not taken into account in LGD ratio calculation.

For EAD to be calculated for the risks that are monitored in the off-balance sheet, the Bank includes to the calculation of the relevant risks within the framework of a credit conversion factor (CCF) application. CCF ratio applied as 100% for cash supply non cash loans and 50% for the rest.

With the respect of criteria that mentioned in above paragraph, the expected credit loss provision (ECL), which is ultimately calculated for a financial asset, is calculated as follows:

$$ECL = PD * LGD * EAD * (\text{if any CCF})$$

Expected credit loss calculation is calculated over financial assets that has counterparty risk which in scope of IFRS 9 and off-balance sheet risks that are present each reporting period.

The ratings of financial assets subject to PD calculations are reviewed and updated annually (unless there is a significant improvement in the credit risk of the counterparty). In the case of delay over 30 days, which is the main criteria for transition from Stage 1 to Stage 2, the rating of financial asset is revised. For transitions between stages, certain criteria have been defined by taking into account the relevant regulations/circulars of the BRSA and the notifications issued. In case of following criteria; if the principal or interest/commission collection delays exceed 30 days or the credit rating falls down to two grades relative to the country rating, or restructuring of loan due to debtor has difficulty on payment, the transition criteria from Stage 1 to Stage 2 is applied. The fact that the principal and interest/commission collection delays of 90 days or more is also applied for the transition to Stage 3. In addition, in case the Bank management considers that it is appropriate, the Bank will be able to transition between stages whether not to meet with criteria.

The expected loss provision for the assets in Stage 1 are presented under the "12 Months Expected Credit Losses (Stage 1)", expected loss provision for the assets in Stage 2 are presented under the "Significant Increase in Credit Risk" and expected loss provision for financial assets in Stage 3 are followed as "Credit-Impaired (Stage 3)". Due to the deterioration in the credit risk between stages, there may be downgrade transitions as well as improvements between stages. In accordance with the internal policies, TFRS 9 models are reviewed once a year.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON OFFSETTING FINANCIAL ASSETS

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

IX. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Financial assets at fair value through other comprehensive income" and "Financial assets measured at amortised cost" according to the investment purposes of the Bank and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are showed under "Money Market Funds" in balance sheet and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the effective interest method.

Funds given against securities purchased under agreements ("Reverse repo") to resell 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".

X. EXPLANATIONS ON ASSETS HELD FOR RESALE AND FIXED ASSETS FROM DISCONTINUED OPERATIONS AND LIABILITIES RELATED WITH THESE ASSETS

According to TFRS 5, non-current asset classified as held for sale (or group of assets to be disposed) is measured by the lowest of book value or sales costs discounted fair value. An asset to be held for sale asset (or group of assets to be disposed) it is necessary that, the related asset has to be commonly seen on the sales of these kind of sales assets, it could be easily immediately sold in the frame of usual conditions and it has to have high sales probability. For the high sales probability, there has to be a plan regarding the sales of asset made by the appropriate management level and by the determination of buyers there has to be an active program started regarding to completion of the plan.

A discontinued operation is a part classified as discarded or held for sales by the bank. Results regarding to discontinued operations are presented individually in income statement. The Bank has no discontinued operations.

XI. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated amortization and the provision for value decreases, if any. Intangibles are amortised over their estimated useful lives of three to five years using the straight-line method. The useful life of the asset is determined by assessing the expected useful life of the asset, technical, technological and other kinds of obsolescence and all required maintenance expenses necessary to utilise the economic benefit of the assets.

The Bank expects no change with respect to accounting estimates, amortization period, amortization method, or residual value that will have significant impact on the current or the following periods.

As of 31 December 2022 and 31 December 2021, there is no any goodwill amount that need to reflect to the financial statements.



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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON PROPERTY AND EQUIPMENT

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment are carried at cost less accumulated depreciation and provision for value decrease, if any.

Depreciation is calculated over the cost of property with useful life of 50 years and other fixed assets with useful lives of three to fifteen years using the straight-line method.

The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

Where the carrying amount of an asset is greater than its estimated "recoverable amount", it is written down immediately to its "recoverable amount" and the provision for the diminution in value is charged to the income statement.

Property and equipment are not subject to valuation such that fair value is presented in the financial statements. Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the regular repair and maintenance of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised on the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset, or the quality of the product or to decrease the costs.

There is no pledge, mortgage or commitment on the Bank's property and equipment.

XIII. EXPLANATIONS ON INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less amortisation less any impairment losses.

The Bank's investment properties are valued by external, independent valuation companies on a periodic basis for disclosure and impairment assessment purposes. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. In the absence of available current prices in an active market, the valuations are based on estimated cash flows expected to be received. Investment property held consists of land and building with a useful life of 50 years and accounted with straight-line depreciation.

Gains or losses in the case of disposal of an investment property; is the difference between the net selling price of the asset sold and the carrying amount of the property and is recognized as profit or loss on sale of investment property in the period of disposal.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Assets acquired under finance lease agreements are capitalised at the inception of the lease at the "lower of the fair value of the leased asset or the present value of the amount of cash consideration given for the leased asset". Leased assets are included in the property and equipment and depreciation is charged on a straight-line basis over the useful life of these assets. If there is any diminution in value of the leased asset, a "Provision for value decrease" is recognised. Liabilities arising from the leasing transactions are included in "Financial Lease Payables" on the balance sheet. Interest and foreign exchange expenses regarding lease transactions are charged to the income statement.

The Bank can engage in financial lease transactions as the lessor. The Bank records the gross amount of minimum lease receivables comprising of principal and interest amounts as "financial lease receivables" under lease receivables account. The difference between the aggregate of lease receivables and the cost of the related leased assets, corresponding to interest, is recorded under "unearned income" item. The interest income is recognised in the income statement on an accrual basis.

The Bank adopted TFRS 16 Leases and started to present most leases on-balance sheet except its short term leases and its low value assets.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS

Provisions and contingent liabilities except for the financial instruments within the scope of the TFRS 9 or the provisions recognised in accordance with other standards such as TAS 12 and TAS 19 are accounted in accordance with the "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" (TAS 37).

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognised in the same period of occurrence in accordance with the "Matching principle". When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Bank, it is considered that a "Contingent" liability exists and it is disclosed in the related notes to the financial statements.

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

Obligations related to employee termination and vacation rights are accounted for in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and are classified under "Reserve for Employee Rights" account in the balance sheet. Under the Turkish Labour Law, the Bank is required to pay a specific amount to the employees who have retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Bank arising from this liability.

	31 December 2022	31 December 2021
Discount Rate (%)	2.19	3.48
Inflation Rate (%)	14.00	15.00



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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION

The income tax charge is composed of the sum of current tax and deferred tax.

The current tax liability is calculated over taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible and it further excludes items that are never taxable or deductible.

As per the Article 26 of the Law No. 7394 on the "Law on Evaluation of Immovable Property Owned by the Treasury and Amendment to the Value Added Tax Law" and as per added first sentence to the temporary Article 13 of the Law No. 5520 on the "Corporate Tax Law" published in the Official Gazette No. 31810 dated 15 April 2022, the corporate tax rate is 25% for the corporate earnings.

Deferred tax asset or liability is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and currently enacted tax rates are used to determine deferred tax on income. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. In accordance with TFRS 9 articles, beginning from 1 January 2018, deferred tax has started to be measured over expected credit losses constituting temporary differences. Deferred tax is not calculated over free provisions.

Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date. Deferred tax is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized and reflected in the income statement as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is also associated directly with equity. Deferred tax assets and liabilities are also offset. According to the second paragraph of the Article 53 of the Banking Act No 5411 dated 19 October 2005, all specific reserves for loans and other receivables are considered as deductible expense for determining corporate tax base.

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

Transfer Pricing

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON BORROWINGS

Trading and derivative financial liabilities are valued with their fair values and the other financial liabilities are carried at "amortised cost" using the effective interest method.

The Bank utilises various hedging techniques to minimise the currency, interest rate and liquidity risks of its financial liabilities.

XIX. EXPLANATIONS ON ISSUANCE OF SHARES CERTIFICATES

Transaction costs regarding the issuance of share certificates are accounted under shareholders' equity after eliminating the tax effects. Dividend payments are determined by the General Assembly of Bank.

The Bank has not issued any share certificates.

No dividend payments were announced after the balance sheet date.

XX. EXPLANATIONS ON AVALIZED DRAFTS AND ACCEPTANCES

Avalized drafts and acceptances shown as liabilities against assets are included in the "Off-balance sheet commitments".

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

None.

XXII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT DISTRIBUTION

Retained earnings as per the statutory financial statements other than legal reserves are available for distribution, subject to the legal reserve requirement referred to below. Under the Turkish Commercial Code ("TCC") the legal reserves are composed of first and second reserves. The TCC requires first reserves to be 5% of the profit until the total reserve is equal to 20% of issued and fully paid-in share capital. Second reserves are required to be 10% of all cash profit distributions that are in excess of 5% of the issued and fully paid-in share capital. However holding companies are exempt from this application. According to the Turkish Commercial Code, legal reserves can only be used to compensate accumulated losses and cannot be used for other purposes unless they exceed 50% of paid-in capital.

XXIII. EXPLANATIONS ON EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit for the year to the weighted average number of shares outstanding during the period concerned. Earnings per share disclosed in the income statement are calculated by dividing net profit for the year to the weighted average capital outstanding during the period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect to bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period. Where the number of outstanding shares increase due to distribution of bonus shares after the balance sheet date but before the release of the financial statements, earnings per share computations are performed based on the revised average number of shares.



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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIV. EXPLANATIONS ON CASH AND CASH EQUIVALENTS

For the purposes of the preparation of statement of cash flows, "Cash" includes cash, effectives, and cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and "Cash equivalents" include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXV. EXPLANATIONS ON SEGMENT REPORTING

Information on operational fields which are determined in accordance with the Bank's organizational and internal reporting structure and the requirements of "Turkish Financial Reporting Standards on Segment Reporting" ("TFRS 8") is disclosed in Section Four.

XXVI. RECLASSIFICATIONS

In order to be consistent with the presentation of current period financial statements, there are certain reclassifications.

XXVII. EXPLANATIONS ON OTHER MATTERS

None.

SECTION FOUR

INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT

I. INFORMATION ABOUT SHAREHOLDERS' EQUITY ITEMS

Equity capital amount and capital adequacy standard ratio is calculated in accordance with the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" and "Regulation on Equities of Banks".

The current period equity amount of the Bank is TL 1,342,862 (31 December 2021 - TL 646,135) while its capital adequacy standard ratio is 23.41% (31 December 2021 - 17.39%) as of 31 December 2022. The capital adequacy ratio of the Bank is far beyond the minimum rate determined by the related legislation.

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

a. Information on shareholders' equity

	Current Period	Prior Period
Common Equity Tier 1 capital		
Directly issued qualifying common share capital plus related stock surplus	500,000	500,000
Share premium	-	-
Legal reserves	109,891	62,766
Projected gains to shareholders' equity of the accounting standards in Turkey	1,998	971
Profit	203,873	47,125
Net current period profit	203,873	47,125
Prior period profit	-	-
Free shares from investments and associates, subsidiaries and joint ventures that is not recognised in profit	-	-
Common Equity Tier 1 capital before regulatory adjustments	815,762	610,862
Common Equity Tier 1 capital: regulatory adjustments		
Prudential valuation adjustments	-	-
Sum of current year net loss and prior period's loss that is not covered with reserves and losses on shareholders' equity of the accounting standards in Turkey	-	3,374
Development cost of operating lease	-	-
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	11,648	7,784
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Cash-flow hedge reserve	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Securitisation 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 (if not already netted off paid-in capital on reported balance sheet)	-	-
Reciprocal cross-holdings in common equity	-	-
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	-	-
of which: significant investments in the common stock of financials	-	-
of which: mortgage servicing rights	-	-
of which: deferred tax assets arising from temporary differences	-	-
National specific regulatory adjustments	-	-
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	11,648	11,158
Common Equity Tier 1 capital (CET 1)	804,114	599,704



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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

	Current Period	Prior Period
Additional Tier 1 capital: instruments		
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as equity under applicable accounting standards	-	-
Directly issued qualifying Additional Tier 1 instruments plus related stock surplus of which: classified as liabilities under applicable accounting standards	-	-
Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) of which: instruments issued by subsidiaries subject to phase out	-	-
Additional Tier 1 capital before regulatory adjustments	-	-
Additional Tier 1 capital: regulatory adjustments		
Investments in own Additional Tier 1 instruments	-	-
Reciprocal cross-holdings in Additional Tier 1 instruments	-	-
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 10% threshold)	-	-
Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
National specific regulatory adjustments	-	-
The process of transition will continue to reduce from Tier 1 Capital		
Goodwill or other intangibles and deferred tax liabilities of which the regulation concerning transitional Article 2 of subsection of core capital not reduced from (-)	-	-
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	-	-
Additional Tier 1 capital (AT1)	-	-
Tier 1 capital (T1 = CET1 + AT1)	804,114	599,704
Tier 2 capital: instruments and provisions		
Directly issued qualifying Tier 2 instruments plus related stock surplus	467,458	-
Directly issued qualifying Tier 2 instruments plus related stock surplus	-	-
Provisions	71,290	46,431
Tier 2 capital before regulatory adjustments	538,748	46,431
Tier 2 capital: regulatory adjustments		
Investments in own Tier 2 instruments (-)	-	-
Reciprocal cross-holdings in Tier 2 instruments	-	-

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	Current Period	Prior 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) (-)	-	-
Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	-
National specific regulatory adjustments (-)	-	-
Total regulatory adjustments to Tier 2 capital	-	-
Tier 2 capital (T2)	538,748	46,431
Total capital (TC = T1 + T2)	1,342,862	646,135
Total risk weighted assets	-	-
Loans extended being non-compliant with articles 50 and 51 of the 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(-)	-	-
National specific regulatory adjustments	-	-
The process of transition will continue to reduce from Common Equity Tier 1 capital and Additional Tier 1 capital		
of which: The sum of partnership share on banks and financial institutions (domestic and abroad), with shareholding of less than 10%	-	-
of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-	-
of which: Partnership share on banks and financial institutions (domestic and abroad) that are not consolidated, with a shareholding of 10% and above	-	-



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	Current Period	Prior Period
Shareholders' Equity		
Total shareholders' equity	1,342,862	646,135
Total risk weighted items	5,736,757	3,714,502
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	14.02	16.14
Tier 1 Capital Adequacy Ratio (%)	14.02	16.14
Capital Adequacy Standard Ratio (%)	23.41	17.39
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	2.504	2.505
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank specific countercyclical buffer requirement (%)	0.004	0.005
c) Higher bank buffer requirement ratio (%)	-	-
Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) (%)	6.02	8.14
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financials	-	-
Significant investments in the common stock of financials	-	-
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		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	71,290	58,143
Cap on inclusion of provisions in Tier 2 under standardised approach	71,290	46,431
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Current cap on common equity T1 capital instruments subject to phase out arrangements	-	-
Amount excluded from common equity T1 capital due to cap (excess over cap after redemptions and maturities)	-	-
Current cap on additional T1 capital instruments subject to phase out arrangements	-	-
Amount excluded from additional T1 capital due to cap (excess over cap after redemptions and maturities)	-	-

In the calculation of the amount subject to credit risk, in accordance with the Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks (Regulation) stated in the Board Decision dated 28.04.2022 and numbered 9996 and published in the Official Gazette dated 23.10.2015 and numbered 29511; the application for the use of the Central Bank of the Republic of Turkey foreign exchange buying rate of 31.12.2021 when calculating the amounts of monetary assets and non-monetary assets, other than items in foreign currency measured in terms of historical cost, in accordance with Turkish Accounting Standards and related special provisions; until a Board Decision to the contrary is taken, it has been decided to continue using the Central Bank's foreign exchange buying rate dated 30.12.2022. As of 31 December 2022, the Bank has not used this opportunity in its Capital Adequacy calculations.

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

INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

b. Information about instruments that will be included in total capital calculation

Issuer	PASHA Holding LLC
Identifier(s) (CUSIP, ISIN etc.)	-
Governing law(s) of the instrument	BRSA/Turkish Law
Regulatory Treatment	
Subject to 10% deduction as of 1/1/2015	-
Eligible on unconsolidated and/or consolidated basis	Consolidated and unconsolidated
Instrument type	Loan
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	467
Nominal value of instrument (TL Million)	467
Accounting classification of the instrument	Subordinated Loans (347010 Accounting Number)
Issuance date of instrument	28.09.2022
Maturity structure of the instrument (demand/maturity)	Maturity
Original maturity of the instrument	28.09.2022
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	After 5 th year
Subsequent call dates, if applicable	After 5 th year
Coupon/Dividend Payment	
Fixed or floating coupon/dividend payments	Floating
Coupon rate and any related index	The interest rate applicable for initial 5 years period shall be annually 5.73%, second 5 years is based on consensual; if the parties can not be reach an agreement for coupon rate, the interest rate will be Yield Of Sovereign Debt + Spread for Bonds of Bank
Existence of any dividend payment restriction	-
Fully discretionary, partially discretionary or mandatory	Mandatory
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	Non-cumulative
Convertible or Non-convertible Into Equity Shares	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, type of instrument convertible into	-
If convertible, issuer of instrument to be converted into	-
Write-Down Feature	
If bonds can be written-down, write-down trigger(s)	In case of a threat on revocation of the operation license pursuant to Article 71 of the Banking Law No:5411 or transfer to the Saving Deposit Insurance Fund due to losses suffered, the outstanding amount of the Facility can be wholly or partially written off by the Brouer by settin off to the account of such losses based on the decision of the BRSA.
If bond can be written-down, full or partial	Partial or complete
If bond can be written-down, permanent or temporary	Permanent
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in case of liquidation (instrument type immediately senior to the instrument)	Before the stock shares and primary subordinated debt and after all the other debts
In compliance with article number 7 and 8 of own fund regulation	Yes
Details of incompliances with article number 7 and 8 of own fund regulation	Accept those conditions mentioned article number 8 .2. (a) "issued by the Bank" and "registered by the Capital Markets Board", the instruments is in compliance with article number 8.The instrument is not compliant with article numbered 7.



Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see note I of section three

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Notes to Unconsolidated Financial Statements at 31 December 2022

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

c. Explanations on reconciliation between amounts in the statement of information on equity items

The main difference between the amount of 'Equity' given in the statement of equity and the amount of 'Equity' in the unconsolidated balance sheet arises expected credit losses. The expected credit losses are considered as contribution capital in the calculation of the 'Equity' given in the equity table. In addition, operating lease development costs, intangible assets, and some other accounts determined by the Board are taken into account in calculating the 'Equity' amount in calculations as deductions.

II. EXPLANATIONS ON CREDIT RISK

a. The Bank takes into account the Banking Law as far as the limits applied to a single obligor or a risk group is concerned. Limits are determined to avoid sectoral concentration, and the compliance to these limits are monitored on transaction basis.

Regarding daily credit and security transactions, compliance to limits and concentrations are monitored and reported by the risk management unit. Besides, the compliance of credits to their limits are followed by operations, marketing and internal control units.

Credits and other receivables are re-evaluated at least once a year by the credit allocation unit. Ratings are calculated by using models specifically developed for this purpose.

Including the necessary documents, credit allocation activities are also subject to controls by the internal control unit, which is independent from business units.

b. According to TFRS 9 Financial Instruments Standard and Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions, loans are classified as overdue loans that are not have performing loan specifications. The accounting and provisioning policy have been disclosed in section 3.

c. Bank does not carry any forward or option positions or similar positions based on other agreements on the organized markets.

d. The Bank, as an active participant in the national and international banking market, compared to the financial activities of other financial institutions, is not exposed to high volumes of credit risk, which may necessitate mitigation through futures or options. As credit risk increases, usage of such derivative instruments may be relevant.

e. The Bank does not have any non-cash loans that were transformed into cash. If such loans exist, they are going to be applied the same risk weight as the cash loans.

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Notes to Unconsolidated Financial Statements at 31 December 2022

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

INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

f. The restructured and the rescheduled loans have been disclosed in Section 5.

The discrimination of credit risk is performed through rating systems. No risk discrimination is made via maturity.

g. The banking activities and lending transactions carried out by the Bank abroad are closely monitored in terms of the economic conditions of the relevant countries and the periodic evaluation of the credit values of customers and financial institutions, and no significant credit risk is observed within the framework of these activities.

h. The Bank, as an active participant in the national and international banking market, compared to the financial activities of other financial institutions, is not exposed to high volumes of credit risk.

i. The share of the greatest 100 and 200 cash loan customers within the total cash loans portfolio is 100% and 100%, respectively (31 December 2021: 100% and 100%).

The share of the greatest 100 and 200 non-cash loan customers within the total non-cash loans portfolio is 100% and 100%, respectively (31 December 2021: 100% and 100%).

The share of the greatest 100 and 200 cash and non-cash loan customers within the total cash and non-cash loans portfolio in the on and off balance sheets is 100% and 100%, respectively (31 December 2021: 100% and 100%).

j. The expected credit losses for the credit risk is TL 71,290 (31 December 2021 - TL 58,143).



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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

k. The total amount of risk the Bank is exposed to, without taking into account the mitigation effects, and average of the risks grouped based on different risk classes and types are shown in the table below:

	31 December 2022		31 December 2021	
	Current Period Risk Amount ¹	Average Risk Amount ²	Prior Period Risk Amount ¹	Average Risk Amount ²
Risk Classifications				
Conditional and unconditional receivables from central governments or central banks	822,775	747,267	525,830	322,151
Conditional and unconditional receivables from regional management or local governments	-	-	-	-
Conditional and unconditional receivables from administrative units or non-commercial ventures	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international Organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage corporation	1,819,918	1,068,780	750,620	399,915
Conditional and unconditional corporate receivables	3,647,990	3,176,903	2,453,449	1,883,513
Conditional and unconditional retail receivables	850	480	190	15,553
Conditional and unconditional collateralized by real estate mortgages receivables	311,310	297,588	256,695	173,232
Non-performing receivables	37	2,776	20,930	19,744
Receivables defined in high risk category by BRSA	-	-	-	-
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables and short-term corporate receivables from banks and brokerage corporations	-	-	-	76,782
Investments in nature of collective investment funds	41,168	32,976	20,956	24,813
Equity security investments	7,659	7,659	7,659	7,659
Other receivables	290,390	291,152	254,932	261,765
Total	6,942,097	5,625,581	4,291,261	3,185,127

1) The figures represent total risk amounts before Credit Risk Mitigation and after credit conversion factor.

2) Average risk amounts are calculated as arithmetical average of monthly amounts of relevant year.

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

11. Profile of significant exposures in significant regions

	Risk Classifications ¹							
	1	2	3	4	5	6	7	8
Current Period								
Domestic	822,775	-	-	-	-	710,661	3,163,708	529
European Union Countries	-	-	-	-	-	659,505	-	-
OECD Countries ²	-	-	-	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	127,840	-	-
Other Countries	-	-	-	-	-	321,912	484,282	321
Associates, Subsidiaries and Joint -Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ³	-	-	-	-	-	-	-	-
Total	822,775	-	-	-	-	1,819,918	3,647,990	850

1) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks". Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Management or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
- 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
- 7) Conditional and unconditional corporate receivables
- 8) Conditional and unconditional retail receivables
- 9) Conditional and unconditional collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
- 13) Securitization positions
- 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
- 15) Investments in nature of Collective Investment funds
- 16) Equity security investments
- 17) Other receivables
- 2) Includes OECD countries other than EU countries, USA and Canada.
- 3) Includes assets and liability items that cannot be allocated on a consistent basis.



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

	9	10	11	12	13	14	15	16	17	Total
	311,310	37	-	-	-	-	3,602	7,659	290,390	5,310,671
	-	-	-	-	-	-	37,566	-	-	697,071
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	127,840
	-	-	-	-	-	-	-	-	-	806,515
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	311,310	37	-	-	-	-	41,168	7,659	290,390	6,942,097

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

Prior Period	Risk Classifications ¹							
	1	2	3	4	5	6	7	8
Domestic	525,830	-	-	-	-	449,812	1,981,969	10
European Union Countries	-	-	-	-	-	18,900	-	-
OECD Countries ²	-	-	-	-	-	-	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	79,682	-	-
Other Countries	-	-	-	-	-	202,226	471,480	180
Associates, Subsidiaries and Joint -Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/Liabilities ³	-	-	-	-	-	-	-	-
Total	525,830	-	-	-	-	750,620	2,453,449	190

1) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks". Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
 - 2) Conditional and unconditional receivables from Regional Management or Local Governments
 - 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
 - 4) Conditional and unconditional receivables from Multilateral Development Banks
 - 5) Conditional and unconditional receivables from International Organizations
 - 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
 - 7) Conditional and unconditional corporate receivables
 - 8) Conditional and unconditional retail receivables
 - 9) Conditional and unconditional collateralized by real estate mortgages receivables
 - 10) Non-performing receivables
 - 11) Receivables defined in high risk category by BRSA
 - 12) Securities collateralized by mortgages
 - 13) Securitization positions
 - 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
 - 15) Investments in nature of Collective Investment funds
 - 16) Equity security investments
 - 17) Other receivables
- 2) Includes OECD countries other than EU countries, USA and Canada.
- 3) Includes assets and liability items that cannot be allocated on a consistent basis.



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	9	10	11	12	13	14	15	16	17	Total
	256,695	20,930	-	-	-	-	2,679	7,659	254,932	3,500,516
	-	-	-	-	-	-	18,277	-	-	37,177
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	79,682
	-	-	-	-	-	-	-	-	-	673,886
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	256,695	20,930	-	-	-	-	20,956	7,659	254,932	4,291,261

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

INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

12. Risk profile by sectors or counterparties

Current Period	Risk Classifications ¹							
	1	2	3	4	5	6	7	8
Agriculture	-	-	-	-	-	-	5,022	-
Farming and Stockbreeding	-	-	-	-	-	-	5,022	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	1,163,356	-
Mining and Quarrying	-	-	-	-	-	-	245	-
Production	-	-	-	-	-	-	812,024	-
Electricity, Gas and Water	-	-	-	-	-	-	351,087	-
Construction	-	-	-	-	-	-	623,646	155
Services	810,524	-	-	-	-	1,819,918	1,815,637	-
Wholesale and Retail Trade	-	-	-	-	-	-	343,964	-
Accommodation and Dining	-	-	-	-	-	-	231,857	-
Transportation and Telecom	-	-	-	-	-	-	159,528	-
Financial Institutions	810,524	-	-	-	-	1,819,918	886,883	-
Real Estate and Rental Services	-	-	-	-	-	-	124,707	-
Professional Services	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	68,698	-
Others	12,251	-	-	-	-	-	40,329	695
Total	822,775	-	-	-	-	1,819,918	3,647,990	850

1) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks". Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Management or Local Governments
- 3) Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures
- 4) Conditional and unconditional receivables from Multilateral Development Banks
- 5) Conditional and unconditional receivables from International Organizations
- 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
- 7) Conditional and unconditional corporate receivables
- 8) Conditional and unconditional retail receivables
- 9) Conditional and unconditional collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
- 13) Securitization positions
- 14) Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations
- 15) Investments in nature of Collective Investment funds
- 16) Equity security investments
- 17) Other receivables



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	9	10	11	12	13	14	15	16	17	LC	FC	Total
	-	-	-	-	-	-	-	-	-	5,022	-	5,022
	-	-	-	-	-	-	-	-	-	5,022	-	5,022
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	22,068	37	-	-	-	-	-	-	-	533,881	651,580	1,185,461
	-	-	-	-	-	-	-	-	-	-	245	245
	-	37	-	-	-	-	-	-	-	533,495	278,566	812,061
	22,068	-	-	-	-	-	-	-	-	386	372,769	373,155
	112,109	-	-	-	-	-	-	-	-	86,856	649,054	735,910
	177,133	-	-	-	-	-	41,168	7,659	-	929,443	3,742,596	4,672,039
	11,312	-	-	-	-	-	-	-	-	76,067	279,209	355,276
	65,866	-	-	-	-	-	-	-	-	59,956	237,767	297,723
	22,844	-	-	-	-	-	-	-	-	31,390	150,982	182,372
	-	-	-	-	-	-	41,168	7,659	-	659,613	2,906,539	3,566,152
	77,111	-	-	-	-	-	-	-	-	93,822	107,996	201,818
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	8,595	60,103	68,698
	-	-	-	-	-	-	-	-	290,390	302,551	41,114	343,665
	311,310	37	-	-	-	-	41,168	7,659	290,390	1,857,753	5,084,344	6,942,097

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

Prior Period	Risk Classifications ¹							
	1	2	3	4	5	6	7	8
Agriculture	-	-	-	-	-	-	10,000	-
Farming and Stockbreeding	-	-	-	-	-	-	10,000	-
Forestry	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	708,986	-
Mining and Quarrying	-	-	-	-	-	-	4,057	-
Production	-	-	-	-	-	-	348,950	-
Electricity, Gas and Water	-	-	-	-	-	-	355,979	-
Construction	-	-	-	-	-	-	797,116	-
Services	512,810	-	-	-	-	750,620	922,432	-
Wholesale and Retail Trade	-	-	-	-	-	-	136,211	-
Accommodation and Dining	-	-	-	-	-	-	684	-
Transportation and Telecom	-	-	-	-	-	-	248,546	-
Financial Institutions	512,810	-	-	-	-	750,620	402,544	-
Real Estate and Rental Services	-	-	-	-	-	-	65,442	-
Professional Services	-	-	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	69,005	-
Others	13,020	-	-	-	-	-	14,915	190
Total	525,830	-	-	-	-	750,620	2,453,449	190

1) Stands for the risk categories listed in "Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks". Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

- 1) Conditional and unconditional receivables from Central Governments or Central Banks
- 2) Conditional and unconditional receivables from Regional Management or Local Governments
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- 5) Conditional and unconditional receivables from International Organizations
- 6) Conditional and unconditional receivables from Banks and Brokerage Corporation
- 7) Conditional and unconditional corporate receivables
- 8) Conditional and unconditional retail receivables
- 9) Conditional and unconditional collateralized by real estate mortgages receivables
- 10) Non-performing receivables
- 11) Receivables defined in high risk category by BRSA
- 12) Securities collateralized by mortgages
- 13) Securitization positions
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- 17) Other receivables



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	9	10	11	12	13	14	15	16	17	LC	FC	Total
	-	-	-	-	-	-	-	-	-	10,000	-	10,000
	-	-	-	-	-	-	-	-	-	10,000	-	10,000
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	44,863	109	-	-	-	-	-	-	-	87,134	666,824	753,958
	-	-	-	-	-	-	-	-	-	-	4,057	4,057
	-	109	-	-	-	-	-	-	-	29,685	319,374	349,059
	44,863	-	-	-	-	-	-	-	-	57,449	343,393	400,842
	113,451	4,818	-	-	-	-	-	-	-	100,922	814,463	915,385
	98,381	16,003	-	-	-	-	20,956	7,659	-	709,661	1,619,200	2,328,861
	49,576	-	-	-	-	-	-	-	-	75,403	110,384	185,787
	-	-	-	-	-	-	-	-	-	684	-	684
	-	16,003	-	-	-	-	-	-	-	33,319	231,230	264,549
	-	-	-	-	-	-	20,956	7,659	-	541,130	1,153,459	1,694,589
	47,805	-	-	-	-	-	-	-	-	52,144	61,103	113,247
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
	1,000	-	-	-	-	-	-	-	-	6,981	63,024	70,005
	-	-	-	-	-	-	-	-	254,932	267,920	15,137	283,057
	256,695	20,930	-	-	-	-	20,956	7,659	254,932	1,175,637	3,115,624	4,291,261

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

m. Analysis of maturity bearing exposures according to remaining maturities

Risk Classifications (Current Period)	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year ²
Conditional and unconditional receivables from Central Governments or Central Banks	456,011	5,010	3,252	12,990	345,512
Conditional and unconditional receivables from Regional Management or Local Governments	-	-	-	-	-
Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-
Conditional and unconditional receivables from Multilateral Development Banks	-	-	-	-	-
Conditional and unconditional receivables from International Organizations	-	-	-	-	-
Conditional and unconditional receivables from Banks and Brokerage Corporation	1,325,750	27,358	58,913	142,854	265,043
Conditional and unconditional corporate receivables	541,183	729,384	392,721	849,578	1,135,124
Conditional and unconditional retail receivables	529	39	282	-	-
Conditional and unconditional collateralized by real estate mortgages receivables	33,965	7,797	21,238	34,963	213,347
Non-performing receivables	37	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-
Investments in nature of Collective Investment funds	-	-	-	-	41,168
Equity security investments	7,659	-	-	-	-
Other receivables	14,937	1,291	2,819	-	271,343
Total¹	2,380,071	770,879	479,225	1,040,385	2,271,537

⁽¹⁾ Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

⁽²⁾ Includes also undistributed amounts.



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Risk Classifications (Prior Period)	Time to Maturity				
	1 month	1-3 months	3-6 months	6-12 months	Over 1 year ²
Conditional and unconditional receivables from Central Governments or Central Banks	284,007	15,621	946	93,321	131,935
Conditional and unconditional receivables from Regional Management or Local Governments	-	-	-	-	-
Conditional and unconditional receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-
Conditional and unconditional receivables from Multilateral Development Banks	-	-	-	-	-
Conditional and unconditional receivables from International Organizations	-	-	-	-	-
Conditional and unconditional receivables from Banks and Brokerage Corporation	290,830	20,645	131,088	128,104	179,953
Conditional and unconditional corporate receivables	484,798	290,078	109,354	362,684	1,206,535
Conditional and unconditional retail receivables	180	-	1	9	-
Conditional and unconditional collateralized by real estate mortgages receivables	41,682	28,729	7,838	18,664	159,782
Non-performing receivables	5,920	86	130	260	14,534
Receivables defined in high risk category by BRSA	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-
Investments in nature of Collective Investment funds	-	-	-	-	20,956
Equity security investments	7,659	-	-	-	-
Other receivables	20,742	1,115	494	438	232,143
Total¹	1,135,818	356,274	249,851	603,480	1,945,838

⁽¹⁾ Includes risk amounts before the effect of credit risk mitigation and after the credit conversion factors.

⁽²⁾ Includes also undistributed amounts.

n. The Bank has no particular agreement with a credit rating agency.

o. There is no credit rating for issuer or issue for the items not included in trading accounts where there is no credit ratings.

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

p. Risk amounts according to risk weights

Risk Weights' (Current Period)	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Others	Deductions from Equity
Amount before Credit Risk												
Mitigation	498,747	-	729,752	-	-	531,104	850	5,128,411	-	-	53,233	-
Amounts after Credit Risk												
Mitigation	498,747	-	729,752	-	36,124	728,046	850	4,796,406	-	-	53,233	-

⁽¹⁾ Excluding counterparty credit risk and securitization positions

Risk Weights (Prior Period)	0%	10%	20%	25%	35%	50%	75%	100%	150%	250%	Others	Deductions from Equity
Amount before Credit Risk												
Mitigation	335,994	-	249,739	-	-	334,278	191	3,355,057	16,002	-	-	-
Amounts after Credit Risk												
Mitigation	335,994	-	249,739	-	10,731	477,615	191	3,159,591	16,002	-	-	-

r. Miscellaneous Information by major sectors and type of counterparties

In accordance with TFRS 9;

Impaired loans; By the end of the reporting period, not more than 90 days overdue or impaired due to credibility. For such loans, "Specific Provisions" are calculated within the scope of TFRS 9 Financial Assets.



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Overdue Loans; By the end of the reporting period up to 90 days due but not impaired loans. For such loans, "Stage 1 and Stage 2" expected credit losses are calculated within the scope of Provision Regulation.

	Current Period			Prior Period		
	Loans ¹⁾		Provisions	Loans ¹⁾		Provisions
	Impaired Loans (TFRS 9)		Expected Credit Losses (TFRS 9) ²⁾	Impaired Loans (TFRS 9)		Expected Credit Losses (TFRS 9) ²⁾
Significant increase in credit risk (Stage 2)	Non-Performing Loans (Stage 3)	Significant increase in credit risk (Stage 2)		Non-Performing Loans (Stage 3)		
Agriculture	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-
Forestry	-	-	-	-	-	-
Fishery	-	-	-	-	-	-
Manufacturing	11,250	2,817	3,184	11,448	3,130	4,949
Mining and Quarrying	-	-	-	-	-	-
Production	11,250	2,817	3,184	11,448	3,130	4,949
Electricity, Gas and Water	-	-	-	-	-	-
Construction	-	13,787	13,787	-	25,617	20,799
Services	113,060	-	25,008	150,490	17,077	28,973
Wholesale and Retail Trade	-	-	-	8,791	-	900
Accommodation and Dining	-	-	-	-	-	-
Transportation and Telecom	113,060	-	25,008	141,699	17,077	28,073
Financial Institutions	-	-	-	-	-	-
Real Estate and Rental Services	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	124,310	16,604	41,979	161,938	45,824	54,721

¹⁾ Cash Loans

²⁾ Expected Credit Losses for cash loans

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

s. Movements in value adjustments and provisions

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
Specific provisions (Stage 3)	25,517	-	(8,327)	-	17,190
General provisions (Stage 1&2)	58,143	17,567	(4,420)	-	71,290

Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
Specific provisions (Stage 3)	19,831	6,792	(1,106)	-	25,517
General provisions (Stage 1&2)	34,452	30,667	(6,976)	-	58,143

t. Risk involved in counter-cyclical capital buffer calculation

The breakdown of private sector receivables by geographic area which considered in the calculation of counter-cyclical capital buffer in accordance with 'Capital Conservation and Countercyclical Capital buffers' published in official gazette dated 5 November 2013 and numbered 28812 and the sub-regulations are provided in the table below:

Current Period Country	Banking book for private sector lending	RWAs of trading book	Total
Turkey	4,434,479	-	4,434,479
Montenegro	408,311	-	408,311
Azerbaijan	372,989	-	372,989
Austria	139,593	-	139,593
Germany	59,518	-	59,518
United States of America	25,568	-	25,568
Others	804	-	804
Total	5,441,262	-	5,441,262

Prior Period Country	Banking book for private sector lending	RWAs of trading book	Total
Turkey	2,782,544	-	2,782,544
Montenegro	464,149	-	464,149
Azerbaijan	215,116	-	215,116
Austria	15,936	-	15,936
Germany	3,611	-	3,611
United States of America	1,303	-	1,303
Others	1,397	-	1,397
Total	3,484,056	-	3,484,056



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III. EXPLANATIONS ON CURRENCY RISK

The Bank's foreign currency position is managed within the limits set by legislation and the Bank. The basic principle in foreign currency risk management is not to be exposed to currency risk. Accordingly, the exchange-trading risk positions are not allocated to the limit, banking accounts as of the currency by creating a matched asset-liability structure is aimed to provide natural protection. The Bank uses derivative financial instruments such as forward foreign exchange contracts and currency swaps for hedging purposes in foreign currency denominated transactions.

Bank's methodology of digitising the foreign currency position includes the use of standard method when calculating the capital adequacy ratio and application of internal stress tests/sensitivity analysis.

The Bank's publicly announced foreign exchange bid rates as of the date of the financial statements and for the last five business days prior to that date:

(Full TL)	USD	EUR
Foreign exchange rates as of 31 December 2022	18.6983	19.9349
1. Bid rate	18.6983	19.9349
2. Bid rate	18.6966	19.8816
3. Bid rate	18.6964	19.8946
4. Bid rate	18.6813	19.9087
5. Bid rate	18.6649	19.8324
Arithmetic average - 31 days	18.6395	19.7374
Foreign exchange rates as of 31 December 2021	13.3290	15.0867

Foreign Exchange Sensitivity Analysis

The effects (excluding tax effects) of 10% change of TL against the foreign currencies below on the equity and profit or loss are presented below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Change in Currency Rate		Effect on Profit and Loss		Effect on Equity	
		Current Period	Prior Period	Current Period	Prior Period
USD	10% decrease	(6,021)	(2,431)	(6,021)	(2,431)
USD	10% increase	6,021	2,431	6,021	2,431
EUR	10% decrease	(3,450)	(5,641)	(3,450)	(5,641)
EUR	10% increase	3,450	5,641	3,450	5,641

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Current Period	EURO	USD	Other FC	Total
Assets				
Cash and Cash Equivalents (Cash in vault, effectiveness, money in transfer and cheques purchased) and Balances with the Central Bank of Turkey	77	409,261	3	409,341
Due from Banks	575,764	690,203	231	1,266,198
Financial Assets at Fair Value Through Profit or Loss	37,566	-	-	37,566
Money Market Placements	-	-	-	-
Financial assets at fair value through other comprehensive income	-	9,412	-	9,412
Loans ⁽¹⁾	1,333,706	1,089,692	-	2,423,398
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Financial assets at fair value through profit or loss	-	456,634	-	456,634
Derivative Financial Assets	-	-	-	-
Property and Equipment	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	84	-	84
Total Assets	1,947,113	2,655,286	234	4,602,633
Liabilities				
Bank Deposits	-	-	-	-
Foreign Currency Deposits	-	-	-	-
Funds From Interbank Money Market	69,687	133,066	-	202,753
Funds Borrowed From Other Financial Institutions	1,212,448	1,136,443	-	2,348,891
Marketable Securities Issued	63,933	719,825	-	783,758
Miscellaneous Payables ⁽³⁾	14,539	80,363	-	94,902
Derivative Financial Liabilities ⁽⁴⁾	-	-	-	-
Other Liabilities ^(2, 5)	191,577	871,842	-	1,063,419
Total Liabilities	1,552,184	2,941,539	-	4,493,723
Net On-balance Sheet Position	394,929	(286,253)	234	108,910
Net Off-balance Sheet Position	(334,723)	320,756	-	(13,967)
Derivative Financial Assets	-	321,373	-	321,373
Derivative Financial Liabilities	334,723	617	-	335,340
Non-Cash Loans	245,646	144,655	112,446	502,747
Prior Period				
Total Assets	901,481	1,654,421	112	2,556,014
Total Liabilities	792,272	1,776,114	-	2,568,386
Net On-balance Sheet Position	109,209	(121,693)	112	(12,372)
Net Off-balance Sheet Position	(52,803)	145,999	-	93,196
Derivative Financial Assets	-	145,999	-	145,999
Derivative Financial Liabilities	52,803	-	-	52,803
Non-Cash Loans	419,483	161,338	-	580,821

⁽¹⁾ Foreign currency indexed loans amounting to TL 22,691 (31 December 2021 - TL 23,732), receivables from leasing transaction amounting to TL 118,558 (31 December 2021 - 117,178 TL) and there is no foreign currency expected credit losses (31 December 2021 - 682 TL).

⁽²⁾ Borrowers' funds amounting to TL 595,596 (31 December 2021 - TL 15,202) are included.

⁽³⁾ Presented in other liabilities at financial statements.

⁽⁴⁾ Excludes net derivative financial liabilities amounting to TL 3,154 TL (31 December 2021 - TL 114 of net derivative financial liabilities).

⁽⁵⁾ Includes subordinated loan.



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IV. EXPLANATIONS ON INTEREST RATE RISK

Interest rate risk is the risk that expresses the effects of fluctuations in the market interest rates on the value increase/decrease of the Bank's interest rate sensitive assets and liabilities.

The interest rate sensitivity of Assets, Liabilities and Off-balance sheet items is carefully followed up by the treasury department of the Bank. Assets and liabilities which are sensitive to interest are managed in such a way that minimizes the interest risk.

The interest rate risk of the banking items is measured legally in accordance with the "Regulation on Measurement and Assessment of Standard Shock Method on the interest rate risk arising from banking accounts", and this legal limit is monitored and reported monthly, based on this measurement.

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

a. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and over	Non- Interest Bearing ⁽¹⁾	Total
Assets							
Cash and Cash Equivalents (Cash in vault, effectiveness, money in transfer and cheques purchased) and Balances with the CB of Turkey	449,812	-	-	-	-	110	449,922
Due from Banks	171,978	-	-	-	-	1,097,312	1,269,290
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	-	-	-	-	-	41,168	41,168
Money Market Placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	13,125	1,851	20,390	11,842	9,349	7,659	64,216
Loans ⁽²⁾	594,241	662,790	1,389,824	961,855	29,383	(68,809)	3,569,284
Financial assets measured at amortised cost	42,586	5,973	2,788	386,586	18,701	(8,922)	447,712
Other Assets	-	-	-	-	-	314,263	314,263
Total Assets	1,271,742	670,614	1,413,002	1,360,283	57,433	1,382,781	6,155,855
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	89,162	195,248	28,558	-	-	-	312,968
Miscellaneous Payables ⁽⁵⁾	21,139	14,100	58,482	-	-	34,918	128,639
Marketable Securities Issued	75,905	158,968	467,458	251,492	-	-	953,823
Funds Borrowed From Other Financial Institutions	1,631,120	757,178	365,822	-	-	9,084	2,763,204
Other Liabilities ^{(3),(4)}	54,487	189,091	-	467,749	-	1,285,894	1,997,221
Total Liabilities	1,871,813	1,314,585	920,320	719,241	-	1,329,896	6,155,855
Balance Sheet Long Position	-	-	492,682	641,042	57,433	52,885	1,244,042
Balance Sheet Short Position	(600,071)	(643,971)	-	-	-	-	(1,244,042)
Off-balance Sheet Long Position ⁽⁶⁾	239,915	92,894	-	-	-	-	332,809
Off-balance Sheet Short Position ⁽⁶⁾	(241,645)	(93,695)	-	-	-	-	(335,340)
Total Position	(601,801)	(644,772)	492,682	641,042	57,433	52,885	(2,531)

⁽¹⁾ Allowances for the expected credit losses are included in the non-interest bearing column.

⁽²⁾ Finance lease receivables are included.

⁽³⁾ Shareholders' equity is presented under other liabilities in the non-interest bearing column.

⁽⁴⁾ Borrowers' funds and subordinated loans are presented in the other liabilities.

⁽⁵⁾ Presented in other liabilities at financial statements.

⁽⁶⁾ Includes asset purchase and sale commitments

⁽⁷⁾ Includes derivatives financial assets



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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Year	5 Year and over	Non- Interest Bearing ⁽¹⁾	Total
Assets							
Cash and Cash Equivalents (Cash in vault, effectiveness, money in transfer and cheques purchased) and Balances with the CB of Turkey	282,666	-	-	-	-	744	283,410
Due from Banks	66,646	-	-	-	-	143,142	209,788
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	13,604	-	-	-	-	20,956	34,560
Money Market Placements	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	3,307	640	1,101	37,978	-	7,659	50,685
Loans ⁽²⁾	609,771	363,660	583,371	856,310	9,340	(70,933)	2,351,519
Financial assets measured at amortised cost	1,155	28,994	183,060	147,894	-	(4,224)	356,879
Other Assets	-	-	-	-	-	275,712	275,712
Total Assets	977,149	393,294	767,532	1,042,182	9,340	373,056	3,562,553
Liabilities							
Bank Deposits	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Funds From Interbank Money Market	194,227	5,845	5,451	-	-	-	205,523
Miscellaneous Payables	23,651	601	-	-	-	49,985	74,237
Marketable Securities Issued	66,372	1,503	773,082	381,502	-	-	1,222,459
Funds Borrowed From Other Financial Institutions	257,743	266,133	181,242	670,698	-	236	1,376,052
Other Liabilities ^{(3),(4)}	11,361	-	-	-	-	672,921	684,282
Total Liabilities	553,354	274,082	959,775	1,052,200	-	723,142	3,562,553
Balance Sheet Long Position	423,795	119,212	-	-	9,340	-	552,347
Balance Sheet Short Position	-	-	(192,243)	(10,018)	-	(350,086)	(552,347)
Off-balance Sheet Long Position ⁽⁵⁾	145,999	-	-	-	-	-	145,999
Off-balance Sheet Short Position ⁽⁵⁾	(132,709)	-	-	-	-	-	(132,709)
Total Position	437,085	119,212	(192,243)	(10,018)	9,340	(350,086)	13,290

⁽¹⁾ Allowances for the expected credit losses are included in the non-interest bearing column.

⁽²⁾ Finance lease receivables are included.

⁽³⁾ Shareholders' equity is presented under other liabilities in the non-interest bearing column.

⁽⁴⁾ Borrowers' funds is presented in the other liabilities.

⁽⁵⁾ Presented in other liabilities at financial statements.

⁽⁶⁾ Includes asset purchase and sale commitments

⁽⁷⁾ Includes derivatives financial assets

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b. Average interest rates for monetary financial instruments

Current Period	EUR %	USD %	JPY %	TRY %
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	4.64
Due From Banks	1.45	1.89	-	18.47
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	13.55
Financial assets at fair value through other comprehensive income	-	8.24	-	18.87
Loans	4.94	6.81	-	26.97
Financial assets measured at amortised cost	-	7.39	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	1.60	2.69	-	16.49
Miscellaneous Payables ⁽¹⁾	2.49	3.34	-	18.76
Marketable Securities Issued	1.75	3.73	-	23.48
Funds Borrowed From Other Financial Institutions	1.97	3.82	-	18.36

⁽¹⁾ Includes borrowers' funds and subordinated loans.

Prior Period	EUR %	USD %	JPY %	TRY %
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	-	-	-	11.98
Due From Banks	0.03	0.13	-	19.45
Financial Assets at Fair Value Through Profit/Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	18.20
Financial assets at fair value through other comprehensive income	-	-	-	16.82
Loans	4.64	5.53	-	20.83
Financial assets measured ⁽¹⁾ at amortised cost	-	7.58	-	-
Liabilities				
Bank Deposits	-	-	-	-
Other Deposits	-	-	-	-
Funds From Interbank Money Market	1.21	2.50	-	17.25
Miscellaneous Payables ⁽¹⁾	-	0.23	-	16.88
Marketable Securities Issued	1.75	3.55	-	18.96
Funds Borrowed From Other Financial Institutions	1.48	3.85	-	18.05

⁽¹⁾ Includes borrowers' funds.



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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

c. Economic value differences resulted from interest rate instabilities calculated according to regulation on measurement and evaluation of interest rate risk resulted from banking book as per standard shock method

Current Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity(%)
TRY	(+) 500 basis point	(23,258)	(1.73)
TRY	(-) 400 basis point	20,405	1.52
USD	(+) 200 basis point	(9,363)	(0.70)
USD	(-) 200 basis point	10,558	0.79
EUR	(+) 200 basis point	(17,263)	(1.29)
EUR	(-) 200 basis point	18,127	1.35
TOTAL (for negative shocks)		49,090	3.66
TOTAL (for positive shocks)		(49,884)	(3.72)

Prior Period Type of Currency	Shocks Applied (+/- basis points)	Gains/Losses	Gains/Equity- Losses/Equity(%)
TRY	(+) 500 basis point	(15,651)	(2.42)
TRY	(-) 400 basis point	13,890	2.15
USD	(+) 200 basis point	6,967	1.08
USD	(-) 200 basis point	5,597	0.87
EUR	(+) 200 basis point	(12,501)	(1.93)
EUR	(-) 200 basis point	-	-
TOTAL (for negative shocks)		19,487	3.02
TOTAL (for positive shocks)		(21,185)	(3.27)

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

V. EXPLANATIONS ON EQUITY POSITION RISK

The Bank does not hold equity position as of 31 December 2022. (31 December 2021 - None).

VI. EXPLANATIONS ON LIQUIDITY RISK and LIQUIDITY COVERAGE RATIO

a. Information on risk capacity, responsibilities and structure of liquidity risk management, reporting of liquidity risk at bank, liquidity risk management including how liquidity risk strategy, policy and implementations communicates with board of directors and business units

Liquidity risk is the risk occurring as a result of non-availability of sufficient cash on hand or cash inflow to meet cash outflows in a timely manner completely as a result of imbalance in cash flows. Treasury department manages the liquidity of the Bank daily and informs ALCO about the liquidity position of the Bank weekly. It is the Treasury Department's responsibility to plan the liquidity management for weekly, monthly and annual periods and to take the necessary precautions, in coordination with the Financial Planning & Control Department and Risk Management. It is the Risk Management's responsibility to inform the senior management.

The Bank forms its assets and liabilities in balance not to create a negative gap on cumulative basis in maturity segments.

In accordance with the "Regulation on Measurement and Evaluation of Liquidity Adequacy of Banks" entered into force after published on Official Gazette dated November 1, 2006 and numbered 26333 by BRSA, starting from June 1, 2007, weekly simple average of total liquidity adequacy rates related to primary maturity segment and total liquidity adequacy rate related to secondary maturity segment cannot be less than 100% while weekly simple average of foreign currency liquidity ratio related to primary maturity segment and foreign currency adequacy rate related to secondary maturity segment cannot be less than 80%.

The Reporting Department is responsible for calculating the first maturity and second maturity liquidity ratios and reporting to the legal authorities.

The stress tests to be applied on the liquidity position and the liquidity coverage ratio are calculated by the Risk Management Unit.

Risk Management Department monitors related unit's activities and reports to the Senior Management monthly.

b. Information on centralization grade of liquidity management and funding strategy and its functionality among Bank and its affiliates

There is no structured liquidity management requiring centralization between bank and its affiliates.



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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

c. Information on funding strategy of the Bank including policies related to diversity of funding sources and periods

The main funding sources of the Bank are provided by domestic and foreign banks, repo transactions, subordinated loans, money market transactions and issued marketable securities and diversification of aforementioned sources are made in order to minimize liquidity risk. Financial Institutions and Investor Relations Department carries out studies which are required to relate supplying of long term foreign source.

d. Information on liquidity management based on currencies forming at least 5% of total liabilities of the Bank

Almost all the liabilities of the Bank consists of TL, USD and EUR and most of the TL resources are from equities, borrowing from bank and money market funds.

TL liquidity of the Bank is managed through funds provided from domestic and foreign banks via repo transactions made in BIST using high quality (premium) securities.

TL and foreign currency cash flow of the Bank in scope of Balance sheet management is monitored separately. Risk Management Unit reports to ALCO weekly and Board of Directors on a monthly basis.

e. Information on liquidity risk reduction techniques

Liquidity limits are determined in order to keep the risk regarding liquidity risk in defined limits and to monitor liquidity position. The aforementioned limits have been determined in accordance with "Regulation on Measurement and Evaluation of Bank's Liquidity Adequacy" in Risk Appetite Statements and approved by Board of Directors.

f. Disclosure regarding use of stress test

Liquidity stress test regarding adverse effects in the Bank's liquidity due to fluctuations in capital markets is applied by Risk Management Department and reported to Risk Management Committee.

In the stress scenarios created, the problems to be experienced on the funding side and the inability to collect the receivables expected to be collected are analyzed. In the liquidity planning process of the bank, an assessment of the situation is made by evaluating the cumulative maturity mismatches according to the maturities under different severity scenarios.

g. Information related to emergency and unexpected situation plan for liquidity

"Emergency and unexpected situation plan for Liquidity" is approved by the Board of Directors and established in order to manage possible liquidity crisis and required actions for losses which can occur in extraordinary conditions are determined with preventing mechanisms and liquidity squeeze scenarios. The scope of the aforementioned plan is to pre-determine applicable scenarios, measurement of liquidity risk and the actions which shall be taken towards those risks.

Regarding the sectors affected by COVID-19, the analysis published by foreign rating agencies and shared with the public were used. The sectors that are expected to be affected the most are ranked from high risk to low risk, and all customers in our Bank were separated by risk groups, evaluated in monitoring activities, stress test analyzes, sectoral concentration analyzes and these evaluations will continue in the coming periods.

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

h. Liquidity Coverage Ratio

The liquidity coverage ratio is calculated by proportioning the high quality liquid assets owned by the bank to net cash outflow in a one month maturity. Significant balance sheet items that determine the ratio can be listed as required reserves at the CBRT, securities that not subject to repo/collateral, foreign funds and receivables from banks. As of the balance sheet period, 78% of the high quality liquid assets of LCR subject bank accounts with the Central Bank, and 18% of the issued securities is composed by the Treasury of Republic of Turkey. The main funding sources of the Bank are loans received, debts due to money markets and securities issued.

As of the balance sheet date, 58% of the Bank's fund resources, excluding equity, consists of loans received and debts to money markets, 18% consists of debt securities issued, 12% consist of borrowers' funds and 9% consists of subordinated loans. There may be fluctuations in the liquidity coverage ratio in the weeks when the share of funds originated from banks within fund sources increases or when medium/long term foreign funds, which are renewed when due, enter the one-month maturity.

Referring to the BRSA's decision dated 12 December 2016 numbered 7123; it is announced that development and investment banks' consolidated and unconsolidated liquidity coverage ratio will be applied as 0% unless otherwise stated according to paragraph 5 of article 4 of Regulations about Banks' Liquidity Coverage Ratio Measurement.



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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

Current Period ⁽²⁾	Total amount which is not applied consideration rate		Total amount which is applied consideration rate	
	LC+FC	FC	LC+FC	FC
High-quality Liquidity Assets (HLA)				
1 High-quality Liquidity Assets			538,634	464,096
Cash Outflows				
2 Real person assets and retail assets	-	-	-	-
3 Stable assets	-	-	-	-
4 Lower Stable assets	-	-	-	-
5 Out of junior debts from real person assets and retail assets	1,370,385	853,429	1,370,385	853,429
6 Operational assets	-	-	-	-
7 Non-operating assets	-	-	-	-
8 Other Junior debt	1,370,385	853,429	1,370,385	853,429
9 Secured Debts			-	-
10 Other Cash Outflows	312,882	184,549	147,999	97,655
11 Derivative liabilities and margin liabilities	2,712	-	2,712	-
12 Debts from Structured financial instruments	-	-	-	-
13 Payment commitments for debts to financial markets and other off-balance sheet liabilities	310,170	184,549	145,287	97,655
14 Revocable off-balance sheet other liabilities and other contractual liabilities notwithstanding to any conditions	-	-	-	-
15 Other irrevocable or conditionally revocable off-balance sheet liabilities	-	-	-	-
16 TOTAL CASH OUTFLOWS			1,518,384	951,084
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	1,087,816	885,744	944,576	838,486
19 Other cash inflows	4,815	5,896	4,815	5,896
20 TOTAL CASH INFLOWS	1,092,631	891,640	949,391	844,382
			Upper limit applied amount	
21 TOTAL HLA STOCK			538,634	464,096
22 TOTAL NET CASH OUTFLOWS ⁽¹⁾			568,993	237,771
23 LIQUIDITY COVERAGE RATION (%)			94.66	195.19

⁽¹⁾ The part of total cash inflows which exceeds 75% of total cash outflows is not being taken into account during the calculation of related amounts.

⁽²⁾ Simple arithmetic mean of weekly unconsolidated liquidity ratios for the last three months including the reporting period are accounted in the table above.

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

Prior Period ⁽²⁾	Total amount which is not applied consideration rate		Total amount which is applied consideration rate	
	LC+FC	FC	LC+FC	FC
High-quality Liquidity Assets (HLA)				
1 High-quality Liquidity Assets			385,660	339,257
Cash Outflows				
2 Real person assets and retail assets	-	-	-	-
3 Stable assets	-	-	-	-
4 Lower Stable assets	-	-	-	-
5 Out of junior debts from real person assets and retail assets	484,007	227,349	484,007	227,349
6 Operational assets	-	-	-	-
7 Non -operating assets	-	-	-	-
8 Other Junior debt	484,007	227,349	484,007	227,349
9 Secured Debts			-	-
10 Other Cash Outflows	300,468	218,261	135,319	104,795
11 Derivative liabilities and margin liabilities	28	-	28	-
12 Debts from Structured financial instruments	-	-	-	-
13 Payment commitments for debts to financial markets and other off-balance sheet liabilities	300,440	218,261	135,291	104,795
14 Revocable off-balance sheet other liabilities and other contractual liabilities notwithstanding to any conditions	-	-	-	-
15 Other irrevocable or conditionally revocable off-balance sheet liabilities	-	-	-	-
16 TOTAL CASH OUTFLOWS			619,326	332,144
CASH INFLOWS				
17 Secured receivables	-	-	-	-
18 Unsecured receivables	622,291	387,838	434,930	315,837
19 Other cash inflows	6,259	30,694	6,259	30,694
20 TOTAL CASH INFLOWS	628,550	418,532	441,189	346,531
			Upper limit applied amount	
21 TOTAL HLA STOCK			385,660	339,257
22 TOTAL NET CASH OUTFLOWS ⁽¹⁾			178,137	83,036
23 LIQUIDITY COVERAGE RATION (%)			216.50	408.57

⁽¹⁾ The part of total cash inflows which exceeds 75% of total cash outflows is not being taken into account during the calculation of related amounts.

⁽²⁾ Simple arithmetic mean of weekly unconsolidated liquidity ratios for the last three months including the reporting period are accounted in the table above.



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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

The maximum and minimum liquidity coverage ratio for the last three months of 2022 and 2021 are presented below.

Current Period	Maximum	Week	Minimum	Week	Average
FC	315.88	07.10.2022	105.31	06.11.2022	195.19
LC+FC	175.00	07.10.2022	61.26	06.11.2022	94.66
Prior Period	Maximum	Week	Minimum	Week	Average
FC	492.33	18.10.2021	354.18	13.12.2021	408.57
LC+FC	266.00	08.11.2021	151.45	13.12.2021	216.50

The liquidity ratios regarding first and second maturity tranches are presented below:

Current Period	First Maturity Tranche (Weekly)		Second Maturity Tranche (Monthly)	
	FC	FC+LC	FC	FC+LC
Average (%)	384	191	208	135
Maximum (%)	1,221	282	405	211
Minimum (%)	176	142	128	102
Prior Period	FC	FC+LC	FC	FC+LC
Average (%)	451	254	201	154
Maximum (%)	951	372	300	210
Minimum (%)	216	159	130	106

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

i. Breakdown of assets and liabilities according to their outstanding maturities

Current Period	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Unclassified ¹	Total
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	42,354	408,406	-	-	-	-	(838)	449,922
Due From Banks	1,102,055	168,341	-	-	-	-	(1,106)	1,269,290
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	-	-	-	-	3,602	37,566	-	41,168
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	7,659	5,812	1,851	20,434	19,111	9,349	-	64,216
Loans ⁽²⁾	-	556,844	662,790	1,287,566	1,082,033	48,860	(68,809)	3,569,284
Financial assets measured at amortized cost	-	42,586	5,973	2,788	386,586	18,701	(8,922)	447,712
Other Assets	-	14,911	1,291	2,819	568	-	294,674	314,263
Total Assets	1,152,068	1,196,900	671,905	1,313,607	1,491,900	114,476	214,999	6,155,855
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	9,084	1,631,120	757,178	365,822	-	-	-	2,763,204
Funds Borrowed From Money Markets	-	89,162	195,248	28,558	-	-	-	312,968
Marketable Securities Issued	-	75,905	158,968	467,458	251,492	-	-	953,823
Miscellaneous Payables ⁽⁵⁾	33,050	23,007	14,100	58,482	-	-	-	128,639
Other Liabilities ^{(3),(4)}	390,476	77,023	210,552	16,220	9,702	467,548	825,700	1,997,221
Total Liabilities	432,610	1,896,217	1,336,046	936,540	261,194	467,548	825,700	6,155,855
Liquidity Gap	719,458	(699,317)	(664,141)	377,067	1,230,706	(353,072)	(610,701)	-
Net Off-Balance Sheet								
Liquidity Gap	-	(1,730)	(801)	-	-	-	-	(2,531)
Financial Derivative Assets ⁽⁶⁾	-	239,915	92,894	-	-	-	-	332,809
Financial Derivative Liabilities ⁽⁶⁾	-	(241,645)	(93,695)	-	-	-	-	(335,340)
Non-cash Loans	191,999	229	53,716	217,410	321,823	0	0	785,177

⁽¹⁾ Allowances for the expected credit losses are included in the non-interest bearing column.

⁽²⁾ Finance lease receivables are included.

⁽³⁾ Borrowers' funds and subordinated loans are presented in the other liabilities.

⁽⁴⁾ Shareholders' equity is presented under other liabilities in the unclassified column.

⁽⁵⁾ Presented in other liabilities at financial statements.

⁽⁶⁾ Includes asset purchase and sale commitments

⁽⁷⁾ Includes derivative financial assets



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Prior Period	Demand	Up to 1 month	1-3 Month	3-12 Month	1-5 Year	5 Year and Over	Unclassified ¹	Total
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the CBRT	8,052	275,717	-	-	-	-	(359)	283,410
Due From Banks	143,264	66,646	-	-	-	-	(122)	209,788
Financial Assets at Fair Value Through Profit/Loss ⁽⁷⁾	-	13,604	-	-	2,679	18,277	-	34,560
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	7,659	799	640	1,101	37,978	2,508	-	50,685
Loans ⁽²⁾	-	507,842	317,566	471,294	1,060,873	64,877	(70,933)	2,351,519
Financial assets measured at amortized cost	-	1,155	28,994	183,060	147,894	-	(4,224)	356,879
Other Assets	-	20,718	1,115	933	235	-	252,711	275,712
Total Assets	158,975	886,481	348,315	656,388	1,249,659	85,662	177,073	3,562,553
Liabilities								
Bank Deposits	-	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	236	257,743	266,133	181,242	670,698	-	-	1,376,052
Funds Borrowed From Money Markets	-	194,227	5,845	5,451	-	-	-	205,523
Marketable Securities Issued	-	66,372	1,503	773,082	381,502	-	-	1,222,459
Miscellaneous Payables ⁽⁵⁾	46,650	26,986	601	-	-	-	-	74,237
Other Liabilities ^{(3),(4)}	16,932	36,447	10,694	1,328	3,510	122	615,249	684,282
Total Liabilities	63,818	581,775	284,776	961,103	1,055,710	122	615,249	3,562,553
Liquidity Gap	95,157	304,706	63,539	(304,715)	193,949	85,540	(438,176)	-
Net Off-Balance Sheet								
Liquidity Gap	-	13,290	-	-	-	-	-	13,290
Financial Derivative Assets ⁽⁶⁾	-	145,999	-	-	-	-	-	145,999
Financial Derivative Liabilities ⁽⁶⁾	-	(132,709)	-	-	-	-	-	(132,709)
Non-cash Loans	237,642	66,645	12,069	224,779	191,354	-	-	732,489

⁽¹⁾ Allowances for the expected credit losses are included in the non-interest bearing column.

⁽²⁾ Finance lease receivables are included.

⁽³⁾ Borrowers' funds is presented in the other liabilities.

⁽⁴⁾ Shareholders' equity is presented under other liabilities in the unclassified column.

⁽⁵⁾ Presented in other liabilities at financial statements.

⁽⁶⁾ Includes asset purchase and sale commitments

⁽⁷⁾ Includes derivative financial assets

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j. Breakdown of contractual cash outflows of financial liabilities according to their remaining maturities

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-
Funds borrowed from other financial inst.	1,642,342	768,878	392,574	107,215	594,853	3,505,862
Funds from interbank money market	89,214	198,299	29,002	-	-	316,515
Financial leasing payables	41	83	371	523	-	1,018
Marketable securities issued	76,390	167,746	488,540	258,723	-	991,399
Funds	443,371	189,534	-	-	-	632,905
Miscellaneous Payables	56,131	14,277	59,675	-	-	130,083
Subordinated Debt	-	6,605	20,181	107,215	594,853	728,854
Total	2,307,489	1,345,422	990,343	473,676	1,189,706	6,306,636

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-
Funds borrowed from other financial inst.	258,689	269,066	203,507	679,112	-	1,410,374
Funds from interbank money market	194,552	5,879	5,492	-	-	205,923
Financial leasing payables	24	49	213	382	-	668
Marketable securities issued	67,108	7,550	796,746	391,443	-	1,262,847
Funds	28,338	-	-	-	-	28,338
Miscellaneous Payables	73,762	610	-	-	-	74,372
Total	622,473	283,154	1,005,958	1,070,937	-	2,982,522



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k.Breakdown of derivative instruments according to their remaining contractual maturities

Current Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Forward Transactions-Buy	12,391	-	-	-	-	12,391
Forward Transactions-Sell	(12,395)	-	-	-	-	(12,395)
Swap Transactions-Buy	227,524	92,894	-	-	-	320,418
Swap Transactions-Sell	(229,250)	(93,695)	-	-	-	(322,945)
Futures Transactions-Buy	-	-	-	-	-	-
Futures Transactions-Sell	-	-	-	-	-	-
Options-Buy	-	-	-	-	-	-
Options-Sell	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	(1,730)	(801)	-	-	-	(2,531)

Prior Period	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
Forward Transactions-Buy	-	-	-	-	-	-
Forward Transactions-Sell	-	-	-	-	-	-
Swap Transactions-Buy	145,999	-	-	-	-	145,999
Swap Transactions-Sell	(132,709)	-	-	-	-	(132,709)
Futures Transactions-Buy	-	-	-	-	-	-
Futures Transactions-Sell	-	-	-	-	-	-
Options-Buy	-	-	-	-	-	-
Options-Sell	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	13,290	-	-	-	-	13,290

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VII. EXPLANATIONS ON LEVERAGE RATIO

Unconsolidated leverage ratio was realized as 11.2% (31 December 2021 - 14.8%). The increase occurred in the on-balance sheet assets and off-balance sheet transactions led to a change in leverage compared to the previous period. Regulation has been linked to the provision of the minimum leverage ratio of 3%.

	Current Period ⁽¹⁾	Prior Period ⁽¹⁾
Asset On The Balance Sheet		
Assets on the balance sheet (excluding derivative financial instruments and loan derivatives, including collaterals)	5,834,437	3,319,383
(Assets deducted from core capital)	(9,674)	(6,925)
Total risk amount for assets on the balance sheet	5,824,763	3,312,458
Derivative Financial Instruments and Loan Derivatives		
Renewal cost of derivative financial instruments and loan derivatives	-	-
Potential credit risk amount of derivative financial instruments and loan derivatives	3,570	9,952
Total risk amount of derivative financial instruments and loan derivatives	3,570	9,952
Financing Transactions With Securities Or Goods Warranties		
Risk amount of financial transactions with securities or goods warranties (excluding those in the balance sheet)	97,599	28,255
Risk amount arising from intermediated transactions	-	-
Total risk amount of financing transactions with securities or goods warranties	97,599	28,255
Off-the-Balance Sheet Transactions		
Gross nominal amount of the off-the-balance sheet transactions	1,130,648	699,957
Adjustment amount arising from multiplying by the credit conversion rate	-	-
Total risk amount for off-the-balance sheet transactions	1,130,648	699,957
Capital and Total Risk		
Core capital	791,736	601,044
Total risk amount	7,056,580	4,050,622
Leverage Ratio		
Leverage ratio	11.2%	14.8%

⁽¹⁾ Arithmetic average of last three months including reporting period.



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VIII.EXPLANATIONS ON THE 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 23 October 2015. Since Internal Rating-Based (IRB) approach is not applied, tables that have to be prepared within the scope of IRB, are not presented.

a. Bank's risk management approach

Effective risk management constitutes one of the most important competitive strength of the Bank. Risk management system is assessed as a critical process which includes all units starting from the Board of Directors level.

General strategies regarding Bank's risk management are given below:

- Effective risk management within the Bank's risk profile based on materiality; implementing a centralized risk framework that includes all major risk areas.
- Managing existing and potential risks from the beginning through forward looking risk strategies, policies and procedures, models and parameters,
- Applying a risk-focused management approach in the strategic decision process,
- Complying with all national risk management requirements, where the Bank operates.

The Bank's Board of Directors has the ultimate responsibility for setting-up and monitoring the efficiency of such a risk management system. The Board of Directors manages the risks through Risk Management Committee (RMC). RMC is responsible for the development of risk policies, measurement of risks and determination of methods to manage them, setting up of appropriate risk limits and their monitoring. All the risk policies of RMC are written and integrated with the Bank's long term strategy.

The Board of Directors fulfils its monitoring responsibility through the Auditing Committee, the Executive Risk Committee, the Credit Committee and other related intermediary committees and by means of regular risk, control and audit reporting system.

The Board of Directors regularly reviews and approves Bank's main risk approach, risk principles and policies which are initially discussed and decided by the Risk Management Committee. The Board of Directors also determines Bank's risk appetite by risk limits taking market conditions and Bank's risk taking capacity into consideration. Risk limits are made up of regulatory and internal limits on the basis of risk types.

Bank's Senior Management is responsible to the Bank's Board of Directors that daily activities are executed within the risk management procedures and risk limits determined by the Board of Directors and that risk management system operates in effective and efficient manner.

The Internal Audit, the Internal Control and Compliance Presidency and The Risk Management Departments operate in coordination with the business units of the Bank. In this scope, it is also Senior Management's responsibility to take necessary measures in order to resolve identified weaknesses, deficiencies and errors stated in the reports of internal and external audits, internal control and risk management.

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Locally and internationally accepted risk models and parameters are used in the identification, measurement and monitoring of risks within the scope of risk management. The Bank strives continuously for development and improvement of internal methods and models. Forward looking risk reports prepared through regular and close monitoring of the market developments are made available for the Senior Management and the Board of Directors. In order to analyse the potential risks that the Bank may be exposed in extreme cases, various scenario analyses are performed and contingency plans are prepared. The Bank's internal capital adequacy assessment process ("ICAAP") has been established and the ICAAP has been performed parallel to the annual budget process on an annual basis. Moreover, various risk mitigation techniques are utilized to limit and provide protection against risks the Bank is exposed to. The effectiveness and efficiency of the risk mitigation techniques are regularly monitored.

b. General view to risk weighted amounts

	Risk weighted amounts		Minimum capital requirements
	Current Period	Prior Period	Current Period
Credit risk (excluding counterparty credit risk) (CCR)	5,284,907	3,418,692	422,793
Of which standardised approach (SA)	5,284,907	3,418,692	422,793
Of which internal rating-based (IRB) approach	-	-	-
Counterparty credit risk	100,075	36,679	8,006
Of which standardised approach for counterparty credit risk (SA-CCR)	100,075	36,679	8,006
Of which internal model method (IMM)	-	-	-
Equity positions in banking book under market-based approach	-	-	-
Equity investments in funds - look-through approach	-	-	-
Equity investments in funds - mandate-based approach	41,168	20,956	3,293
Equity investments in funds - fallback approach	-	-	-
Settlement risk	-	-	-
Securitisation exposures in banking book	-	-	-
Of which IRB ratings-based approach (RBA)	-	-	-
Of which IRB Supervisory Formula Approach (SFA)	-	-	-
Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
Market risk	101,488	70,000	8,119
Of which standardised approach (SA)	101,488	70,000	8,119
Of which internal model approaches (IMM)	-	-	-
Operational risk	209,119	168,175	16,730
Of which Basic Indicator Approach	209,119	168,175	16,730
Of which Standardised Approach	-	-	-
Of which Advanced Measurement Approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
Floor adjustment	-	-	-
Total	5,736,757	3,714,502	458,941



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c. Linkages between financial statements and regulatory exposures

c.1) Differences and mapping between regulatory consolidation and financial statement

Current Period	Carrying values as reported in published financial statements ¹	Carrying values of items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitisation	Subject to market risk ²	
Assets						
Cash and cash equivalents	1,719,212	1,721,156	-	-	-	-
Financial assets at fair value through profit or loss	41,168	41,168	-	-	-	-
Financial assets at fair value through other comprehensive income	64,216	64,216	8,940	-	-	-
Derivative financial assets	-	-	-	-	-	-
Loans (Net)	3,311,616	3,379,137	-	-	-	-
Receivables from leasing transactions (Net)	257,668	258,956	-	-	-	-
Factoring receivables (Net)	-	-	-	-	-	-
Financial assets measured at amortised cost (Net)	447,712	456,634	302,199	-	-	-
Non-currents assets or disposal groups held for sale and from discontinued operations (Net)	-	-	-	-	-	-
Investments in associates (Net)	-	-	-	-	-	-
Investments in subsidiaries (Net)	-	-	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-	-
Tangible assets (Net)	100,528	100,528	-	-	-	-
Intangible assets and goodwill (Net)	11,648	-	-	-	-	11,648
Investment properties (Net)	170,217	170,217	-	-	-	-
Current tax assets	12	12	-	-	-	-
Deferred tax assets	12,251	12,251	-	-	-	-
Other assets (Net)	19,607	19,607	-	-	-	-
Total assets	6,155,855	6,223,882	311,139	-	-	11,648
Liabilities						
Deposits	-	-	-	-	-	-
Loans received	2,763,204	-	-	-	-	2,763,204
Money market funds	312,968	-	231,243	-	-	81,725
Marketable securities issued (Net)	953,823	-	-	-	-	953,823
Funds	630,890	-	-	-	-	630,890
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Derivative financial liabilities	3,164	-	3,164	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables (Net)	876	-	-	-	-	876
Provisions	30,938	-	-	-	-	30,938
Current tax liabilities	21,711	-	-	-	-	21,711
Deferred tax liabilities	-	-	-	-	-	-
Liabilities related to non-current assets held for sale and discontinued operations (Net)	-	-	-	-	-	-
Subordinated debt	467,749	-	-	-	-	467,749
Other liabilities	154,770	-	-	-	-	154,770
Shareholders' equity	815,762	-	-	-	-	815,762
Total liabilities	6,155,855	-	234,407	-	-	5,921,448

1) Unconsolidated financial statements of Bank are stated.

2) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column.

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Prior Period	Carrying values as reported in published financial statements ¹	Carrying values of items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the securitisation	Subject to market risk ²	
Assets						
Cash and cash equivalents	493,198	493,679	-	-	-	-
Financial assets at fair value through profit or loss	20,956	20,956	-	-	-	-
Financial assets at fair value through other comprehensive income	50,685	50,685	30,931	-	-	-
Derivative financial assets	13,604	-	13,604	-	-	-
Loans (Net)	2,146,810	2,216,450	-	-	-	-
Receivables from leasing transactions (Net)	204,709	206,002	-	-	-	-
Factoring receivables (Net)	-	-	-	-	-	-
Financial assets measured at amortised cost (Net)	356,879	361,103	105,169	-	-	-
Non-currents assets or disposal groups held for sale and from discontinued operations (Net)	-	-	-	-	-	-
Investments in associates (Net)	-	-	-	-	-	-
Investments in subsidiaries (Net)	-	-	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-	-
Tangible assets (Net)	87,982	87,982	-	-	-	-
Intangible assets and goodwill (Net)	7,784	-	-	-	-	7,784
Investment properties (Net)	143,910	143,910	-	-	-	-
Current tax assets	483	483	-	-	-	-
Deferred tax assets	13,020	13,020	-	-	-	-
Other assets (Net)	22,533	22,533	-	-	-	-
Total assets	3,562,553	3,616,803	149,704	-	-	7,784
Liabilities						
Deposits	-	-	-	-	-	-
Loans received	1,376,052	-	-	-	-	1,376,052
Money market funds	205,523	-	105,023	-	-	100,500
Marketable securities issued (Net)	1,222,459	-	-	-	-	1,222,459
Funds	28,179	-	-	-	-	28,179
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Derivative financial liabilities	114	-	114	-	-	-
Factoring payables	-	-	-	-	-	-
Lease payables (Net)	538	-	-	-	-	538
Provisions	15,969	-	-	-	-	15,969
Current tax liabilities	8,526	-	-	-	-	8,526
Deferred tax liabilities	-	-	-	-	-	-
Liabilities related to non-current assets held for sale and discontinued operations (Net)	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-
Other liabilities	98,213	-	-	-	-	98,213
Shareholders' equity	606,980	-	-	-	-	606,980
Total liabilities	3,562,553	-	105,137	-	-	3,457,416

1) Unconsolidated financial statements of Bank are stated.

2) The Amounts of financial instruments, which are measured in accordance with TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are represented in "Subject to market risk framework" column.



Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see note I of section three

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c.2) Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Current Period	Total	Subject to credit risk	Subject to securitization	Subject to counterparty credit risk	Subject to market risk ¹
1	Assets carrying value amount in accordance with TAS under scope of regulatory consolidation	6,535,021	6,223,882	-	311,139	-
2	Liabilities carrying value amount in accordance with TAS under regulatory scope of consolidation	231,243	-	-	231,243	-
3	Total net amount under regulatory scope of consolidation	6,303,778	6,223,882	-	79,896	-
4	Off-balance sheet amounts	796,934	632,159	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to BRSA's applications	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
	Risk amounts		6,856,041	-	79,896	-

1) The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

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	Prior Period	Total	Subject to credit risk	Subject to securitization	Subject to counterparty credit risk	Subject to market risk ¹
1	Assets carrying value amount in accordance with TAS under scope of regulatory consolidation	3,766,507	3,616,803	-	149,704	-
2	Liabilities carrying value amount in accordance with TAS under regulatory scope of consolidation	105,023	-	-	105,023	-
3	Total net amount under regulatory scope of consolidation	3,661,484	3,616,803	-	44,681	-
4	Off-balance sheet amounts	747,877	648,011	-	-	-
5	Differences in valuations	-	-	-	-	-
6	Differences due to different netting rules	-	-	-	-	-
7	Differences due to consideration of provisions	-	-	-	-	-
8	Differences due to BRSA's applications	-	-	-	-	-
9	Differences due to risk reduction	-	-	-	-	-
	Risk amounts		4,264,814	-	44,681	-

1) The Amounts of financial instruments, which are measured according to TAS and included in trading accounts within the scope of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks", are represented in "Subject to market risk framework" column are presented.

c.3) Explanations of differences between amounts in accordance with TAS and regulatory exposure amounts

i) Differences between amounts presented in financial statements in accordance with TAS and amounts accounted in accordance with regulatory consolidation

None.

ii) Differences between amounts in accordance with TAS and regulatory exposure amounts

On counterparty credit risk related transactions, the differences between the valued amounts in accordance with TAS in the scope statutory consolidation and the amounts after risk reduction arise from the addition of potential risk amounts per maturity and transaction type to renewal cost of derivative transactions related to counterparty credit risk.

The valued amounts of the items which are subject to market risk per TAS represent the fair value of trading financial instruments. Despite that, the amount at the risk amount line represents the amount which is subject market risk that derives from the calculation of capital requirements due to the loss on interest rate risk of market risk, share price risk, currency risk in the scope of "Regulation on Measurement and Evaluation of Banks Capital Adequacy Ratio".



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iii) Explanations related to the systems and controls which are defined to ensure prudence and reliability of valuation estimates in accordance with prudent valuation procedures and principles within the scope of appendix 3 of "Regulation on Measurement and Evaluation of Capital Adequacy of Banks"

In case financial instruments that are accounted at their fair values are traded in an active market, the valuation is made based on market price. The accuracy of market price that is used at valuation is being confirmed periodically. The fair value of financial instruments that are not traded in an active market are being calculated in accordance TMS 39. Derivative financial instruments are valued by discounted cash flow model with the use of market data. For the valuation of certain financial instruments, third party valuations and generally accepted valuation models can be used. The accuracy and independence of inputs that are used at the valuation of market value and/or used at valuation methods by modelling are being controlled periodically. In addition, there are control processes for the comparison of the current market value of financial instruments with the recalculated values

d. Explanations on Credit Risk

Credit risk management includes the definition of credit risks, their measurement and management.

Risk limits are defined by Board of Directors in such a manner that covers all possible important risk components, in accordance with the Bank's operations and the size and complexity of products and services. The care is taken to ensure that the risk limits are in line with market expectations and reflect the Bank's risk appetite and Bank's strategies. The credit policies are established in consistence with risk limits.

When determining Bank's credit risk profile, diversification methods are applied in order to prevent concentrations. The choice of customers are done in accordance with policies and risk limits. Besides, the capability of the customer to pay via its cash flows generated from its own activities are taken into consideration.

Risk rating models are utilised to discriminate borrowers in terms of their credibilities.

In the credit risk management process, Risk Management Unit conducts the activities of measurement of credit risk through models, monitoring and reporting. In addition to the risk limits regarding credit risk, several concentrations are analyzed in the credit portfolio.

The outputs of the risk rating models are an important part of credit allocation process as well as a tool to measure the probability of default of the customers and the portfolio.

The Bank utilises an effective risk management policy that truly classifies risks and customers in order to achieve its targets. Appropriate decision systems are in place for the correct evaluation of risks and the limit structure of the customers are determined.

To measure the credibility of the customers, analysis and intelligence studies are performed. The information from past, current and future financial and non-financial data are examined.

For a consistent evaluation, quantification and monitoring of risks; in order to make correct decisions during the processes of credit request by the customer, credit approval, collateralization, restructuring, monitoring and closing, all information and documents regarding the customer are collected in a shared database. Credit proposals are finalized by the evaluation of General Manager, Credit Committee or Board of Directors, depending on the limits. Credit risks are measured, monitored and reported by the Risk Management Unit.

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d.1) CR1 - Credit quality of assets

	Current Period	Gross Carrying Amounts reported in Financial Statements in accordance with TAS		Allowances/ amortization and impairment	Net Value
		Defaulted exposures	Non-defaulted exposures		
1	Loans and lease receivables	16,604	3,621,489	(68,809)	3,569,284
2	Debt securities	-	562,018	(9,850)	552,168
3	Off-balance sheet exposures	-	1,195,686	(7,254)	1,188,432
	Total	16,604	5,379,193	(85,913)	5,309,884

	Prior Period	Gross Carrying Amounts reported in Financial Statements in accordance with TAS		Allowances/ amortization and impairment	Net Value
		Defaulted exposures	Non-defaulted exposures		
1	Loans and lease receivables	45,824	2,376,628	(70,933)	2,351,519
2	Debt securities	-	432,744	(4,803)	427,941
3	Off-balance sheet exposures	-	747,877	(6,820)	741,057
	Total	45,824	3,557,249	(82,556)	3,520,517

d.2) CR2 - Changes in stock of defaulted loans and debt securities

	Current period	Prior Period
1 Beginning Balance	45,824	36,077
2 Additions	116	12,584
3 Receivables that are not re-default	-	-
4 Write-offs	-	-
5 Other changes ¹⁾	(29,336)	(2,837)
Ending Balance(1+2-3-4±5)	16,604	45,824

¹⁾ Includes collections from non-performing receivables, classifications to performing receivables and exchange differences.

d.3) CRB - Additional explanations on credit quality of assets

Bank details calculate expected loss provisions within the scope of TFRS'9, as explained in the account policies and disclosures related to impairment of Financial assets and expected credit loss calculation. The Bank evaluates whether there is a significant increase in the credit risk of the Financial instrument within the scope of impairment since it was first included in the Financial statements. In making this assessment, it uses the change the expected default risk of the Financial instrument.

Loans that have overdue above 90-day in delay in the relevant month are included in the follow-up accounts and are subject to specific provisions.

Refinancing or restructuring; One or more loans extended by the Bank due to financial difficulties that the customer or group is expected to be present for future, is subject to a new loan that will cover the principal or interest payment completely or partially, or the conditions in existing loans are changed to ensure that the debt can be paid.



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Non-Performing loans and specific provision by geographic breakdown

	Current Period			Prior Period		
	NPL	Specific Provision	Write-offs	NPL	Specific Provision	Write-offs
Domestic	16,604	16,567	-	45,824	24,894	-
European countries	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-
OECD countries	-	-	-	-	-	-
Off-shore banking regions	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	16,604	16,567	-	45,824	24,894	-

Non-Performing loans and specific provision by sectoral breakdown

	Current Period			Prior Period		
	NPL	Specific Provision	Write-offs	NPL	Specific Provision	Write-offs
Agriculture	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-
Forestry	-	-	-	-	-	-
Fishery	-	-	-	-	-	-
Manufacturing	2,817	2,780	-	3,130	3,021	-
Mining and Quarrying	-	-	-	-	-	-
Production	2,817	2,780	-	3,130	3,021	-
Electricity, Gas and Water	-	-	-	-	-	-
Construction	13,787	13,787	-	25,617	20,799	-
Services	-	-	-	17,077	1,074	-
Wholesale and Retail Trade	-	-	-	-	-	-
Accommodation and Dining	-	-	-	-	-	-
Transportation and Telecom	-	-	-	17,077	1,074	-
Financial Institutions	-	-	-	-	-	-
Real Estate and Rental Services	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-
Educational Services	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	16,604	16,567	-	45,824	24,894	-

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Aging analysis of performing loans with overdue and non-performing loans

	Current Period	Prior Period
Up to 3 Months	907	661
3-12 Months	-	11,766
1-3 Years	-	34,058
3-5 Years	16,604	-
Over 5 Year	-	-
Total	17,511	46,485

Information on loans that have been restructured or rescheduled

	Current Period	Prior Period
Standard Loans that have been restructured or rescheduled	-	-
Loans Under Close Monitoring that have been restructured or rescheduled	90,216	117,845
Non-performing loans that have been restructured or rescheduled	2,817	20,207
Total	93,033	138,052

d.4) Qualitative requirements to be disclosed regarding Credit risk mitigation techniques and CR3 - Explanations on Credit risk mitigation techniques

In order to ensure timely and complete fulfilment of all obligations arising from the loan, it is essential to obtain appropriate collaterals.

The main purpose of collateralization of any loan is to minimize the credit, foreign exchange and maturity risk. Within this scope, the minimum margin of guarantee is determined and the guarantees suitable for the loan types are obtained. There is collateral matching in the system for each loan. In addition, the appropriateness of the margin for each guarantee is also checked.



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The Bank discounts the collaterals by using some fixed ratios and calculates the expected cash equivalent of the collaterals in case they are transformed into cash. The difference between the credit and the cash equivalent of the collateral is defined as the net risk. In calculation of the net risk, the coefficients in the facility rating model are taken into account.

		Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Current Period								
1	Loans and lease receivables	3,172,173	397,111	297,067	586,984	105,095	-	-
2	Debt securities	552,168	-	-	-	-	-	-
3	Total	3,724,341	397,111	297,067	586,984	105,095	-	-
4	Defaulted items	16,604	-	-	-	-	-	-

		Exposures unsecured: carrying amount (According to TAS)	Exposures secured by collateral	Exposures secured by collateral, of which: secured amount	Exposures secured by financial guarantees	Exposures secured by financial guarantees, of which: secured amount	Exposures secured by credit derivatives	Exposures secured by credit derivatives, of which: secured amount
Prior Period								
1	Loans and lease receivables	2,024,500	327,019	183,250	135,740	41,398	-	-
2	Debt securities	427,941	-	-	-	-	-	-
3	Total	2,452,441	327,019	183,250	135,740	41,398	-	-
4	Defaulted items	45,824	-	-	-	-	-	-

d.5) Qualitative explanations using the rating grades to calculate the banks' credit risk by standard approach

In determining the risk weights regarding risk classes defined in Article 6 of "Regulation on Measurement and Assessment of Capital Adequacy of Banks", country risk classification published by OECD (Organisation for Economic Cooperation and Development) is taken into account. According to capital adequacy regulations, the risk classification and risk weights of receivables from banks and intermediary institutions and receivables from corporates are determined in accordance with the regulations.

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CR4: Standardised approach - Credit risk exposure and credit risk mitigation effects

Current Period		Exposures before credit risk mitigation and credit conversion factors		Exposures after credit risk mitigation and credit conversion factors		Risk weighted assets (RWA) amounts and RWA density	
		On balance sheet amount	Off balance sheet amount	On balance sheet amount	Off balance sheet amount	RWA ¹	RWA Density (%)
	Risk Classifications						
1	Receivables from Central Governments or Central Banks	822,775	-	822,775	-	324,054	39.39
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	0.00
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	0.00
4	Receivables from Multilateral Development Banks	-	-	-	-	-	0.00
5	Receivables from International Organizations	-	-	-	-	-	0.00
6	Receivables from Banks and Brokerage Corporation	1,587,665	334,635	1,587,665	232,253	1,204,812	66.20
7	Corporate receivables	3,247,026	460,588	3,150,003	399,464	3,274,403	92.25
8	Retail receivables	841	17	841	9	637	74.94
9	Collateralized by real estate mortgages receivables	35,691	1,694	35,691	433	12,643	35.00
10	Collateralized by trading mortgages receivables	274,772	-	274,772	-	170,301	61.98
11	Non-performing receivables	16,604	-	37	-	38	102.70
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	0.00
13	Collateralized securities	-	-	-	-	-	0.00
14	Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-	0.00
15	Investments in nature of Collective Investment funds	41,168	-	41,168	-	41,168	100.00
16	Other receivables	290,390	-	290,390	-	290,360	99.99
17	Equity security investments	7,659	-	7,659	-	7,659	100.00
	Total	6,324,591	796,934	6,211,001	632,159	5,326,075	77.83



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Prior Period	Exposures before credit risk mitigation and credit conversion factors		Exposures after credit risk mitigation and credit conversion factors		Risk weighted assets (RWA) amounts and RWA density		
	On balance sheet amount	Off balance sheet amount	On balance sheet amount	Off balance sheet amount	RWA	RWA Density(%)	
Risk Classifications							
1	Receivables from Central Governments or Central Banks	525,830	-	525,830	-	189,861	36.11
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	0.00
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	0.00
4	Receivables from Multilateral Development Banks	-	-	-	-	-	0.00
5	Receivables from International Organizations	-	-	-	-	-	0.00
6	Receivables from Banks and Brokerage Corporation	547,309	253,036	547,309	203,311	565,370	75.32
7	Corporate receivables	2,007,670	494,000	1,967,772	444,279	2,201,179	91.26
8	Retail receivables	181	17	181	9	142	74.74
9	Collateralized by real estate mortgages receivables	10,319	824	10,319	412	3,756	35.00
10	Collateralized by trading mortgages receivables	245,964	-	245,964	-	169,021	68.72
11	Non-performing receivables	45,824	-	20,930	-	26,795	128.02
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	0.00
13	Securities collateralized by mortgages	-	-	-	-	-	0.00
14	Short-term receivables and short-term corporate receivables from Banks and Brokerage corporations	-	-	-	-	-	0.00
15	Investments in nature of Collective Investment funds	20,956	-	20,956	-	20,956	100.00
16	Other receivables	254,932	-	254,932	-	254,909	99.99
17	Equity security investments	7,659	-	7,659	-	7,659	100.00
	Total	3,666,644	747,877	3,601,852	648,011	3,439,648	80.94

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CR5 - Standardised approach - exposures by risk classes and risk weights

		0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	250%	Others	Total credit risk amount (after CRM and CCF)
1	Current Period Receivables from Central Governments or Central Banks	498,721	-	-	-	-	-	-	324,054	-	-	-	-	822,775
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from Banks and Brokerage Corporation	-	-	708,064	-	-	97,360	-	1,014,494	-	-	-	-	1,819,918
7	Corporate receivables	-	-	21,688	-	-	421,745	-	3,052,801	-	53,233	-	-	3,549,467
8	Retail receivables	-	-	-	-	-	-	850	-	-	-	-	-	850
9	Collateralized by real estate mortgages receivables	-	-	-	-	36,124	-	-	-	-	-	-	-	36,124
10	Collateralized by trading mortgages receivables	-	-	-	-	-	208,942	-	65,830	-	-	-	-	274,772
11	Non-performing receivables	-	-	-	-	-	-	-	37	-	-	-	-	37
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables and corporate receivables from Banks and Brokerage Corp.	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Investments in nature of Collective Investment funds	-	-	-	-	-	-	-	41,168	-	-	-	-	41,168
16	Equity security investments	-	-	-	-	-	-	-	7,659	-	-	-	-	7,659
17	Other receivables	26	-	-	-	-	-	-	290,364	-	-	-	-	290,390
	Total	498,747	-	729,752	-	36,124	728,047	850	4,796,407	-	53,233	-	-	6,843,160



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	Prior Period	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	250%	Others	Total credit risk amount (after CRM and CCF)
1	Receivables from Central Governments or Central Banks	335,969	-	-	-	-	-	-	189,861	-	-	-	-	525,830
2	Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Receivables from International Organizations	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from Banks and Brokerage Corporation	-	-	164,238	-	-	107,870	-	478,512	-	-	-	-	750,620
7	Corporate receivables	-	-	85,500	-	-	211,585	-	2,114,966	-	-	-	-	2,412,051
8	Retail receivables	-	-	-	-	-	-	190	-	-	-	-	-	190
9	Collateralized by real estate mortgages receivables	-	-	-	-	10,731	-	-	-	-	-	-	-	10,731
10	Collateralized by trading mortgages receivables	-	-	-	-	-	153,887	-	92,077	-	-	-	-	245,964
11	Non-performing receivables	-	-	-	-	-	4,273	-	654	16,003	-	-	-	20,930
12	Receivables defined in high risk category by BRSA	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Securities collateralized by mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Short-term receivables and corporate receivables from Banks and Brokerage Corp.	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Investments in nature of Collective Investment funds	-	-	-	-	-	-	-	20,956	-	-	-	-	20,956
16	Equity security investments	-	-	-	-	-	-	-	7,659	-	-	-	-	7,659
17	Other receivables	24	-	-	-	-	-	-	254,908	-	-	-	-	254,932
	Total	335,993	-	249,738	-	10,731	477,615	190	3,159,593	16,003	-	-	-	4,249,863

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e. Issues related to counterparty credit risk (CCR)

The CCR strategy is determined by counterparty type and product categories. Counterparties are categorized as central counterparties, banks, corporate and commercial companies. The products are grouped as foreign exchange transactions (forward, futures, swap), interest swap transactions (interest swap, cross currency swap and futures and repo transactions.

The creditworthiness of the counterparty is analyzed prior to the transactions leading to the CCR and subsequently the creditworthiness of the counter parties is reviewed at regular intervals. The frequency of inspections is increased when necessary.

The scope and level of information providing the opportunity to assess the creditworthiness of the counterparty shall be differentiated depending on the volume of the transaction to be realized, the level of the CCR and/or the counterparty.

For counterparties except banks, the counterparty credit risk limits are determined based on credit allocation policies. In case of deterioration of market conditions or in case of deterioration of credit quality of some counterparties, limits are reviewed and necessary changes are made.

The related approvals identified for loan allocation process are applied for corporate and individual customers, excluding banks. In case of deterioration in market conditions and/or in the credit quality of the borrower company/group, the related company/group limits are reviewed and necessary actions are taken. For the loan allocation process approvals of Board of Directors or the relevant committee approvals authorized by the Board of Directors are applied. In case of significant changes in market conditions and/or structure or financials of the related company/group, the related company/group limits are reviewed and necessary actions are taken. Collateralization principles and procedures are applied for counterparties other than financial institutions within the framework of credit policies and application principles currently applied in the Bank.

The potential, current and maximum risk amounts of the transactions are calculated/determined in order to determine the CCR. The risks of transactions that are subject to the legally binding bilateral netting agreement and to which the netting transaction can be applied are followed together.



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e.1) CCR1 - Analysis of counterparty credit risk (CCR) exposure by approach

	Current Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard approach-CCR (for derivatives)	-	379		1.40	531	106
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					100,178	99,969
5	VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
	Total						100,075

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Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1 Standard approach-CCR (for derivatives)	13,604	1,459		1.40	15,063	3,013
2 Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3 Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
4 Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					34,777	33,666
5 VaR for derivatives, Repo Transactions, Marketable Securities or EMTIA lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
Total						36,679

e.2) CCR2 - Credit valuation adjustment (CVA) capital charge

	Current Period		Prior Period	
	Risk amount (after credit risk mitigation techniques)	Risk weighted amounts	Risk amount (after credit risk mitigation techniques)	Risk weighted amounts
Total portfolios subject to the Advanced CVA capital charge	-	-	-	-
1 (i) Value at Risk (VaR) component (including the 3x multiplier)		-		-
2 (ii) Stressed VaR component (including the 3x multiplier)		-		-
3 All portfolios subject to the Standardised CVA capital charge	531	2	15,063	76
Total subject to the CVA capital charge	531	2	15,063	76



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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

e.3) CCR3 - Standardised approach - CCR exposures by regulatory portfolio and risk weights:

Current Period	Risk Weights								Total Credit Risk ⁽¹⁾
	0%	10%	20%	50%	75%	100%	150%	Other	
Risk Classifications									
Receivables from Central Governments or Central Banks	-	-	-	-	-	-	-	-	-
Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-
Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-
Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-
Receivables from International Organizations	-	-	-	-	-	-	-	-	-
Receivables from Banks and Brokerage Corporation	-	-	531	-	-	-	-	-	531
Corporate receivables	-	-	-	-	-	99,337	-	-	99,337
Retail receivables	-	-	-	-	841	-	-	-	841
Other assets ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	-	-	531	-	841	99,337	-	-	100,709

⁽¹⁾ Total credit risk: The amount to be considered in the capital adequacy calculation after the CRM is applied

⁽²⁾ Other receivables: Includes amounts not included in the counterparty credit risk reported in CCR8

Prior Period	Risk Weights								Total Credit Risk ⁽¹⁾
	0%	10%	20%	50%	75%	100%	150%	Other	
Risk Classifications									
Receivables from Central Governments or Central Banks	-	-	-	-	-	-	-	-	-
Receivables from Regional Management or Local Governments	-	-	-	-	-	-	-	-	-
Receivables from Administrative Units or Non-commercial Ventures	-	-	-	-	-	-	-	-	-
Receivables from Multilateral Development Banks	-	-	-	-	-	-	-	-	-
Receivables from International Organizations	-	-	-	-	-	-	-	-	-
Receivables from Banks and Brokerage Corporation	-	-	16,395	-	-	-	-	-	16,395
Corporate receivables	-	-	-	-	-	33,264	-	-	33,264
Retail receivables	-	-	-	-	181	-	-	-	181
Other assets ⁽²⁾	-	-	-	-	-	-	-	-	-
Total	-	-	16,395	-	181	33,264	-	-	49,840

⁽¹⁾ Total credit risk: The amount to be considered in the capital adequacy calculation after the CRM is applied

⁽²⁾ Other receivables: Includes amounts not included in the counterparty credit risk reported in CCR8

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e.4) CCR5 - Composition of collateral for CCR exposure

Current Period	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Reserved	Not Reserved	Reserved	Not Reserved		
Cash- local currency	-	-	-	-	-	-
Cash- foreign currency	-	-	-	-	-	-
Government bond/bill - local	-	-	-	-	-	8,940
Government bond/bill - other	-	-	-	-	-	250,567
Public institutions bond/bill	-	-	-	-	-	430
Corporate bond/bill	-	-	-	-	-	55,241
Share equities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	315,178

Prior Period	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Reserved	Not Reserved	Reserved	Not Reserved		
Cash- local currency	-	-	-	-	-	-
Cash- foreign currency	-	-	-	-	-	-
Government bond/bill - local	-	-	-	-	-	30,931
Government bond/bill - other	-	-	-	-	-	30,517
Public institutions bond/bill	-	-	-	-	-	21,420
Corporate bond/bill	-	-	-	-	-	55,201
Share equities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	-	138,069

e.5) CCR6 - Credit derivatives

The Bank does not have credit derivatives.



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e.6) CCR8 - Exposures to central counterparties

	Current Period		Prior Period	
	Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
Exposure to Qualified Central Counterparties (QCCPs) (total)		-		-
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC Derivatives	-	-	-	-
(ii) Exchange-traded Derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-	-	-	-
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-
Exposures to non-QCCPs (total)		-		-
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
(i) OTC Derivatives	-	-	-	-
(ii) Exchange-traded Derivatives	-	-	-	-
(iii) Securities financing transactions	-	-	-	-
(iv) Netting sets where cross-product netting has been approved	-	-	-	-
Segregated initial margin	-	-	-	-
Non-segregated initial margin	-	-	-	-
Pre-funded default fund contributions	-	-	-	-
Unfunded default fund contributions	-	-	-	-

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f. Issues to be announced to public related to securitisation positions

The Bank does not have transactions related with securitizations, the related table has not been prepared.

g. Explanations on market risk

The risk principles, policies and risk limits related to the management of market risk are approved by the Board of Directors and reviewed on a regular basis. The Bank's Senior Management performs day to day management of the market risk in accordance with the limits assigned by the Board of Directors. The Bank is exposed to market risk as a result of fluctuations in foreign exchange rates, interest rates, and market prices of stocks. Exchange rate risk and interest rate risk are evaluated as the two most important components of market risk. The Bank engages in derivative transactions for hedge purposes when found necessary. Market risk is calculated by the "standard method". For legal reporting, standard method is utilised.

The following table indicates the details of the market risk calculation, in accordance with the Market Risk Calculation principles pursuant to the Third Section of the "Regulation on Measurement and Assessment of Capital Adequacy of Banks" published in the Official Gazette no. 29511 on 23 October 2015.

		Current Period	Prior Period
		RWA	RWA
	Outright products		
1	Interest rate risk (general and specific)	6,550	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	94,938	70,000
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
	Total	101,488	70,000



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h. Explanations on operational risk

The "Basic Indicator Method" that is mentioned in "Regulation on Measurement and Assessment of Capital Adequacy of Banks" Communiqué is used in the operational risk calculation of the Bank and calculated on a yearly basis.

Current Period	2 Prior Period Amount	Period Amount	Current Period Amount	Total/ Positive GI year number	Ratio (%)	Total
Gross Revenue	97,898	88,998	147,695	111,530	15	16,730
Amount Subject to Operational Risk (Total*12,5)						209,119

Prior Period	2 Prior Period Amount	Period Amount	Current Period Amount	Total/ Positive GI year number	Ratio (%)	Total
Gross Revenue	82,185	97,898	88,998	89,694	15	13,454
Amount Subject to Operational Risk (Total*12,5)						168,175

IX. EXPLANATIONS ON THE PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES

Fair value calculations of financial assets and liabilities

The fair values of financial assets amortised at cost are determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The fair value of marketable securities issued is calculated according to quoted market prices and if these are not available, amounts derived from discounted cash flow models.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

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The following table summarizes the carrying values and fair values of financial assets and liabilities. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Carrying Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	5,921,267	3,362,479	5,862,947	3,349,675
Interbank money market placements	-	-	-	-
Banks	1,270,396	209,910	1,270,396	209,910
Cash and balances at Central Bank	450,760	283,769	450,760	283,769
Derivative Financial assets	-	13,604	-	13,604
Financial assets at fair value through profit or loss	41,168	20,956	41,168	20,956
Financial assets at fair value through other comprehensive income	64,216	50,685	64,216	50,685
Financial assets measured at amortised cost	456,634	361,103	460,299	362,777
Loans	3,638,093	2,422,452	3,576,108	2,407,974
Financial Liabilities	5,260,437	2,906,564	5,254,923	2,915,019
Banks' deposits	-	-	-	-
Other deposits	-	-	-	-
Funds borrowed from other fin. Institutions	2,763,204	1,376,052	2,762,842	1,382,000
Securities issued	953,823	1,222,459	949,297	1,225,068
Miscellaneous payables	128,639	74,237	128,639	74,196
Payables to money market	312,968	205,523	313,010	205,465
Derivative financial liabilities	3,164	114	3,164	114
Borrowers' funds	630,890	28,179	630,901	28,176
Subordinated loans	467,749	-	467,070	-

Fair value hierarchy:

TFRS 7 sets a hierarchy of valuation techniques according to the observability of data used in valuation techniques which establish basis for fair value calculations.

Aforesaid fair value hierarchy is determined as follows:

- Identical assets and quoted market prices (non-adjusted) (1st level);
- Directly (by way of prices) or indirectly (derived from prices) data for the assets or liabilities, other than quoted prices in the 1st level (2nd level);
- Data not based on observable market data regarding assets or liabilities (3rd level).



Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see note I of section three

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles is given in the table below:

Current Period	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	-	-	-
Financial assets at fair value through profit or loss	3,602	37,566	-	41,168
Financial assets at fair value through other comprehensive income	56,557	7,659	-	64,216
Total Assets	60,159	45,225	-	105,384
Derivative financial liabilities	-	3,164	-	3,164
Total liabilities	-	3,164	-	3,164
Prior Period	Level 1	Level 2	Level 3	Total
Derivative financial assets	-	13,604	-	13,604
Financial assets at fair value through profit or loss	2,679	18,277	-	20,956
Financial assets at fair value through other comprehensive income	43,026	7,659	-	50,685
Total Assets	45,705	39,540	-	85,245
Derivative financial liabilities	-	114	-	114
Total liabilities	-	114	-	114

There are no transfers between the levels.

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INFORMATION RELATED TO UNCONSOLIDATED FINANCIAL POSITION AND RISK MANAGEMENT (Continued)

X. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PERSONS

The Bank, has been authorized to provide trading brokerage activity, portfolio brokerage activity, best-effort copy public offering brokerage activity and limited custody services. The Bank does not deal with fiduciary transactions.

XI. EXPLANATIONS ON OPERATING SEGMENTS

Current Period	Corporate Banking	Treasury and Asset Liability Management	Total
Total Assets	3,582,669	2,573,186	6,155,855
Total Liabilities	786,377	5,369,478	6,155,855
Net Interest Income/(Loss)	381,759	(157,432)	224,327
Net Fee and Commission Income/(Loss)	51,994	(1,560)	50,434
Trading Gain/(Loss)	17,643	32,976	50,619
Other Operating Segments Gain/(Loss)	13,416	45,252	58,668
Provisions for Loan Losses and Other Receivables(-)	(11,056)	(6,611)	(17,667)
Other Operating Expense (-)	-	(100,276)	(100,276)
Profit Before Tax	453,756	(187,651)	266,105
Tax Provision	(106,117)	43,885	(62,232)
Net Profit/Loss	347,639	(143,766)	203,873

Prior Period	Corporate Banking	Treasury and Asset Liability Management	Total
Total Assets	2,371,798	1,190,755	3,562,553
Total Liabilities	128,576	3,433,977	3,562,553
Net Interest Income/(Loss)	190,060	(77,145)	112,915
Net Fee and Commission Income/(Loss)	3,499	6,786	10,285
Trading Gain/(Loss)	340	20,176	20,516
Other Operating Segments Gain/(Loss)	8,589	2,566	11,155
Provisions for Loan Losses and Other Receivables(-)	(34,809)	(2,750)	(37,559)
Other Operating Expense (-)	-	(53,122)	(53,122)
Profit Before Tax	167,679	(103,489)	64,190
Tax Provision	(44,578)	27,513	(17,065)
Net Profit/Loss	123,101	(75,976)	47,125



Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see note I of section three

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SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

1. Information related to cash and the account of The Central Bank of the Republic of Turkey (the "CBRT"):

a. Information on cash and the account of the CBRT

	Current Period		Prior Period	
	LC	FC	LC	FC
Cash/Foreign currency	10	16	10	14
CBRT	41,409	409,325	7,582	276,163
Other	-	-	-	-
Total	41,419	409,341	7,592	276,177

b. Information on the account of the CBRT

	Current Period		Prior Period	
	LC	FC	LC	FC
Demand Unrestricted Amount ⁽¹⁾	41,409	919	7,582	446
Time Unrestricted Amount	-	-	-	-
Time Restricted Amount ⁽²⁾	-	408,406	-	275,717
Total	41,409	409,325	7,582	276,163

⁽¹⁾ Local currency reserve requirements is presented demand unrestricted amount accordingly BRSA letter dated 3 January 2018.

⁽²⁾ The blocked reserve requirement at Central Bank.

According to CBRT's "Required Reserves Announcement" numbered 2013/15, the Bank has to provide reserve requirement amounts in CBRT for Turkish currency and foreign currency denominated liabilities. The reserve requirement, which are applied to the liability side of the balance sheets, have started to be applied to the asset side of the balance sheets in order to strengthen the macro prudential policies. The reserve requirements may be kept as Turkish Lira, USD, Euro and standard gold.

2. Information on financial assets at fair value through profit or loss

a. As of 31 December 2022, the Bank has no financial assets at fair value through profit or loss subject to repo transactions and given as collateral/blocked (31 December 2021 - None).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

b. Financial assets at fair value through profit or loss

	Current Period	Prior Period
Debt Securities	-	-
Quoted on Stock Exchange	-	-
Not Quoted	-	-
Share Certificates/Investment Funds	41,168	20,956
Quoted on Stock Exchange	-	-
Not Quoted	41,168	20,956
Impairment Provision (-)	-	-
Total	41,168	20,956

c. Positive differences related to derivative financial assets

	Current Period		Prior Period	
	LC	FC	LC	FC
Forward transactions	-	-	-	-
Swap transactions	-	-	13,604	-
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	-	-	13,604	-

3. Information on banks

a. Information on banks

	Current Period		Prior Period	
	LC	FC	LC	FC
Banks	4,198	1,266,198	2,967	206,943
Domestic	4,198	476,947	2,967	80,032
Foreign	-	789,251	-	126,911
Branches and offices abroad	-	-	-	-
Total	4,198	1,266,198	2,967	206,943

b. Information on foreign banks accounts

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	659,505	18,900	-	-
USA, Canada	127,840	79,682	-	-
OECD Countries ¹⁾	-	-	-	-
Off-shore Banking Regions	-	-	-	-
Other	1,906	28,329	-	-
Total	789,251	126,911	-	-

¹⁾ OECD Countries other than EU countries, USA and Canada.



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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

a. Information financial assets subject to repurchase agreements and given as collateral/blocked

	Current Period		Prior Period	
	LC	FC	LC	FC
Collateral/Blocked	9,074	-	8,262	-
Repurchase transaction	8,940	-	30,931	-
Total	18,014	-	39,193	-

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

	Current Period	Prior Period
Debt Securities	56,607	45,807
Quoted on Stock Exchange	56,607	45,807
Not Quoted	-	-
Share Certificates	7,659	7,659
Quoted on Stock Exchange	-	-
Not Quoted	7,659	7,659
Impairment Provision (-)	(50)	(2,781)
Total	64,216	50,685

5. Information on loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	174,117	109,320	25,071	187,981
Legal Entities	174,117	109,320	25,071	187,981
Individuals	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	-	-	-	-
Total⁽¹⁾	174,117	109,320	25,071	187,981

⁽¹⁾ It includes TL 174,117 cash loan and TL 109,320 non-cash loan and that was granted as a counter-guarantee of Parent Bank (31 Aralık 2021 - TL 25,071 TL cash loan and TL 187,981 non-cash loan).

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

b. Information on the first and second group loans and other receivables including loans that have been restructured or rescheduled

Current Period Cash Loans	Standard Loans	Not under the scope of restructuring	Loans Under Close Monitoring Restructured Loans	
			Modifications on agreement conditions	Refinancing
Non-specialized Loans	3,238,223	34,094	90,216	-
Loans given to enterprises	371,760	11,250	-	-
Export Loans	771,108	-	-	-
Import Loans	-	-	-	-
Financial Sector Loans	597,658	-	-	-
Consumer Loans	1,452	-	-	-
Credit Cards	-	-	-	-
Other	1,496,245	22,844	90,216	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	3,238,223	34,094	90,216	-

Prior Period Cash Loans	Standard Loans	Not under the scope of restructuring	Loans Under Close Monitoring Restructured Loans	
			Modifications on agreement conditions	Refinancing
Non-specialized Loans	2,008,688	44,093	117,845	-
Loans given to enterprises	512,260	20,239	-	-
Export Loans	-	-	-	-
Import Loans	-	-	-	-
Financial Sector Loans	338,125	-	-	-
Consumer Loans	-	-	-	-
Credit Cards	-	-	-	-
Other	1,158,303	23,854	117,845	-
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	2,008,688	44,093	117,845	-

Expected Credit Loss	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Months Expected Credit Loss	25,542	-	14,919	-
Significant Increase in Credit Risk	-	25,412	-	29,827
Total	25,542	25,412	14,919	29,827



Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see note I of section three

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

Number of modifications made to extend payment plan	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Extended by 1 or 2 times	-	-	-	117,845
Extended by 3,4 or 5 times	-	90,216	-	-
Extended by more than 5 times	-	-	-	-
Total	-	90,216	-	117,845

Extended period of time	Current Period		Prior Period	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
0 - 6 Months	-	90,216	-	-
6 - 12 Months	-	-	-	-
1 - 2 Years	-	-	-	-
2 - 5 Years	-	-	-	117,845
5 Years and over	-	-	-	-
Total	-	90,216	-	117,845

c. Breakdown of loans according to their maturities

Current Period	Standard Loans	Loans Under Close Monitoring	
		Not under the scope of restructuring	Restructured Loans
Short-Term Loans	1,246,024	721	-
Medium and Long-Term Loans	1,992,199	33,373	90,216
Total	3,238,223	34,094	90,216

Prior Period	Standard Loans	Loans Under Close Monitoring	
		Not under the scope of restructuring	Restructured Loans
Short-Term Loans	845,782	9,198	-
Medium and Long-Term Loans	1,162,906	34,895	117,845
Total	2,008,688	44,093	117,845

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

d. Information on consumer loans, individual credit cards, personnel loans and personnel credit cards

	Current Period			Prior Period		
	Short-term	Medium-long term	Total	Short-term	Medium-long term	Total
Consumer loans-TC	-	1,452	1,452	-	-	-
Real estate loans	-	1,452	1,452	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Consumer loans- Indexed to FC	-	-	-	-	-	-
Real estate loans	-	-	-	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Consumer loans- FC	-	-	-	-	-	-
Real estate loans	-	-	-	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Individual credit cards-TC	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
Individual credit cards-FC	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
Personnel loans-TC	-	-	-	-	-	-
Real estate loans	-	-	-	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Personnel loans-Indexed to FC	-	-	-	-	-	-
Real estate loans	-	-	-	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Personnel loans-FC	-	-	-	-	-	-
Real estate loans	-	-	-	-	-	-
Automobile loans	-	-	-	-	-	-
Consumer loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Personnel credit cards-TC	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
Personnel credit cards-FC	-	-	-	-	-	-
Installment	-	-	-	-	-	-
Non-Installment	-	-	-	-	-	-
Overdraft accounts-TC (Retail customer)	-	-	-	-	-	-
Overdraft accounts-FC (Retail customer)	-	-	-	-	-	-
Total	-	1,452	1,452	-	-	-



Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see note I of section three

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

e. Information on commercial instalment loans and corporate credit cards

Current Period	Short Term	Medium-Long Term	Total
Commercial installment loans-LC	4,575	9,881	14,456
Business residential loans	-	-	-
Automobile loans	4,575	9,881	14,456
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans- Indexed to FC	-	22,691	22,691
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	22,691	22,691
Other	-	-	-
Commercial installment loans - FC	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-LC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Corporate credit cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Overdraft accounts-LC (Commercial customer)	-	-	-
Overdraft accounts-FC (Commercial customer)	-	-	-
Total	4,575	32,572	37,147

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

Prior Period	Short Term	Medium- Long Term	Total
Commercial installment loans-LC	-	14,151	14,151
Business residential loans	-	-	-
Automobile loans	-	14,151	14,151
Consumer loans	-	-	-
Other	-	-	-
Commercial installment loans- Indexed to FC	-	23,732	23,732
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	23,732	23,732
Other	-	-	-
Commercial installment loans - FC	-	-	-
Business residential loans	-	-	-
Automobile loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Corporate credit cards-LC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Corporate credit cards-FC	-	-	-
Installment	-	-	-
Non-Installment	-	-	-
Overdraft accounts-LC (Commercial customer)	-	-	-
Overdraft accounts-FC (Commercial customer)	-	-	-
Total	-	37,883	37,883

f. Loans according to types of borrowers

	Current Period	Prior Period
Public	-	-
Private	3,379,137	2,216,450
Total ⁽¹⁾	3,379,137	2,216,450

⁽¹⁾ TL 16,604 (31 December 2021 - TL 45,824) non-performing loans are included.

g. Distribution of domestic and foreign loans

	Current Period	Prior Period
Domestic Loans	2,796,709	1,727,230
Foreign Loans	582,428	489,220
Total ⁽¹⁾	3,379,137	2,216,450

⁽¹⁾ TL 16,604 (31 December 2021 - TL 45,824) non-performing loans are included.

h. Loans granted to investments in associates and subsidiaries

None (31 December 2021 - None).



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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

i. Specific provisions accounted for loans

	Current Period	Prior Period
Loans with limited collectability	-	-
Loans with doubtful collectability	-	7,117
Uncollectible loans	16,567	17,777
Total	16,567	24,894

j. Information on non-performing loans

i. Information on non-performing loans restructured or rescheduled and other receivables

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Current Period			
Gross amounts before specific reserves	-	-	2,817
Loans under restructuring	-	-	2,817
Prior period			
Gross amounts before specific reserves	-	-	20,207
Loans under restructuring	-	-	20,207

ii. Information on the movement of total non-performing loans

Current Period	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Prior period end balance	-	11,766	34,058
Additions (+)	-	58	85
Transfers from other categories of loans under follow-up (+)	-	-	11,824
Transfers to other categories of loans under follow-up (-)	-	(11,824)	(8,615)
Collections (-)	-	-	(20,748)
Deducted from the record (-)	-	-	-
Sold (-)	-	-	-
Commercial and corporate loans	-	-	-
Individual loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	-	-	16,604
Provision (-)	-	-	(16,567)
Net Balance on balance sheet	-	-	37

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

Prior Period	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Prior period end balance	-	-	36,077
Additions (+)	12,568	11	5,095
Transfers from other categories of loans under follow-up (+)	-	11,755	-
Transfers to other categories of loans under follow-up (-)	(11,755)	-	-
Collections (-)	(813)	-	(7,114)
Deducted from the record (-)	-	-	-
Sold (-)	-	-	-
Commercial and corporate loans	-	-	-
Individual loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Current period end balance	-	11,766	34,058
Provision (-)	-	(7,117)	(17,777)
Net Balance on balance sheet	-	4,649	16,281

iii. Information on non-performing loans granted as foreign currency loans

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current period			
Period end balance	-	-	-
Provision (-)	-	-	-
Net balance on balance sheet	-	-	-
Prior period			
Period end balance	-	-	10,854
Provision (-)	-	-	(682)
Net balance on balance sheet	-	-	10,172



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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

iv. Information on non-performing loans based on types of borrowers

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Current period (Net)	-	-	37
Loans granted to real persons and legal entities (Gross)	-	-	16,604
Provision (-)	-	-	(16,567)
Loans granted to real persons and legal entities (Net)	-	-	37
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provision (-)	-	-	-
Other loans (Net)	-	-	-
Prior Period (Net)	-	4,649	16,281
Loans granted to real persons and legal entities (Gross)	-	11,766	34,058
Provision (-)	-	(7,117)	(17,777)
Loans granted to real persons and legal entities (Net)	-	4,649	16,281
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans (Gross)	-	-	-
Provision (-)	-	-	-
Other loans (Net)	-	-	-

v. Information on interest accruals, rediscounts, valuation differences and their provisions calculated for non-performing loans in accordance with TFRS 9

	III. Group Loans with limited collectability	IV. Group Loans with doubtful collectability	V. Group Uncollectible loans
Current period (Net)	-	-	7
Interest accruals and rediscounts and valuation differences	-	-	1,161
Provision (-)	-	-	(1,154)
Prior Period (Net)	-	842	146
Interest accruals and rediscounts and valuation differences	-	1,968	1,594
Provision (-)	-	(1,126)	(1,448)

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

vi. Information on the collection policy of non-performing loans and other receivables and information on the write-off policy of the Bank

Loans and other receivables in the nature of loss are collected through legal proceedings and the conversion of guarantees into cash through the court or the collections received based on the payment protocol made with the debtors. If there is still a remaining balance after the collection made through legal proceedings for the loans that have turned into losses, there is a policy of write-off from the Bank's assets after the approval of the Bank's Board of Directors on a transaction basis, by attaching it to a certificate of insolvency or a lack of pledge document. In addition, if the Bank's receivables are insignificant amounts compared to the legal follow-up expenditures to be made for the supply of the aforementioned documents, the write-off from the assets can only be made with the decision of the Board of Directors.

6. Information on financial assets measured at amortized cost

a. Information financial assets subject to repurchase agreements and given as collateral/blocked

	Current Period		Prior Period	
	LC	FC	LC	FC
Collateral/Blocked	-	-	-	67,479
Repurchase transaction	-	302,199	-	105,169
Total	-	302,199	-	172,648

b. Information on government debt securities measured at amortized cost

	Current Period	Prior Period
Government bonds	324,054	189,860
Treasury bills	-	-
Other public sector debt securities	-	-
Total	324,054	189,860

c. Information on financial assets measured at amortized cost

	Current Period	Prior Period
Debt Securities	456,634	361,103
Quoted in a stock exchange	456,634	361,103
Not quoted	-	-
Impairment provisions (-) ⁽¹⁾	-	-
Total	456,634	361,103

⁽¹⁾ TL 8,922 (31 December 2021 - TL 4,224) expected credit losses included at line for expected credit losses on financial statements.

d. The movement of financial assets measured at amortized cost during the year

	Current Period	Prior Period
Beginning balance	361,103	116,776
Foreign currency differences on monetary assets ⁽¹⁾	164,066	124,452
Purchases during year	211,638	119,875
Disposals through sales and redemptions	(280,173)	-
Impairment provisions (-)	-	-
Total	456,634	361,103

⁽¹⁾ TL (521) (31 December 2021 - TL 3,741) of differences arising from the rediscounts and accruals are shown in the " Foreign currency differences on monetary assets line.



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7. Information on investments in associates (Net)

a. Information on unconsolidated investments in associates

None (31 December 2021 - None).

b. Information on consolidated investments in associates

None (31 December 2021 - None).

8. Information on subsidiaries (Net)

None (31 December 2021 - None).

9. Information on joint ventures

None (31 December 2021 - None).

10. Information on lease receivables (Net)

a. Information on lease receivables

	Current Period	Prior Period
Financial lease receivables, Gross	302,718	253,003
Unearned income	(43,762)	(47,001)
Financial lease receivables, Net	258,956	206,002

⁽¹⁾ TL 1,288 (31 December 2021 - TL 1,293) expected credit losses included at line for expected credit losses on financial statements.

b. Remaining maturities of financial lease investments

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	145,925	117,171	77,841	58,659
1 - 5 Years	156,793	141,785	175,162	147,343
Over 5 Years	-	-	-	-
Total	302,718	258,956	253,003	206,002

11. Information on hedging derivative financial assets

None (31 December 2021 - None).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Information on property and equipment

	Immovable/ Land	Vehicles	Right of use assets	Other Tangible Fixed Assets	Total
Prior Period					
Cost	97,907	1,628	665	8,810	109,010
Accumulated Depreciation(-)	(16,192)	(848)	(165)	(3,823)	(21,028)
Net Book Value 31 December 2021	81,715	780	500	4,987	87,982
Current Period					
Net Book Value : 31 December 2021	81,715	780	500	4,987	87,982
Additions	-	-	627	1,050	1,677
Transfers	-	-	-	-	-
Disposals(-), cost	-	-	(98)	(106)	(204)
Disposals(+), accumulated depreciation	-	-	98	70	168
Depreciation (-)	(1,083)	(325)	(324)	(1,516)	(3,248)
Impairment Reversal	14,153	-	-	-	14,153
Net Book Value: 31 December 2022	94,785	455	803	4,485	100,528
Cost at Period End	97,907	1,628	1,194	9,754	110,483
Accumulated Depreciation at Period End (-)	(3,122)	(1,173)	(391)	(5,269)	(9,955)
Net Book Value: 31 December 2022	94,785	455	803	4,485	100,528

	Immovable/ Land	Vehicles	Right of use assets	Other Tangible Fixed Assets	Total
Prior Period					
Cost	97,768	1,628	345	8,360	108,101
Accumulated Depreciation(-)	(15,496)	(523)	(184)	(3,020)	(19,223)
Net Book Value 31 December 2020	82,272	1,105	161	5,340	88,878
Current Period					
Net Book Value : 31 December 2020	82,272	1,105	161	5,340	88,878
Additions	139	-	458	1,063	1,660
Transfers	-	-	-	-	-
Disposals(-), cost	-	-	(138)	(613)	(751)
Disposals(+), accumulated depreciation	-	-	138	579	717
Depreciation (-)	(696)	(325)	(119)	(1,382)	(2,522)
Impairment	-	-	-	-	-
Net Book Value: 31 December 2021	81,715	780	500	4,987	87,982
Cost at Period End	97,907	1,628	665	8,810	109,010
Accumulated Depreciation at Period End (-)	(16,192)	(848)	(165)	(3,823)	(21,028)
Net Book Value: 31 December 2021	81,715	780	500	4,987	87,982



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13. Information on intangible assets

	Current Period	Prior Period
Net Book Value at the beginning of the Period	7,784	6,849
Additions	7,343	3,625
Disposals(-), net	-	-
Depreciation (-)	(3,479)	(2,690)
Closing Net Book Value	11,648	7,784

14. Information on investment property:

The Bank has purchased a real estate classified as investment property as of balance sheet date with the deed transfer process has completed as of 18 June 2018. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value in accordance with TAS 40 "Investment Property".

	Current Period	Prior Period
Beginning balance, Net	143,910	144,862
Additions (+)	-	-
Disposals (-), net	-	-
Cancellation of Provision for Impairment	28,020	-
Depreciation (-)	(1,713)	(952)
Transfers	-	-
Current period end balance, Net⁽¹⁾	170,217	143,910

⁽¹⁾ As of 31 December 2022, the fair value of the investment property owned by the Bank is TL 343,554.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Information on deferred tax asset

The Bank calculates deferred tax asset or liability on the differences between the applied accounting policies and valuation bases and tax legislation that comes from timing differences and reflects the amount on the financial statements.

As of 31 December 2022, the Bank calculated deferred tax asset amounting TL 12,251 and reflected this amount to the financial statements (31 December 2021 - TL 13,020 deferred tax asset).

In the situation that the difference between the book value and value subject to tax of the assets that are subject to deferred tax is related to equity accounts, deferred tax asset or liability is netted with the relevant accounts in this group.

	Current Period		Prior Period	
	Temporary Differences of Deferred Tax Base	Deferred Tax Amount	Temporary Differences of Deferred Tax Base	Deferred Tax Amount
Provision for employee benefits	2,410	603	1,349	270
Expected credit losses	70,362	17,591	57,564	11,513
Other provisions	9,274	2,319	3,149	781
Tangible and intangible assets	-	-	19,829	3,966
Derivatives	3,164	791	114	23
Other	12,167	3,042	7,098	1,420
Deferred Tax Asset	97,377	24,346	89,103	17,973
	(25,764)	(6,441)	-	-
Derivatives	-	-	(13,604)	(2,721)
Marketable Securities	(21,737)	(5,436)	(11,101)	(2,220)
Other	(870)	(218)	(60)	(12)
Deferred Tax Liability	(48,371)	(12,095)	(24,765)	(4,953)
Deferred Tax Asset/(Liability), net	49,006	12,251	64,338	13,020

16. Information on assets held for resale and discontinued operations

None (31 December 2021 - None).

17. Information on other assets

As of 31 December 2022, other assets amount to TL 19,607 (31 December 2021- TL 22,533) and do not exceed 10% of total balance sheet except off balance sheet commitments.



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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. Information on deposits

The Bank has no deposits due to its nature as an investment bank.

2. Negative differences related to derivative financial liabilities

	Current Period		Prior Period	
	LC	FC	LC	FC
Forward transactions	10	2	-	-
Swap transactions	-	3,152	-	114
Futures transactions	-	-	-	-
Options transactions	-	-	-	-
Other	-	-	-	-
Total	10	3,154	-	114

3. Information on borrowings

a. Information on banks and other financial institutions

	Current Period		Prior Period	
	LC	FC	LC	FC
Borrowings from the CBRT	-	-	-	-
From domestic banks and institutions	250,148	209,850	40,053	98,068
From foreign banks, institutions and funds	164,165	2,139,041	50,894	1,187,037
Total	414,313	2,348,891	90,947	1,285,105

b. Information on maturity structure of borrowings

	Current Period		Prior Period	
	LC	FC	LC	FC
Short-term	414,313	1,267,647	90,947	535,169
Medium and long-term	-	1,081,244	-	749,936
Total	414,313	2,348,891	90,947	1,285,105

c. Additional explanation related to the concentrations of the Bank's major liabilities on the basis of concentrations, fund providing customers, sector groups and other criteria where risk concentration is observed

The Bank funds its foreign currency assets mainly with medium and long term funds borrowed, subordinated loans and debt securities issued. The Bank funds its local currency assets mainly with its capital, funds borrowed and debt securities issued. The Bank aims to have consistency on interest and maturities among assets and funding.

4. Money Market Funds

As of 31 December 2022, the Bank have money market borrowings amounting to TL 231,243 through repo transaction and TL 81,725 through Takasbank transaction (31 December 2021 - TL 105,023 through repo transaction and TL 100,500 through Takasbank transaction)

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Securities Issued

	Current Period		Prior Period	
	LC	FC	LC	FC
Nominal	173,038	782,741	64,651	1,154,584
Cost	163,409	782,741	61,900	1,154,584
Book Value	170,065	783,758	64,264	1,158,195

The Bank netted TL 18,956 (31 December 2021 - TL 36,858) nominal amount of debt securities that bought backed on its financial statements.

6. Information on other liabilities

As of 31 December 2022, other liabilities amount to TL 154,770 (31 December 2021 - TL 98,213) and do not exceed 10% of total balance sheet.

7. Information on financial lease agreements

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 Year	495	395	286	208
1 - 5 Years	523	481	382	330
Over 5 Years	-	-	-	-
Total	1,018	876	668	538

8. Information on hedging derivative financial liabilities

None (31 December 2021 - None).

9. Information on provisions

a. Information on provisions related with foreign currency difference of foreign indexed loans

None (31 December 2021 - None).

b. Information on specific provisions for non-cash loans that are non-funded and non-transformed into cash

As of 31 December 2022, the Bank has no specific provision (31 December 2021 - None) and TL 7,254 (31 December 2021 - TL 6,820) provision for expected credit loss to the financial statements.

Expected Credit Loss for Non-Cash Loans	Current Period	Prior Period
12 Months Expected Credit Loss	6,158	5,968
Significant Increase in Credit Risk	1,096	852
Total	7,254	6,820



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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

c. Information on other provisions

i. Information on provisions for possible risks

None (31 December 2021 - None).

ii. Other provisions are explained if they exceed 10% of the total provision balance

The Bank's total other provisions, excluding special provisions for non-compensated and non-cash loans and expected loss provisions for non-cash loans, is TL 21,274 and consists of bonus/premium and litigation provision (31 December 2021 - TL 7,800 lawsuit and bonus/premium provision).

iii. Obligations related to employee rights

In accordance with Turkish Labour Law, the reserve has been calculated by estimating the present value of the future probable obligation of the Bank arising from the retirement of its employees.

The movement of employee termination benefits is shown below

	Current Period	Prior Period
Balance at the Beginning of the Period	255	226
Provisions Recognised During the Period	466	29
Balance at the end of the period	721	255

In addition, as of 31 December 2022, the Bank have unused vacation provision of TL 1,689 (31 December 2021 - TL 1,094).

10. Information on taxes payable:

a. Information on current year tax liability

i. Information on tax provision

The Bank recognized TL 16,989 as current tax liability as of 31 December 2022 (31 December 2021 - TL 5,275).

ii. Information on taxes payable

	Current Period	Prior Period
Corporate Tax Payable	16,989	5,275
Taxation on Marketable Securities	204	187
Property Tax	1	1
Banking Insurance Transaction Tax	2,036	1,767
Foreign Exchange Transaction Tax	35	22
Value Added Tax Payable	635	329
Other	1,112	571
Total	21,012	8,152

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iii. Information on premium payables

	Current Period	Prior Period
Social Security Premiums - Employee	295	159
Social Security Premiums - Employer	342	182
Bank Social Aid Pension Fund Premium - Employee	-	-
Bank Social Aid Pension Fund Premium - Employer	-	-
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance - Employee	21	11
Unemployment Insurance - Employer	41	22
Other	-	-
Total	699	374

11. Information on deferred tax liability

Explanations on the taxation of the Bank are presented in Section Five in related explanations and notes.

12. Information on liabilities for assets held for sale and assets of discontinued operations

None (31 December 2021 - None).

13. Information on subordinated loan⁽¹⁾

	Current Period		Prior Period	
	LC	FC	LC	FC
To be included in the calculation of additional capital borrowing instruments				
Subordinated loans	-	-	-	-
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation				
Subordinated loans	-	467,749	-	-
Subordinated debt instruments	-	-	-	-
Total	-	467,749	-	-

⁽¹⁾ Detailed explanations on subordinated loans are given in the section four "Information on instruments to be included in the equity calculation".

14. Information on shareholders' equity

a. Presentation of paid-in capital

	Current Period	Prior Period
Common Stock	500,000	500,000
Preferred Stock	-	-



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b. Paid-in capital amount, explanation as to whether the registered share capital system is applied and if so, amount of registered share capital ceiling

The Bank does not apply the registered share capital system.

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

None.

d. Explanation on the transfers from capital reserve to paid-in capital in the current period

None.

e. Information on capital commitments, the general purpose and the estimated sources for these commitments until the end of the fiscal year and the subsequent periods

None (31 December 2021 - None).

f. Information on the Bank's income, profitability, prior period indicators on liquidity and uncertainty on these indicators and their potential effects on the Bank's capital

The Bank considers there is no uncertainty regarding the prior period income, profitability and liquidity indicators, therefore the Bank does not foresee an effect on capital.

g. Summary information about privileged shares representing the capital

None (31 December 2021 - None).

h. Information on marketable securities value increase fund

	Current Period		Prior Period	
	LC	FC	LC	FC
From investment and associates, subsidiaries and joint ventures (business partners)	-	-	-	-
Revaluation difference	1,998	-	(2,911)	-
Foreign exchange difference	-	-	-	-
Total	1,998	-	(2,911)	-

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III. EXPLANATIONS AND NOTES RELATED TO OFF-BALANCE SHEET ACCOUNTS

1. Information on off-balance sheet commitments

a. The amount and type of irrevocable commitments

	Current Period	Prior Period
Forward asset purchase and sale commitments	24,786	-
Forward deposit purchase and sale commitments	373,966	-
Tax and fond liabilities from export commitment	-	-
Other irrevocable commitments	11,757	15,388
Total	410,509	15,388

b. Type and amount of probable losses and obligations arising from off-balance sheet items

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

As of 31 December 2022, the Bank has no specific provision (31 December 2021 - None) and TL 7,254 (31 December 2021 - TL 6,820) provision for expected credit loss to the financial statements.

i. Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits

	Current Period	Prior Period
Letters of guarantee	542,886	305,087
Letters of credit	42,089	109,673
Bank acceptances	-	-
Other guarantees	200,202	317,729
Total	785,177	732,489

ii. Revocable, irrevocable guarantees and other similar commitments and contingencies

	Current Period	Prior Period
Final letters of guarantee	116,421	118,851
Provisional letters of guarantee	-	-
Letters of guarantee for advances	112,446	-
Letters of guarantee given to customs offices	96,857	77,882
Letter of guarantees given against cash loans	217,162	108,354
Other letter of guarantees	-	-
Total	542,886	305,087

c. Total amount of non-cash loans

	Current Period	Prior Period
Non-cash Loans Given against Cash Loans	417,364	426,083
With Original Maturity of 1 Year or Less Than 1 Year	182,120	82,395
With Original Maturity of More Than 1 Year	235,244	343,688
Other Non-cash Loans	367,813	306,406
Total	785,177	732,489



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d. Information on the non-cash loans classified in Group I and Group II:

Current Period	I. Group		II. Group	
	LC	FC	LC	FC
Non-Cash Loans	276,422	502,747	6,008	-
Letters of Guarantee	273,922	262,956	6,008	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	42,089	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	2,500	197,702	-	-
Prior Period	I. Group		II. Group	
	LC	FC	LC	FC
Non-Cash Loans	144,560	580,821	7,108	-
Letters of Guarantee	144,560	153,419	7,108	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	109,673	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	317,729	-	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

e. Information on sectoral risk concentrations of non-cash loans:

	Current Period				Prior Period			
	LC	(%)	FC	(%)	LC	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	2,590	0.91	-	-	2,848	1.88	13,329	2.29
Mining	-	-	-	-	-	-	-	-
Production	1,817	0.64	-	-	1,817	1.20	13,329	2.29
Electric, Gas and Water	773	0.27	-	-	1,031	0.68	-	-
Construction	-	-	158,024	31.43	-	-	251,084	43.23
Services	279,823	99.08	344,723	68.57	148,803	98.11	316,408	54.48
Wholesale and Retail Trade	33,684	11.93	37,808	7.52	26,866	17.71	66,645	11.47
Hotel, Food and Beverage Services	929	0.33	-	-	1,368	0.90	-	-
Transportation and Telecommunication	4,000	1.42	39,870	7.93	4,000	2.64	31,506	5.42
Financial Institutions	241,210	85.40	226,038	44.96	116,064	76.53	188,084	32.40
Real Estate and Leasing Services	-	-	39,870	7.93	-	-	30,173	5.19
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	1,137	0.23	505	0.33	-	-
Other	17	0.01	-	-	17	0.01	-	-
Total	282,430	100.00	502,747	100.00	151,668	100.00	580,821	100.00

2. Information on derivative transactions

	Current Period	Prior Period
Trading Derivative Financial Instruments		
Foreign Currency Transactions (I)	668,149	278,708
Forward Foreign Currency Buy/Sell Transactions ⁽¹⁾	24,786	-
Foreign Currency Swap-Buy-Sell Transactions	643,363	278,708
Futures Transactions	-	-
Options-Buy-Sell Transactions	-	-
Interest Rate Transactions (II)	-	-
Forward interest rate Buy-Sell	-	-
Interest Rate Swap-Buy-Sell	-	-
Interest Rate Options-Buy-Sell	-	-
Interest Rate Futures Buy-Sell	-	-
Other Trading Derivative Financial Instruments (III)	-	-
A. Total Trading Derivative Transactions (I+II+III)	668,149	278,708
Hedging Derivative Financial Instruments		
Transactions for Fair Value Hedge	-	-
Transactions for Cash Flow Hedge	-	-
Transactions for Foreign Net Investment Hedge	-	-
B. Total Hedging Derivative Financial Instruments	-	-
Total Derivatives (A+B)	668,149	278,708

⁽¹⁾ Includes asset purchase and sale commitments



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3. Information on credit derivatives and related imposed risks

None (31 December 2021 - None).

4. Information on Contingent Assets and Liabilities

As of 31 December 2022, the Bank has booked the provision for its ongoing lawsuits amounting TL 200 to the financial statements (31 December 2021 - TL 100). The process regarding the law suits is still ongoing and decisions will be finalized after trial.

5. Information on services in the name of others' names and accounts

The Bank, has been authorized to provide limited custody services. The investment securities held in custody is recorded on off-balance sheet.

IV. EXPLANATIONS AND NOTES RELATED TO INCOME STATEMENT

1. Information on interest income

a. Information on interest income on loans ⁽¹⁾

	Current Period		Prior Period	
	LC	FC	LC	FC
Short-term Loans	181,674	25,704	82,407	17,414
Medium/Long-term Loans	58,288	99,063	21,851	51,662
Interest on Loans Under Follow-up	2,062	55	1,934	547
Premiums Received from Resource Utilization Support Fund	-	-	-	-
Total	242,024	124,822	106,192	69,623

⁽¹⁾ Commission income from cash loans are also included.

b. Information on interest income on banks

	Current Period		Prior Period	
	LC	FC	LC	FC
From the CBRT ⁽¹⁾	657	-	1,951	-
From Domestic Banks	597	2,544	610	76
From Foreign Banks	407	37	66	40
Branches and Offices Abroad	-	-	-	-
Total	1,661	2,581	2,627	116

⁽¹⁾ The interest income from required reserves are also included.

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Notes to Unconsolidated Financial Statements at 31 December 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

c. Information on interest income on marketable securities

	Current Period		Prior Period	
	LC	FC	LC	FC
Financial assets at fair value through profit or loss	-	-	-	-
Financial assets at fair value through other comprehensive income	11,836	63	3,925	-
Financial assets measured at amortized cost	-	38,322	-	14,102
Total	11,836	38,385	3,925	14,102

d. Information on interest income received from investments in associates and subsidiaries

None (31 December 2021 - None).

2. Information on interest expense

a. Information on interest expense⁽¹⁾

	Current Period		Prior Period	
	LC	FC	LC	FC
Banks	49,276	52,708	26,494	25,933
The Central Bank of Turkey	-	-	-	-
Domestic Banks	11,336	1,108	1,666	152
Foreign Banks	37,940	51,600	24,828	25,781
Branches and offices abroad	-	-	-	-
Other Institutions⁽²⁾	-	6,963	3,840	-
Total	49,276	59,671	30,334	25,933

⁽¹⁾ Commission expense for borrowings are also included.

⁽²⁾ Includes subordinated loans expense.

b. Information on interest expense given to investments in associates and subsidiaries

None (31 December 2021 - None).

c. Interest expense on issued marketable securities

	Current Period		Prior Period	
	LC	FC	LC	FC
Interest expense on securities issued	25,715	39,240	10,728	29,126

d. Maturity structure of the interest expense on deposits

The Bank has no deposits due to its nature as an investment bank.

3. Information on dividend income

None (31 December 2021 - None).



Convenience translation of publicly announced unconsolidated financial statements originally issued in turkish, see note I of section three

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

4. Information on trading income/loss (Net)

	Current Period	Prior Period
Income	1,676,917	1,837,420
Profit on trading account securities	10,191	3,159
Profit on derivative financial transactions ⁽¹⁾	54,640	34,284
Foreign exchange gains	1,612,086	1,799,977
Loss (-)	(1,626,298)	(1,816,904)
Losses on trading account securities	(528)	(1)
Losses on derivative financial transactions ⁽¹⁾	(38,390)	(4,022)
Foreign exchange losses	(1,587,380)	(1,812,881)
Net Trading Income/Loss	50,619	20,516

⁽¹⁾ Due to the short maturity of derivative financial instruments held by the Bank, the major part of gains and loss from derivative financial transactions are resulted from changes in exchange rates.

5. Information on other operating income

Other operating income includes TL 13,366 prior year specific and expected loss provision and TL 42,173 income from building impairment reversals, and there is no income regarding extraordinary accounts (31 December 2021 - TL 8,612 special provision and expected loss provision reversal).

6. Provision expenses related to loans and other receivables

	Current Period	Prior Period
Expected Credit Loss⁽¹⁾	17,567	37,459
12 Month Expected Credit Loss (Stage 1)	17,323	15,279
Significant increase in credit risk (Stage 2)	244	15,388
Non-Performing Loans (Stage 3)	-	6,792
Marketable Securities Impairment Provision	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets At Fair Value Through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	100	100
Total⁽²⁾	17,667	37,559

⁽¹⁾ Includes expected credit losses for the non-cash loans.

⁽²⁾ While considering the provision reversals included in other operating income, net provision expense is TL 4,301 (31 December 2021 - TL 28,947 net provision expense).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits ⁽¹⁾	1,061	540
Bank social aid fund deficit provision	-	-
Fixed assets impairment expense	-	-
Depreciation expenses of fixed assets	4,961	3,474
Intangible assets impairment expense	-	-
Goodwill impairment expense	-	-
Amortization expenses of intangible assets	3,479	2,690
Shares (capital method applied) impairment expense	-	-
Impairment expense for investment securities that will be disposed	-	-
Amortization expenses of investment securities that will be disposed	-	-
Impairment expenses for property and equipment held for sale purpose and terminated operations	-	-
Other operating expenses	25,089	12,663
Leasing expenses related to TFRS 16 exemptions	14	108
Maintenance expenses	5,438	2,595
Advertisement expenses	1,144	865
Other expenses	18,493	9,095
Loss on sales of assets	8	33
Other	10,475	5,820
Total	45,073	25,220

⁽¹⁾ Provision expenses for unused vacation provision and employee termination benefits are presented in personnel expenses at profit and loss statement.

8. Information on fees for services received from the independent auditor

In accordance with the decision of the Public Oversight, Accounting and Auditing Standards Authority dated 26 March 2021, the fee information for the reporting period (excluding VAT) for the services received from the independent auditors is given in the table below

	Current Period	Prior Period
Independent audit fee	1,266	695
Fees for tax advisory services	154	129
Other assurance services fee	-	-
Fees for services other than independent audit	-	-
Total	1,420	824



Convenience translation of publicly announced unconsolidated financial statements originally issued in turkish, see note I of section three

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Information on income/(loss) before tax from continuing or discontinued operations

Profit before tax consists of net interest income/expense amounting to TL 224,327, net commission fee income amounting to TL 50,434, trading gain/loss amounting to TL 50,619, other operating income amounting to TL 58,668, provision for loan losses and other receivables amounting to TL 17,667 and other operating expenses including personnel expenses amounting to TL 98,276.

10. Information on provision for taxes from continuing or discontinued operations

As of 31 December 2022 the Bank has current tax expense TL 62,857 (31 December 2021 - TL 15,635) and the Bank has deferred tax expense amounting to TL 15,871 and deferred tax income amounting to TL 16,496 (31 December 2021 - TL 7,033 deferred tax income and TL 8,463 deferred tax expense).

As of 31 December 2022, the Bank doesn't have any discontinued operations.

11. Information on net income/(loss) from continuing or discontinued operations

The Bank doesn't have discontinued operations. The Bank's net profit from continuing operations amounting to TL 203,873 (31 December 2021 - TL 47,125 profit).

12. Information on net income/(loss) for the period

a. If the disclosure of ordinary banking transactions and the composition of income and expense items is necessary to understand the annual performance of Bank, the composition and amount of these items

None (31 December 2021 - None).

b. If an accounting estimate change significantly affects the profit/loss in the current period or has a probability to significantly affect the profit/loss in the subsequent periods, the overall effect is disclosed

There is no significant change in accounting estimates which would affect the current or the subsequent periods.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Disclosure of 20% of sub-accounts in the case of other line items exceed 10% of the income statement total

	Current Period	Prior Period
Other	-	9
Other Interest Income	-	9
Interest on funds borrowed/funds and cash collateral	(17,656)	(3,942)
Other	(2)	-
Other Interest Expenses	(17,658)	(3,942)
Money transfer commissions	40,464	765
From asset backed securities funds	9,021	5,709
Other	5,316	5,030
Other Commission Income	54,801	11,504
Given to correspondent banks	(3,689)	(1,069)
Asset backed securities funds services	(6,364)	(3,062)
Other	(833)	(587)
Other Commission Expenses	(10,886)	(4,718)

V. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

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

"Unrealized gains and losses" arising from changes in the fair value of securities classified as financial assets at fair value through other comprehensive income are not recognized in current year income statements; they are recognized in the "Marketable securities value increase fund" account under equity, until the financial assets are sold, disposed or impaired.

As of 31 December 2022, The Bank has booked TL 1,998 gain (31 December 2021 - TL 2,911 loss) for marketable securities valuation difference related to financial assets at fair value through other comprehensive income.



Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see note I of section three

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Notes to Unconsolidated Financial Statements at 31 December 2022

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Amounts transferred to legal reserves

According to decisions of General Assembly held on 18 March 2022, TL 47,125 prior year's income has been transferred to legal reserves.

3. Information on distribution of profit

No profit distribution has been made as of the balance sheet date, and no dividend has been declared after the balance sheet date.

4. Information on capital increase:

None.

VI. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF CASH FLOWS

1. Information on cash and cash equivalents

Components of cash and cash equivalents and the accounting policy applied in their determination

The effect of any change in the accounting policy of current period and the balance sheet recorded amounts of the components that make up cash and cash equivalents (excluding rediscount balances, reserve requirements, placements with maturity longer than 3 months and blocked accounts) are considered as cash and cash equivalents.

a. Cash and cash equivalents at the beginning of the period

	Current Period	Prior Period
Cash	450,760	283,769
Cash and Foreign Currency Cash	26	24
Turkish Central Bank	450,734	283,745
Other	-	-
Cash Equivalents	1,270,396	209,910
Banks	1,270,396	209,910
Interbank Money Market Placements	-	-
Total Cash and Cash Equivalents	1,721,156	493,679
Blocked amounts on cash and cash equivalents	(302,810)	(42,908)
Interest income rediscounts on cash and cash equivalents	(57)	(632)
Cash equivalents with a maturity longer than three months	-	-
Restricted reserve deposits	(408,406)	(275,717)
Cash Flow Statements Cash and Cash Equivalents	1,009,883	174,422

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Notes to Unconsolidated Financial Statements at 31 December 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. Explanation about other cash flows items and the effect of changes in foreign exchange rates on cash and cash equivalents

The "Other" items presented in "Net operating income before changes in operating assets and liabilities" amount to TL 38,395 (31 December 2021 - TL 18,869) mainly consists fees and commissions paid and other operating expenses excluding personnel expenses.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 126 (31 December 2021 - TL 444) consists of mainly changes in prepaid expenses and other assets.

The "Net increase/decrease in other liabilities" item under "Changes in operating assets and liabilities" amounting to TL 761,546 (31 December 2021 - TL 187,000) consists of mainly changes in miscellaneous payables, borrower funds, other liabilities and taxes and other duties payable.

The effect of change in foreign exchange rate on cash and cash equivalents is approximately increase of TL 119,763 (31 December 2021 - TL 115,356 increase).

VII. EXPLANATIONS AND NOTES RELATED TO THE BANK'S RISK GROUP

1. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period:

a. Information on loans of the Bank's risk group:

Current Period	Investments in Associates, subsidiaries, and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans ⁽¹⁾						
Beginning of the Period	-	-	25,071	187,981	464,149	268
End of the Period	-	-	174,117	109,320	408,311	117,818
Interest and Commission Income Received	-	-	4,931	1,172	23,704	34

⁽¹⁾ It includes TL 174,117 cash loan and TL 109,320 non-cash loan and that was granted as a counter-guarantee of Parent Bank (31 Aralık 2021 - TL 25,071 TL cash loan and TL 187,981 non-cash loan).



Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see note I of section three

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

Prior Period	Investments in Associates, subsidiaries, and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans						
Beginning of the Period	-	-	-	44,749	277,974	83
End of the Period	-	-	25,071	187,981	464,149	268
Interest and Commission Income Received	-	-	-	695	19,908	8

b. Information on deposits of the Bank's risk group:

The Bank doesn't have any deposits since it is an investment bank.

c. Information on forward and option agreements and other similar agreements made with the Bank's risk group

Bank's Risk Group	Investments in Associates, subsidiaries, and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Financial Assets where Fair Value Through Profit or Loss						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	96	170	467	(1,816)
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss	-	-	-	-	-	-

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

d. Information on key management compensation

As of 31 December 2022, total benefits paid key management amounts to TL 12,472 (31 December 2021 - TL 11,307).

2. Disclosures of transactions with the Bank's risk group

a. Relations with entities in the risk group of/or controlled by the Parent Bank regardless of the nature of relationship among the parties:

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

b. In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other matters:

	Current Period			Prior period		
	Risk Group	Total	% Share	Risk Group	Total	% Share
Banks	1,698	1,270,396	0.1	276	209,910	0.1
Cash loans and receivables from leasing transactions	582,428	3,638,093	16.0	489,220	2,422,452	20.2
Marketable Securities	26,672	562,018	4.7	833	432,744	0.2
Loans received	32,476	2,763,204	1.2	14,010	1,376,052	1.0
Money market funds	104,128	312,968	33.3	10,835	205,523	5.3
Marketable securities issued	603,557	953,823	63.3	982,820	1,222,459	80.4
Funds/Other Liabilities	191,069	785,660	24.3	3,782	126,392	3.0
Subordinated Loans	467,749	467,749	100.0	-	-	-
Non-Cash loans	227,138	785,177	28.9	188,249	732,489	25.7
Derivatives ⁽¹⁾	-	668,149	0.0	-	278,708	0.0

⁽¹⁾ Includes asset purchase and sale commitments and represent the total buy and sale transactions amounts

c. Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts:

The Bank's other income includes rental income amounting to TL 2,619 (31 December 2021 - TL 2,280) due to the investment property that the Bank has leased to its risk group and the Bank's operating expense includes TL 2,405 (31 December 2021 - TL 1,084) of other expenses regarding the building management expenses of the risk group.



Convenience translation of publicly announced unconsolidated financial statements originally issued in Turkish, see note I of section three

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VIII. EXPLANATIONS AND NOTES RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BANK

	Number	Number of employees	Country of incorporation	Total assets	Statutory share capital
Domestic Branch	1	57			
Foreign representation	-	-	-		
Foreign branch	-	-	-	-	-
Off-share banking region branches	-	-	-	-	-

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS RELATED TO OPERATIONS OF THE BANK

a. Explanations on ratings of the Bank

JCR Eurasia Rating	September 2022
National Long Term (tur)	A Stable
International Long Term Foreign currency	BB Negative

b. Explanations on ratings of the Bank's compliance score of Corporate Governance Principles

JCR Eurasia Rating has assigned PASHA Bank an overall compliance score of (9.24) with CMB Corporate Governance Principles by revising it along with a (Stable) outlook on 8 June 2022.

II. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

On 12 January 2023, the Bank issued a debt securities amounting to TL 80,000 with a maturity of 91 days.

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SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S INTERIM REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S INTERIM REPORT

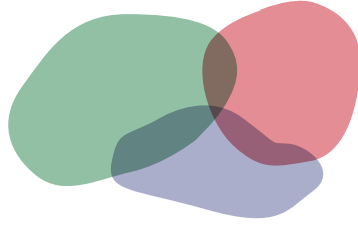
The unconsolidated financial statements for the year ended 31 December 2022 have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A member firm of Ernst&Young Global Limited) and the independent auditor's report dated 13 February 2023 has been presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

Report period	01.01.2022-31.12.2022
Trade Name of the Bank	PASHA Yatırım Bankası A.Ş.
The Bank's Trade Registry Number	240320
Headquarters Address	Sultan Selim Mahallesi, Hümevra Sokak, PASHA Plaza, No: 2/7, Kağıthane, İstanbul
Headquarters Phone Number	+90 212 705 89 00
Headquarters Fax Number	+90 212 345 07 12
Website Address	www.pashabank.com.tr
Email Address	info@pashabank.com.tr





www.pashabank.com.tr

